

Rent Regulations and the Montgomery County Rental Housing Market

Appendix A: Council Bills

OLO requested from County archives rent regulations from 1973 to 1981. Of the requested bills, four were available (due to age) and reviewed by OLO to viewed: Bills 39-75; 35-77; 18-79; and 55-80. This appendix provides pdf copies of each of these four bills.

Emergency Bill 39-75 – Landlord-Tenant Relations..... A-1

Emergency Bill 35-77 – Omnibus Tenant Protection Act..... A-44

Emergency Bill 18-79 – Landlord-Tenant Relations..... A-63

Emergency Bill 55-80 – Fair Landlord-Tenant Relations A-91

Introduced: September 16, 1975
Enacted: January 13, 1976
Executive Veto: January 20, 1976
Council Override: January 20, 1976
Effective: January 20, 1976

COUNTY COUNCIL

FOR MONTGOMERY COUNTY, MARYLAND

September Legislative Session 1975

Chapter 29

AN ACT to repeal and re-enact, with amendments, Article VI, title "Rent Controls," of Chapter 29, title "Landlord-Tenant Relations", of the Montgomery County Code 1972, as amended; to update the legislative findings and to state new legislative intent with respect to the rent control provisions of Montgomery County; to provide that this Act shall be applied prospectively; to provide a system of vacancy decontrol for rental units affected by the rent control law in Montgomery County under specified circumstances; to require monthly reports of rents on decontrolled units; to exempt from the provisions of the rent control law certain new units and rehabilitated dwelling units coming onto the rental market; to provide a termination date for the rent control of certain one-family dwellings, detached dwellings, and townhouses; to exempt from the system of rent control dwelling units which are part of multi-family housing projects owned and operated by the Montgomery County Housing Opportunities Commission; to amend the definition provisions in Article VI, Chapter 29, by modifying the definition of "holdover tenant" and certain other existing definitions and by adding certain new definitions to increase the allowable rate of basic rent increases for holdover tenants; to clarify the meaning of new dwelling units; to specify effective dates for basic rent increases; to provide a system of alternative rent increases for holdover tenants whereby certain utility costs and other costs may be passed on as increased rent without the need for applying for an extraordinary rent increase; to specify the conditions and procedures for an alternative rent increase for holdover tenants; to specify a procedure for extraordinary rent increases for holdover tenants in the event a basic rent increase or an alternative rent increase would

be inadequate, and to require that extraordinary rent increase applications be under oath or affirmation to be accepted for filing; to increase the allowable basic rent increase for holdover tenants who directly pay utility costs; to provide for subsequent rent adjustments based on a percentage of the Inflation Index for consumer prices and utility costs; to specify a time for subsequent rent adjustments after either a basic rent increase, an alternative rent increase, or an extraordinary rent increase; to specify notice requirements applicable to rent adjustments; to require tenants subject to an extraordinary rent increase to pay a certain portion of that increase into an interest-bearing escrow account established by a landlord in the event the application for an extraordinary rent increase is not approved prior to its effective date; to provide for repayment with interest to a tenant of any amount paid in excess of the allowable rent increase following final action thereon by the Executive Director, subject to repayment to the landlord if ordered by the Court; to specify obligations of landlord applicants and rights and obligations of affected tenants and associations and organizations with respect to applications for extraordinary rent increases; to specify procedures for processing extraordinary rent increase applications whereby the Executive Director of the Office of Landlord-Tenant Affairs shall, if a hearing is held, utilize the services of the Hearing Examiner; to specify the procedure for the conduct of a hearing; to provide for hearings by the Executive Director if the Hearing Examiner is precluded or unable to conduct hearings on extraordinary rent increase applications; to provide that a decision of the Executive Director on an extraordinary rent increase application may be but shall not be required to be referred to the Commission on Landlord-Tenant Affairs for review and oral argument; to provide for an appeal to the courts, including the Maryland Appellate Courts, from a final decision of the Executive Director on an extraordinary rent increase application; to require discussions by the Commission to be conducted in public session; to provide for final decisions on extraordinary rent increase applications within a specified time; to provide that an extraordinary rent increase shall not be approved if there are outstanding Housing Code violations in existence for the facility in question; to

