



Montgomery County Department of Housing and Community Affairs
Office of Rent Stabilization
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SUBSTANTIAL RENOVATION APPLICATION

A landlord may apply for an exemption from rent stabilization for an existing building if substantial, permanent renovations were completed within the past 23 years that enhance the building's value and cost at least 40% of the building's value.

This Substantial Renovation Application must be completed and filed according to the provisions of Executive Regulation 2-24 (Rent Stabilization Regulation), COMCOR 29.60.01.e.

Failure to provide information may result in the delay or rejection of the application.

SECTION I – PROPERTY INFORMATION

Address of Property:					
Name of Property, if Applicable:					
Number of Units:		License Number:		Year Built:	
Type of Property:	<input type="checkbox"/>	Single-Family	<input type="checkbox"/>	Two-Unit Building	
	<input type="checkbox"/>	Multi-Unit Building	<input type="checkbox"/>	Complex With Two or More Buildings	
Total Number of Square Feet for the Building					
Owner's Name:					
Owner's Phone:		Owner's Email:			
Name of Authorized Agent:					
Authorized Agent's Phone:		Authorized Agent's Email:			

Has a prior application for a substantial renovation been filed with DHCA for this housing accommodation?

☐ Yes ☐ No

If YES, please provide the application number, the decision date, and a description of the work completed:

SECTION II – CHECKLIST

If applicable, you must complete every item on this checklist. Otherwise, your application will be considered incomplete, which could delay its result or result in a denial.

A. Required Attachments

<input type="checkbox"/>	Documentation of the total cost of renovations as per COMCOR 29.60.01.02. ¹
<input type="checkbox"/>	Copies of all applications for required building permits or filed permits for the proposed renovations, if applicable.
<input type="checkbox"/>	Documentation of the value of the rental housing property, exclusive of land value, as assessed by the State Department of Assessments and Taxation.
<input type="checkbox"/>	Documentation for the costs incurred as per COMCOR 29.60.01.04. ²
<input type="checkbox"/>	Documentation of interest incurred as per COMCOR 29.60.01.05 and 29.60.01.06. ³
<input type="checkbox"/>	Documentation of service charges as per COMCOR 29.60.01.07. ⁴
<input type="checkbox"/>	Any other external documents to substantiate the total cost of a substantial renovation, if applicable.
<input type="checkbox"/>	Copy of a notice to tenants of filing.

¹ The total cost of renovations must be the sum of the cost, any interest, and any service charge incurred, to be incurred or estimated to be incurred to make the renovation.

² Complete Section IV to satisfy this requirement.

³ Complete Section V to satisfy this requirement.

⁴ Complete Section VI to satisfy this requirement.

SECTION III – ADDITIONAL INFORMATION

Please provide the information requested below.

1. Will the substantial renovations eliminate outstanding violations of the County housing regulations?

☐ Yes

☐ No

If YES, please describe the nature of the violations, citing the date and case number of the applicable DHCA inspection report:

2. Will the substantial renovations protect or enhance the health, safety, and security of the tenant(s) or the habitability of the rental housing?

☐ Yes

☐ No

If YES, please explain:

3. Could the deficiencies in the existing physical conditions be corrected by improved maintenance or repair?

☐ Yes

☐ No

If YES, please explain:

4. Are the proposed renovations optional or cosmetic changes?

☐ Yes

☐ No

Please explain:

SECTION IV – DESCRIPTION AND COST

Please complete the chart below.

Description of Renovation	Unit, Common Area, or Facility Improved	Estimated Start Date	Estimated End Date	Estimated Cost
				\$
				\$
				\$
				\$
Total Estimated Renovations:				\$

SECTION V – INTEREST

Itemize below all interest. Interest is defined as all compensation paid by the landlord to a lender for the use of money used to make the renovation over the amortization period of the loan. In the absence of any loan commitment, DHCA may apply the average 52-week Wall Street Journal's U.S. Prime Rate, as reported by The Wall Street Journal's bank survey, applied over a seven-year period. The average is calculated as the mid-point between the high and low Prime Rates reported for the 52 weeks immediately prior to the application for an exemption for a substantial renovation.

Please choose between option 1 or 2.

1. With evidence of loan commitment or agreement from lender:⁵

- Rate of interest:⁶ _____ %
- Term of loan: _____ years
- Total interest to be paid: \$ _____

2. Without evidence of loan commitment or agreement from lender:

- Average 52-Week Wall Street Journal's U.S. Prime Rate: _____ %
- Date rate published: _____
- Total amount of imputed interest: \$ _____

⁵ Please provide the relevant portion of the loan commitment or agreement with a lender or other evidence of interest.

⁶ If a loan with a variable interest rate was obtained, the total interest payable must be calculated using the initial rate of the loan.

SECTION VI – SERVICE CHARGES

Itemize below all applicable service charges. Attach documentary evidence from the lender clearly showing the amount paid or to be paid for each item.

Points:	\$	Loan Origination Fees:	\$
Loan Processing Fees:	\$	Trustee Fees:	\$
Escrow Set-Up Fees:	\$	Loan Closing Fees:	\$
Title Insurance Fees:	\$	Survey Fees:	\$
Lenders' Counsel Fees:	\$	Borrowers' Counsel Fees:	\$
Appraisal Fees:	\$	Environmental Inspection Fees:	\$
Lender's Inspection Fees:	\$		
Other Applicable Charges (Other Than Interest):	_____ \$ _____		
	_____ \$ _____		
	_____ \$ _____		
Total Service Charges:	\$		

SECTION VII – TOTAL COST OF RENOVATIONS

Total Cost of Renovations (Section IV):	\$		
Total Interest (Section V):	\$	Total Service Charges (Section VI):	\$
Total Cost of Renovations Plus Service Charges and Interest:		\$	

SECTION VIII – RENOVATION PERCENTAGE

1. Value of the building, exclusive of land value, as assessed by the State Department of Assessments and Taxation:	\$
2. Estimated total cost of renovations (Section VII):	\$
3. Divide line 2 by line 1 =	\$
4. Multiply the result from line 3 by 100 =	%
5. Is line 4 greater or equal to 40%? ⁷ Yes or No.	

⁷ The cost of the renovations must equal to at least 40 percent of the value of the building to be approved.

SECTION IX – REGULATED UNITS AFFECTED

1. Are the renovations for a multi-building property? Yes or No.
2. If Yes, are the renovations for all the residential buildings at the property? Yes or No.

Please complete all columns below.

[illegible]

Have all renovations been completed prior to applying for the substantial renovation exemption?

☐ Yes

☐ No

If YES, you may submit the Final Reconciliation Package upon approval of the Substantial Renovation Application.

If NO, you may submit the Final Reconciliation Package upon the completion of the renovations.

SECTION X – CERTIFICATION OF LANDLORD

I hereby certify that I am the owner or authorized representative of the rental facility identified in this Substantial Renovation Application. I further certify, under penalty of perjury and under 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 XI – FORM DECLARATION OF NOTIFICATION TO TENANTS

The landlord must notify all affected tenants of the filing of the Substantial Renovation Application by first-class mail and electronic mail within five business days of the filing.

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

Signature _____

Date _____

OFFICE USE ONLY

Application Number: _____

Submission Date: _____

Rental License Number: _____

Rental License Status: ☐ Licensed

☐ Not Licensed

Code Enforcement Cases: ☐ Yes open cases

☐ No open cases

Determination: ☐ Approved

☐ Denied

Comments: _____