



Montgomery County Department of Housing and Community of Affairs  
Office of Rent Stabilization  
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## FAIR RETURN APPLICATION

Landlords may apply for a rent increase above the annual rent increase allowance to receive a fair return. Only upon approval may the Landlord apply the fair return rent increase to each regulated rental unit.

### SECTION I – PROPERTY INFORMATION

|                                  |    |   |                           |             |   |
|----------------------------------|----|---|---------------------------|-------------|---|
| Address of Property:             |    |   |                           |             |   |
| Name of Property, if Applicable: |    |   |                           |             |   |
| Number of Units:                 |    | License Number:   |                           | Year Built: |   |
| Property Value: <sup>1</sup>     | \$ | For Mixed-Use Properties, Please Specify the Percentage Allocated to Residential Use: |                           |             | % |
| Owner's Name:                    |    |   |                           |             |   |
| Owner's Phone:                   |    |   | Owner's Email:            |             |   |
| Name of Authorized Agent:        |    |   |                           |             |   |
| Authorized Agent's Phone:        |    |   | Authorized Agent's Email: |             |   |

### SECTION II – BASE YEAR SELECTION (please select one option)

**The Base Year and Current Year selection must follow the same fiscal or calendar year pattern.**

|                          |                       |   |
|--------------------------|-----------------------|---|
| <input type="checkbox"/> | Base Year             | The year immediately prior to the year the unit became a regulated unit.  |
| <input type="checkbox"/> | Alternative Base Year | If the required information is unavailable for the Base Year, a landlord may, at the discretion of DHCA, use an alternative year no more than three years in the past. The approval must be secured in writing from DHCA before filing the application. |

### SECTION III – CURRENT YEAR SELECTION (please select one option)

**The Base Year and Current Year selection must follow the same fiscal or calendar year pattern.**

|                          |               |   |
|--------------------------|---------------|---|
| <input type="checkbox"/> | Calendar Year | January 1 - December 31 immediately preceding the date that the Fair Return Application is filed. |
| <input type="checkbox"/> | Fiscal Year   | July 1 - June 30 immediately preceding the date that the Fair Return Application is filed.        |

<sup>1</sup> Property value as of July 1, 2023, increased annually in accordance with the CPI-U.

#### SECTION IV – RENT SCHEDULE

List the rents charged for each rental unit as of the final month of the Base Year and the Current Year. If the application is based on a fiscal year (July - June), record the rent charged for the month of June. If the application is based on a calendar year (January – December), record the rent charged for the month of December. Information must be provided for each regulated rental unit for both the Base Year and the Current Year.

If you require additional space, save a blank copy of this page, complete it for other units, and submit it along with the required supporting documents.

| <b>RENT SCHEDULE - BASE YEAR AND CURRENT YEAR</b>  |                              |  |   |
|--|------------------------------|--|---|
| If the rental unit was vacant during the final month of the Base Year or the Current Year, report the highest allowable rent that could have been charged if the unit was occupied. If the rental unit was occupied, report the actual monthly rent charged to the tenant. |                              |  |   |
| <b>Unit Number</b>   | <b>Lease Expiration Date</b> | <b>Monthly Rent<br/>Base Year<br/>[MMYY] To [MMYY]</b> | <b>Monthly Rate<br/>Current Year<br/>[MMYY] To [MMYY]</b> |
|  |                              | \$   | \$  |
|  |                              | \$   | \$  |
|  |                              | \$   | \$  |
|  |                              | \$   | \$  |
|  |                              | \$   | \$  |
|  |                              | \$   | \$  |
|  |                              | \$   | \$  |
|  |                              | \$   | \$  |
|  |                              | \$   | \$  |
|  |                              | \$   | \$  |
|  |                              | \$   | \$  |
|  |                              | \$   | \$  |
|  |                              | \$   | \$  |
|  |                              | \$   | \$  |
| <b>Total Monthly Scheduled Rent:</b>   |                              | \$   | \$  |
| <b>Total Annual Scheduled Rent (Monthly x 12):</b>   |                              | \$   | \$  |

## SECTION V – GROSS INCOME

List the scheduled income of the rental units based on official rent reports and calculated as if all the units were fully rented, for both the Base Year and the Current Year.