authorize conciliation of rent control disputes by the Executive Director and the staff of the Office of Landlord-Tenant Affairs; to specify the procedure for reporting rent control violations; to specify conditions which must be complied with by landlords relating to the inclusion of escalator clauses in leases and the implementation of rent increases in accordance with such clauses; to authorize the Executive Director of the Office of Landlord-Tenant Affairs to develop regulations for adoption by the County Executive to implement the system of rent controls; to require the promulgation of regulations governing hearings by the Executive Director or his designee; to authorize the study of the rental housing market and the financial impact of various levels of rent; to extend the system of rent controls until December 31, 1977; to authorize the County Executive to enter into agreements with incorporated municipalities concerning costs of administration of the implementation of the rent control law in those municipalities which seek to bring themselves under the provisions of this law; and to make certain technical changes and other modifications consistent with the other amendments hereinbefore enumerated.

Be It Enacted By The County Council for Montgomery County, Maryland, that -

Sec. 1. Article VI, title "Rent Controls," of Chapter 29, title "Landlord-Tenant Relations", of the Montgomery County Code 1972, as amended, is hereby repealed and re-enacted, with amendments, to read as follows:

ARTICLE VI

Rent Controls

29-47. Legislative findings and intent.

The County Council for Montgomery County, Maryland, found in February, 1973, that a public emergency existed in the housing of a considerable number of persons in the County; that there existed a serious housing shortage of dwelling units in the County; that the construction of new housing units planned would not eliminate the existing housing shortage in rental units because of inter alia, the sewer moratorium; that in the absence of regulation of rents there had ensued excessive rent rises which resulted in serious impairment to the health, safety and welfare of a large segment of the population and in conditions that would have substantially hampered and deterred the efforts of the County government to effectuate the protection and promotion of the health, safety and welfare of the citizens of Montgomery County as well as the general purposes of planning; that following the termination of federal rent controls on January 11, 1973, announced rent increases in many cases were exorbitant and could have resulted in great hardship; that to prevent impairment to health, safety and welfare, action by the County Council was imperative; that, although the controls and regulations provided for in the rent control law might disturb the enjoyment of individual rights and property to some limited extent, compensation for such disturbance was provided to all of the people of Montgomery County sharing the general benefits which such controls and regulations were intended and calculated to secure; that during the period following the imposition of federal rent controls in August, 1971, operating expenses of landlords had not, in all cases, been reflected in rent adjustments; that such regulations and controls were necessary in order to prevent the execution of unjust, unreasonable and oppressive rental agreements, and to forestall profiteering, speculation and other disruptive practices tending to impair the public health, safety and general welfare and, as a consequence, this Article was declared to be necessary and designed to protect the public

health, safety and general welfare, and that this law was enacted pursuant to the authority including the police powers vested in Montgomery County, as an emergency measure which was hoped would be temporary in nature.

In September, 1973, the County Council further found that the problems associated with housing in Montgomery County had not appreciably abated or been remedied since that enactment. Aside from the curtailment of exorbitant rent increases which curtailment had resulted from the enactment of this Article, the findings delineated above had continued application then.

These findings continue to be valid today. Recent updating of local housing surveys highlight a continuing severe absence of moderate priced housing and housing such as one and two bedroom apartments needed by most of our renting citizenry, as well as a very low vacancy rate in major sections of the developed portion of the County. The availability of luxury housing is not an accurate measure of the housing stock for the general populace. Accordingly, the inadequacy of the housing supply together with an extreme rate of inflation in the national economy continue to justify temporary rent controls.

The County Council recognizes that the existence of rent controls inhibits investment in new rental properties, thus exacerbating the shortage of housing supply as the demand increases and that the conversion of rental units to condominium ownership further reduces the adequacy of the supply of rental housing. Recent actions of the County Council to abate the artificial constraints on development activity derived from the sewer moratorium should permit an increase in the supply of housing if reasonable stability is achieved in the national economy with respect to the rate of inflation, economic activity, and the availability of mortgage financing. Given such circumstances, the prospect of the elimination of rent control should encourage the provision of additional rental housing enabling a return to reliance upon the competitive market to regulate rental rates. Accordingly, the County Council finds that it is in the interest of the public health, safety and general welfare to provide for the gradual termination of rent controls over a defined period of time.

Recognizing, however, that the success of such a policy is dependent upon the production of an increased supply of housing and upon national economic

factors outside the influence or control of the County government, the County Council deems it necessary to maintain a careful continuing review of the housing situation with regard to the need for continued rent regulation over the longer term.

The County Council also finds that the extremely high rate of inflation, especially in utility and fuel prices, has resulted in an unexpectedly large number of applications for extraordinary rent increases, thus overburdening the administrative machinery and entailing undesirably large expenditures of time and money by the government, many landlords, and many tenants. Accordingly, the County Council deems it necessary to revise the system of rent controls with a view toward clarifying the regulatory elements, simplifying the administrative process, and reducing delays.

It is the intention of the County Council in re-enacting this Article that the Article's provisions and any regulations adopted to implement it permit fair and reasonable compensation to landlords for the use of their property by tenants, including adjustments in rent to meet rising operating expenses, while preventing the execution of unjust, unreasonable, and oppressive rental agreements. It is also the intention of the County Council to encourage meaningful communication and dialogue between landlords and their tenants so as to further a mutual understanding of their respective concerns and problems. It is the hope of the County Council that discussions between landlords and tenants will result in agreement as to reasonable and appropriate rent adjustments, thus avoiding some of the delays and expense which necessarily accompany the invocation of the governmental machinery to resolve all questions that relate to rent increases. It is further the intention of the County Council in re-enacting this Article that its provisions be applied prospectively in that it shall not affect any matter in litigation or any matter pending before the Executive Director of the Office of Landlord-Tenant Affairs or the Commission on Landlord-Tenant Affairs at the time of its enactment.

29-48. Rent stabilization.

As of the effective date of this Act and until the expiration of the system of rent controls set forth in this Article, except as otherwise provided in the said system, no person may increase, offer to increase, or give notice of intent to increase the rent for a dwelling unit to an amount in excess of the base rent for the said dwelling unit.

29-49. Rent control scope.

a. The system of rent control set forth in this Article is applicable to rents for dwelling units located in Montgomery County except as set forth below.

b. The system of rent control does not apply to any establishments which have as their primary purpose the providing of diagnosis, cure, mitigation, and treatment of illnesses for residents.

c. The system of rent control does not apply to new dwelling units coming on the rental market after the effective date of this Act. For the purpose of this Article, new dwelling units mean dwelling units covered by this Article which were not in fact occupied by a tenant and for which a Certificate of Occupancy was not required and had not been issued as of February 28, 1974, and as to one-family dwellings, semi-detached dwellings and townhouses, means such units which have not been rented since August, 1971, or which have not been constructed and occupied prior to the effective date of this Act.

d. The system of rent control does not apply to rehabilitated dwelling units coming onto the rental market after the effective date of this Act.

e. The system of rent control shall not apply to rental units becoming vacant after June 30, 1976, except as provided in Section 29-58.

f. The system of rent control does not apply to dwelling units owned by a person who owns less than three (3) rental dwelling units within Montgomery County.

g. After June 30, 1976, the system of rent control shall not apply to one-family dwellings, semi-detached dwellings, and townhouses not located within a centrally managed multi-family housing community offering services substantially similar to those offered to apartment dwellers.

h. The system of rent control does not apply to dwelling units which are part of federal government assisted multi-family housing projects and which require accountability of rent returns to the federal government or to dwelling units which are part of multi-family housing projects owned and operated by the Montgomery County Housing Opportunities Commission.

i. The system of rent control shall not preclude any adjustment in rent as the result of any contractual provision entered into prior to February 28, 1973, or permitted by this Article prior to the effective date of this Act.

j. Upon the creation or re-imposition of federal or State rent controls and when those controls do not prohibit local County controls, the Commission shall consider whether the County should adopt those controls as those of the County. The Commission shall also consider whether County controls, in addition to federal or State controls, should be adopted or continued if legally permissible.