Gross income:

- Includes the total rental income the landlord could have received if all vacant units had been rented at the highest lawful rent for the entire year and if all occupied units had paid the actual assessed rent;
- Includes any fees paid by the tenants for services provided by the landlord; and
- Does not include income from laundry and vending machines, interest received on security deposits beyond the required refund amounts, and other miscellaneous income.

| GROSS INCOME – BASE YEAR AND CURRENT YEAR         |                               |                                  |
|---|-------------------------------|----------------------------------|
| Type of Income                                    | Base Year<br>[MMYY] to [MMYY] | Current Year<br>[MMYY] to [MMYY] |
| Total Annual Scheduled Rent (Section IV):         | \$                            | \$                               |
| Miscellaneous Income (list by type): <sup>2</sup> |                               |                                  |
|   | \$                            | \$                               |
|   | \$                            | \$                               |
|   | \$                            | \$                               |
|   | \$                            | \$                               |
|   | \$                            | \$                               |
|   | \$                            | \$                               |
|   | \$                            | \$                               |
|   | \$                            | \$                               |
|   | \$                            | \$                               |
|   | \$                            | \$                               |
|   | \$                            | \$                               |
| <b>Total Gross Income:</b>                        | <b>\$</b>                     | <b>\$</b>                        |

<sup>2</sup> Do not include reimbursed expenses paid directly or indirectly. For example, security deposits used to pay for damages billed to the tenant should not be reported as income.

## SECTION VI – OPERATING AND MAINTENANCE EXPENSES

List all operating and maintenance expenses incurred for all regulated rental units for both the Base Year and the Current Year (unless using the imputed base year net operating income). Rules on permitted and not permitted operating and maintenance expenses can be found in COMCOR 29.59.01.06 (b). Documentation must be provided, as listed in COMCOR 29.5.01.04(d)(3).

| OPERATING AND MAINTENANCE EXPENSES – BASE YEAR AND CURRENT YEAR                           |                               |                                  |
|---|-------------------------------|----------------------------------|
| Type of Operating and Maintenance Expense   | Base Year<br>[MMYY] to [MMYY] | Current Year<br>[MMYY] to [MMYY] |
| <b>A. Management Services – not to exceed 6% of gross income</b>                          |                               |                                  |
| On-site manager   | \$                            | \$                               |
| Professional management firm  | \$                            | \$                               |
| Self-labor expenses   | \$                            | \$                               |
| <b>B. Utility Expenses – do not include any costs reimbursed by the tenant(s)</b>         |                               |                                  |
| Natural gas   | \$                            | \$                               |
| Heating fuel  | \$                            | \$                               |
| Electricity   | \$                            | \$                               |
| Water and sewer   | \$                            | \$                               |
| Trash   | \$                            | \$                               |
| Cable/internet  | \$                            | \$                               |
| <b>C. Maintenance and Repairs - include all supplies, materials, and related expenses</b> |                               |                                  |
| Grounds maintenance   | \$                            | \$                               |
| Building maintenance and repairs  | \$                            | \$                               |
| Painting and decorating expenses  | \$                            | \$                               |
| Self-labor expenses   | \$                            | \$                               |
| Miscellaneous supplies  | \$                            | \$                               |
| <b>D. Taxes and Insurance</b>   |                               |                                  |
| Real estate taxes   | \$                            | \$                               |
| Insurance   | \$                            | \$                               |
| Miscellaneous taxes and insurance   | \$                            | \$                               |
| <b>E. Administrative Services</b>   |                               |                                  |
| Legal services  | \$                            | \$                               |
| Accounting services   | \$                            | \$                               |
| Miscellaneous administrative services   | \$                            | \$                               |
| <b>F. Fees and Assessments</b>  |                               |                                  |
| Rental housing license fees   | \$                            | \$                               |
| Stormwater fees   | \$                            | \$                               |
| Miscellaneous fees and assessments  | \$                            | \$                               |
| <b>G. Other Contract Services</b>   |                               |                                  |
| Cleaning services   | \$                            | \$                               |
| Extermination services  | \$                            | \$                               |
| Trash collection and recycling  | \$                            | \$                               |
| Miscellaneous contract services   | \$                            | \$                               |
| <b>Total Operating and Maintenance Expenses:</b>  | <b>\$</b>                     | <b>\$</b>                        |

**SECTION VII – NET OPERATING INCOME****NET OPERATING INCOME – BASE YEAR AND CURRENT YEAR**

|   | <b>Base Year</b><br>[MMYY] to [MMYY] | <b>Current Year</b><br>[MMYY] to [MMYY] |
|---|--------------------------------------|---|
| 1) Total Gross Income (Section V):                        | \$                                   | \$                                      |
| 2) Total Operating and Maintenance Expenses (Section VI): | \$                                   | \$                                      |
| 3) Net Operating Income (Line 1 minus Line 2):            | \$                                   | \$                                      |

**SECTION VIII – FAIR RETURN CALCULATION**

- A. **Property Value** (Section I) = \$ \_\_\_\_\_
- B. **Benchmark Return Rate** = 3% + 10-year Treasury Note Yield<sup>3</sup> of \_\_\_\_\_ % = \_\_\_\_\_ %
- C. **Benchmark Return Amount for Current Year** (Line A x Line B) = \$ \_\_\_\_\_
- D. **Gross Income for Current Year** (Section V) = \$ \_\_\_\_\_
- E. **Operating Expenses for Current Year** (Section VI) = \$ \_\_\_\_\_
- F. **Net Operating Income (NOI) for Current Year** (Line D – E): \$ \_\_\_\_\_
- G. **Allowable Amount Increase** (Line C – Line F) = \$ \_\_\_\_\_ / year
- H. **Allowed Fair Rate Return Increase** (Line G / Line D x 100) = \_\_\_\_\_ % / year

<sup>3</sup> The 10-year Treasury Note Yield can be found by visiting <https://home.treasury.gov>, clicking on “Data” and “Daily Treasury Par Yield Curve Rates,” and selecting the 10-Year figure that corresponds with the date of this application.

## SECTION IX – PROPOSED FAIR RENT INCREASES

Fair return increases approved by DHCA must be determined as a percentage of the Current Year's rents, and each regulated rental unit in the rental housing must be subject to the same percentage increase. Rent increases of more than 15% must be implemented in consecutive years.

If you require additional space, save a blank copy of this page, complete it for other units, and submit it with the required supporting documents.

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#### SECTION X – ADDITIONAL INFORMATION

Please list any additional information DHCA may find useful in determining a fair return.

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#### SECTION XI – CERTIFICATION OF LANDLORD

I hereby certify that I am the owner or authorized representative of the rental facility identified in this Fair Return Application. I further certify, under penalty of perjury and the laws of Montgomery County, Maryland, that the information and every attached document, statement, and form is true and correct.

Signature: \_\_\_\_\_

Print Name of Person Signing: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

#### SECTION XII – FORM DECLARATION OF NOTIFICATION TO TENANTS

The owner must notify all tenants residing in a regulated unit indicating the intent to file a Fair Return Application.

**Declaration:** I declare under penalty of perjury and the laws of Montgomery County, Maryland, that I have served the tenant(s) of this unit with a complete copy of this notice within five (5) business days of submission and have attached a separate copy to the Rent Stabilization Program.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

#### OFFICE USE ONLY

Application number: \_\_\_\_\_

Submission Date: \_\_\_\_\_

Total Pages Submitted: \_\_\_\_\_

Rental Registry Status: ☐ Registered ☐ Not Registered

Code Enforcement Cases: ☐ Yes open cases ☐ No open cases

Determination: ☐ Approved ☐ Denied

Decision Date: \_\_\_\_\_

Comments: \_\_\_\_\_