29-50. Definitions.

For the purposes of this Chapter, the following words and phrases shall have the meaning respectively ascribed to them by this Section.

Base rent, for the purposes of this Article only, and except as otherwise provided in Section 29-58, shall mean the rent charged (converted to a monthly basis) for a dwelling unit for the month of October, 1975, or, if the dwelling unit was not rented for that month, the base rent shall be the amount of rent last charged (converted to a monthly basis) for that dwelling unit, prior to October, 1975.

Basic rent increase shall mean an increase in rent as authorized by Section 29-51.a. of this Chapter.

Capital improvement shall mean an improvement or betterment to a dwelling unit or rental facility which has a useful life in excess of three years and which is intended to increase the value of the dwelling unit or rental facility.

Comparable dwelling unit shall mean a dwelling unit within the same rental facility with essentially the same floor plan, and similarly situated with respect to exposure and height (if rent differences have previously existed for exposure or height). As to one-family dwellings, semi-detached dwellings and townhouses, which are not part of a single rental facility, comparable dwelling unit shall mean a dwelling unit within the same marketing area and of essentially the same size with essentially the same floor plan.

Dwelling unit, for the purposes of this Article only, shall include one-family dwellings, semi-detached dwellings, and townhouses as defined by Section 59-1 of Chapter 59 of the Montgomery County Code 1972, as amended, which are owned by landlords who own three or more such dwelling units located in Montgomery County. The foregoing definition shall be in addition to that provided by Section 29-1 of this Chapter.

Dwelling unit, for the purpose of this Article only, shall also include a housing unit, including personal property such as a mobile home located in Montgomery County when offered for lease as a place of abode rather than as temporary lodging. It also includes real property upon which the housing unit is situated (or is to be situated if that unit is personal property) and which is necessary for the convenient use of the dwelling unit, and property owned by the landlord of the dwelling unit, which is available for use by the tenant in connection with his use of the dwelling unit, and for which he must pay rent under the lease. A hotel or similar establishment may contain both dwelling units and temporary lodging units. The foregoing definition shall also be in addition to that provided by Section 29-1 of this Chapter.

Enter into a lease shall mean to execute a written lease, enter into an oral lease (when permitted by this Chapter), create an implied lease, or renew a lease, regardless of duration.

Extraordinary rent increase shall mean an increase in rent as authorized by Section 29-52 of this Chapter.

Holdover tenant shall mean a tenant occupying a dwelling unit subject to this system of rent control who continues to occupy the same dwelling unit after the expiration of the first twelve month period of a lease for a term in excess of twelve months, provided such lease contains an escalator clause which is consistent with Section 29-67 of this Article, or a tenant who continues to occupy the same dwelling unit after the expiration of the leasing period of any other lease.

Including shall mean including but not limited to.

Inflation Index shall mean the rate of inflation or deflation as determined by a composite index derived from price indices compiled by the Bureau of Labor Statistics, U.S. Department of Labor. The composite index shall be derived from the Consumer Price Index (Washington, D.C. Area), which shall be assigned 2/3 weight, and from the Retail Price Index (Fuels and Utilities, Washington, D.C. Area) which shall be assigned 1/3 weight.

One-family dwellings shall mean as defined in Section 59-1 of Chapter 59 of the Montgomery County Code 1972, as amended.

Non-monthly payment shall mean a nonrecurring or one-time or irregularly recurring charge or deposit of money with the landlord by the tenant on or after entering into a lease. Examples of such payments could be swimming pool fees, air-conditioning charges, cleaning fees, security deposits, application fees, credit investigation fees, and one-time pet or "doggie" fees. Such payments may or may not be refundable upon the expiration of a lease.

Person aggrieved shall mean a person whose personal or property rights are adversely affected by the decision of the Executive Director of the Montgomery County Office of Landlord-Tenant Affairs or his designee, or the Montgomery County Commission on Landlord-Tenant Affairs. The decision must not only affect a matter in which the person has a specific interest or property right but his interest therein must be such that he is personally and specifically affected in a way different from that suffered by the public generally.

Prospective tenant shall mean any person who intends to occupy or is seeking to occupy a dwelling unit for living or dwelling purposes with the landlord's consent, but is not a holdover tenant.

Rehabilitation shall mean capital improvements to a rental facility, single family dwelling, semi-detached dwelling or townhouse in which the aggregate expenditures therefor equal at least 100% of the assessment, excluding land, made by the Maryland Department of Taxation and Assessments effective immediately prior to the commencement of the construction of the capital improvements.

Renovation shall mean capital improvements to a rental facility, single family dwelling, semi-detached dwelling or townhouse in which the aggregate expenditures therefor are less than 100% of the assessment, excluding land, made by the Maryland Department of Taxation and Assessments effective immediately prior to the commencement of the construction of the capital improvements; provided, however, that renovation shall not be construed to include the ordinary pre-leasing redecoration or painting of a specific dwelling unit.

Rent, for the purposes of this Chapter shall mean the amount charged for the right to possession and use of a dwelling unit, including any required recurrent charge therefor and any required charge for the use of services of property in connection therewith, and may include non-monthly payments.

Rent payment interval shall mean the time period within the term of a lease for which a rent payment must be made to the landlord.

Semi-detached dwellings shall mean as defined in Section 59-1 of Chapter 59 of the Montgomery County Code 1972, as amended.

Townhouses shall mean as defined in Section 59-1 of Chapter 59 of the Montgomery County Code 1972, as amended.

Turnover shall mean the transfer of possession of a dwelling unit from one tenant to another.

Utility costs shall mean the actual costs of gas, electricity, fuel oil, and water and sewer services, excluding front foot benefit charges, which are paid by the landlord.

Vacant unit shall mean an unoccupied dwelling unit which is available for use and possession and for which no rent is being demanded or collected except rent demanded from a tenant on an unexpired lease.

29-51. Rent adjustments, holdover tenants.

a. Basic rent increases for holdover tenants. Subject to the limitations of subsection 29-51.b. of this Article, a landlord may enter into a new lease (including a month-to-month lease) for a dwelling unit with a holdover tenant, after notice as provided by this Article, which provides for a basic increase not in excess of five percent (5%) of the base rent for said dwelling unit. The provisions of this subsection apply to lease agreements wherein the rent payment includes the cost of all utilities (except telephone service which is provided by direct contract between the tenant and the telephone utility company).

b. Earliest effective date. Basic rent increases authorized by this Act shall be effective no sooner than the following effective dates:

1. For holdover tenants who have not been subject to a prior rent increase by virtue of the operation of the partial decontrol provisions of Section 29-58 in effect prior to the effective date of this Act or by virtue of the exemption of the initial leasing period pursuant to the provisions of Section 29-49 in effect prior to the effective date of this Act, the earliest effective date for a basic rent increase shall be the effective date of this Act.

2. Rent increases pursuant to the provisions of Section 29-57(g) in effect prior to the effective date of this Act shall be considered to be basic rent increases under Section 29-51.a. of this Act, except that if the increase permitted under Section 29-51.a. is greater than that permitted under prior Section 29-57(g), a landlord may increase the rent by such excess amount which shall then be considered a basic rent increase for the purposes of this Act.

3. For other holdover tenants, the earliest effective date for a basic rent increase shall be no sooner than twelve months following the effective date of the most recent rent increase applicable to the holdover tenant for said dwelling unit.

c. Alternative rent increases for holdover tenants. A landlord may elect to substitute an alternative rent increase for the basic rent increase pursuant to Section 29-51.a., provided, however, that the alternative rent increase shall not become effective or be substituted before April 1, 1976. The alternative rent increase shall be an increase of not more than three percent (3%) of the base rent plus or minus a pro rata share of increases or decreases in utility costs and increases or decreases in real property taxes due to changes in the property tax rate. This pass-through of changes in utility costs and real property tax changes shall be in accordance with the following provisions:

1. Current utility costs shall be the average monthly utility costs for the three-month period ending ninety (90) days before the effective date of the pass-through.

2. Base period utility costs shall be the average monthly utility costs for the twelve-month period just preceding the three-month period used to determine current utility costs; provided, however, when an extraordinary rent increase has been received during such twelve-month period, the base period utility costs shall be the utility costs that were used in calculating the extraordinary rent increase granted.

3. Current real property tax rate shall be the real property tax rate applicable to the rental facility on the ninetieth day preceding the effective date of the pass-through.

4. Base period real property tax rate shall be the real property tax rate applicable to the rental facility during the twelfth month preceding the date on which current real property taxes are determined.

5. The increases or decreases in real property taxes shall be obtained by comparing the current real property tax rate with the base period real property tax rate and applying any increases or decreases in such tax rate against the taxes paid for the base period.

6. The increases or decreases in utility costs shall be obtained by comparing the current utility costs with the base period utility costs.

7. The increases or decreases in utility costs and taxes shall be allocated to individual dwelling units by multiplying the monthly rent for the dwelling unit by a factor obtained by dividing the total allowable increases and decreases in the cost of fuels, utilities and taxes by the total monthly rent for all dwelling units and rentable facilities. Included in the divisor shall be the rent for such facilities as restaurants and gift shops to the extent that they utilize the centrally metered utilities being allocated, or are included in the tax assessment, as the case may be. The amount to be included in the divisor for vacant units shall be the monthly rent most recently received for such units.

8. Notice of the pro rata utility and tax pass-through shall be given to each tenant in accordance with the applicable provisions of this Article.

9. When a landlord has elected to substitute the alternative rent increase for a basic rent increase, the landlord must continue to utilize the alternative rent increase for the remainder of the period the basic rent increase would have been applicable, recomputing and reallocating the utility pass-through every three months and recomputing and reallocating the tax pass-through with each real property tax change during the period the basic rent increase would have been applicable.

d. Renovations.

1. Notwithstanding any other provisions of this Article, a landlord may, after written application to the Executive Director of the Office of Landlord-Tenant Affairs and written notice to all tenants who may be affected thereby, and subject to the approval of conditions set by the Executive Director, charge tenants for a capital improvement to the dwelling unit, or the common areas of the rental facility (excluding those areas for which separate fees are charged or which are related to commercial enterprises), if the total cost of the capital improvement exceeds five hundred dollars (\$500).

2. No such charge shall be imposed until the completion of the proposed improvement and a prior thirty-day written notice of the actual rent increase.

3. The monthly amount of the total rent increase due to such capital improvement shall be determined by dividing the cost of said improvement by the useful life of the improvement, in months, as established by applicable guidelines of the Internal Revenue Service.

4. Whenever proposed capital improvements are to be provided which may result in an increase in rent, all tenants thereby affected and all known resident tenant associations or organizations, if any, shall be notified in writing at the time application of the proposed capital improvement is sent to the Executive Director. Said notice shall contain (1) the nature of the proposed capital improvement; (2) the estimated cost of such improvement; and (3) the estimated increase in the rental (converted to a monthly basis) that said improvement shall cause to the affected tenant.

5. Notwithstanding any other provisions of this Section, any proposal for rent increases as the result of any capital improvement which would increase the rent of a dwelling unit in a facility in excess of any other increase allowed by this Article, by an amount of ten percent (10%) or more during any one-year period beginning on the effective date of this Act, must be filed and shall be granted only in accordance with the provisions of Section 29-52.

6. Upon completion of the capital improvement, the landlord shall file with the Executive Director the actual cost of said improvement, the depreciation schedule to be utilized to amortize the expenditure, and the allocation of the expenditure to the individual dwelling units and the actual monthly rental increases to each tenant. Approval shall be granted by the Executive Director if the landlord is in compliance with the provisions of this Section and upon a finding that the increases in rent are equitably allocated to the tenants.

29-52. Extraordinary rent increases for holdover tenants.

a. In the event that a basic rent increase or an alternative rent increase permitted by Section 29-51, 29-53 or 29-54 would be insufficient to compensate adequately for increased operating expenses or utility costs, or in the event that the amount of rent increases permitted to compensate for renovation under subsection 29-51.d. would be insufficient to pay the expenses incurred therefor,

a landlord may propose an extraordinary rent increase in accordance with the procedures hereinafter set forth in Section 29-57. Such increase may be for more than one tenant, any part of a rental facility designated by the landlord or for an entire rental facility.

b. Extraordinary rent increases authorized by this Section are intended to be used only in the event that pass-throughs otherwise allowable under this Article are insufficient to meet current expenses. To the extent that any cost element may be an allowable pass-through, it may not be included in any consideration of an extraordinary rent increase.

29-53. Rent adjustments, direct payment of utility costs.

a. For holdover tenants who pay an electric utility cost as a service fee or direct payment to a utility, a landlord may enter into a new lease in accordance with the provisions of Section 29-51 provided that the basic rent increase pursuant to Section 29-51.a. shall not exceed four and one-half percent (4.5%) of the base rent and the alternative rent increase pursuant to Section 29-51.c. shall not exceed three percent (3%) of the base rent plus or minus a pro rata share of increases or decreases in other utility costs.

b. For holdover tenants who pay an electric utility cost and a gas utility cost as a service fee or direct payment to a utility, a landlord may enter into a new lease in accordance with the provisions of Section 29-51 provided that the basic rent increase pursuant to Section 29-51.a. shall not exceed four and three-tenths percent (4.3%) of the base rent and the alternative rent increase pursuant to Section 29-51.c. shall not exceed three percent (3%) of the base rent plus or minus a pro rata share of increases or decreases in other utility costs.

c. As to any lease agreement which provides the payment of a utility cost as a service fee or direct payment other than as provided in subsections a. and b., above, an increase in rent shall be sought in accordance with the provisions delineated in Section 29-52, regardless of the amount of the increase in rent.

29-54. Rent adjustments; one-family dwellings, semi-detached dwellings, and townhouses.

Notwithstanding the provisions of Section 29-51.a., the basic rent increase for holdover tenants who occupy one-family dwellings, semi-detached dwellings,

and townhouses shall amount to no more than three percent (3%) of the base rent for their dwelling unit. This provision shall not apply to one-family dwellings, semi-detached dwellings, and townhouses which are located within a centrally managed multi-family housing community offering services substantially similar to those offered to apartment dwellers.

29-55. Subsequent rent adjustments.

a. For a period of twelve months following the effective date of such increases, the following shall apply in the case of rents which have been increased pursuant to Sections 29-51, 29-53, or 29-54 of this Article:

1. Rent which has been increased pursuant to subsection 29-51.a. may not be increased again for twelve months following such increase except for allowable pass-throughs pursuant to Section 29-51.c. and extraordinary rent increases pursuant to Section 29-52, but may be increased at the expiration of that period by a percentage equal to 55% of the Inflation Index of increases in consumer prices and utility costs in the Washington metropolitan area for the period from November 1975 to November 1976 if the rent increase is effective on or after February 1, 1977. In the event the increase is effective prior to February 1, 1977, the increase shall be based on a percentage equal to 55% of the Inflation Index of increases in consumer price and utility costs in the Washington metropolitan area for the period from August 1975 to August 1976.

2. Rent which has been increased pursuant to subsection 29-51.c. may not be increased again for twelve months following such increase except for allowable pass-throughs pursuant to that subsection or extraordinary rent increases pursuant to Section 29-52, but may be increased at the expiration of that twelve-month period by a percentage which bears the same relationship to the percentage increase authorized under paragraph 1. of this subsection as the percentage increase authorized under subsection 29-51.c. bore to that authorized under subsection 29-51.a. on the effective date of this Act.

3. Rent which has been increased pursuant to Section 29-53 of this Article, either as a basic increase or alternative increase allowable under those Sections, may not be increased again for twelve months following such increase except for allowable pass-throughs or extraordinary rent increases,

but may be increased at the expiration of that twelve-month period by a percentage which bears the same relationship to the percentage increase authorized under paragraph 1. of this subsection as the percentage increase authorized under Section 29-53 bore to that authorized under subsection 29-51.a. on the effective date of this Act.

b. Rent which has been increased pursuant to Section 29-52, (extraordinary rent increase), may not be increased again for a period of twelve months following the effective date of such extraordinary rent increase.

c. At or following the expiration of the periods prescribed in subsections a. and b. of this Section, the rent may be increased again in accordance with the provisions of Sections 29-51, 29-52 or 29-53, except that the base rent for such subsequent increase shall be the rent charged during the month just preceding the effective date of such increase.

29-56. Notice requirements applicable to rent adjustments.

a. No landlord may charge an increase in rent pursuant to Sections 29-51, 29-53, or 29-54, unless written notice thereof shall have been given to the tenant affected thereby at least thirty (30) days prior to the effective date of such rent increase.

b. Written notices pursuant to this section shall contain the following information.

1. The amount of rent for the rent payment interval immediately preceding the effective date of the proposed increase (converted to a monthly basis) and the amount of rent for the rent payment interval immediately following the effective date of the rent increase (converted to a monthly basis) and the percentage increase thereof.

2. The effective date of the proposed increase.

3. The amount of the base rent and how it was derived and the dollar amount and percentage of the proposed increase relative to the base rent.

4. In the case of alternative rent increases pursuant to subsection 29-51c, a summary by type of utility of the total utility costs for the applicable three-month and twelve-month periods, a comparison of the average monthly current utility costs and base period utility costs, and the data used to allocate the increase or decrease to the dwelling unit.

c. Written notices pursuant to this Section shall also contain the following statements which shall be binding upon the landlord:

1. You or your duly authorized representative have the right to examine the documentation which supports this proposed rent increase in order to satisfy yourself that the proposed rent increase is in accordance with the rent control laws of Montgomery County. This documentation which is located at (location to be stated), may be inspected upon request at a mutually agreeable time and place.

2. If you do not understand the basis for this increase or believe that the increase is not allowable under the Montgomery County rent control laws,

we will meet with you at a suitable time and at a location convenient to your residence to discuss the proposed increase and explain its justification.

3. If, after meeting with us, you have reason to believe that the proposed rent increase is unlawful, you may contact the Montgomery County Office of Landlord-Tenant Affairs and provide it with a copy of the notice of the proposed rent increase and file a written complaint with that office stating that you believe there has been a failure to comply with the rent control laws.

4. Any proposed rent increase, notice of which you have received, which conforms to this Section of the Montgomery County Code 1972, as amended, will become effective as of the date specified in the notice. However, if it is later determined that all or any part of the increase is invalid or if the increase is reduced, the amount of any payment which is in excess of that permitted by law will be refunded to you within thirty (30) days of the date such determination becomes final.

5. It is illegal for us to evict you for filing a complaint with any public agencies, including the Office of Landlord-Tenant Affairs, or for filing a lawsuit against us or for joining any tenant's organization, and we will not evict you for any of those reasons.

6. It is hereby declared that the foregoing statements and facts are true to the best of our knowledge and belief; and that to the best of our knowledge and belief the increase in your rent is not in violation of the Montgomery County rent control laws.

d. Written notice may be delivered to the tenant by any reasonable means. However, unless the notice is mailed via the United States Postal Service to the tenant's dwelling unit, delivery is not considered to have been made unless a signed receipt is obtained from the tenant or his representative. If the tenant is notified by mail, other than registered or certified mail, the landlord shall certify, by affidavit dated at the time of mailing, that he has mailed the notice, and he shall retain a copy of said affidavit in his records.

29-57. Procedures for extraordinary rent increases.

a. Application for an extraordinary rent increase. Any landlord proposing an extraordinary rent increase shall file with the Montgomery County Office of Landlord-Tenant Affairs an application requesting approval of the extraordinary rent increase. The said application shall be filed with the Office at least sixty (60) days prior to the effective date of the proposed extraordinary rent increase. The application shall be notarized and shall be under oath or affirmation and shall contain the following information: (1) the actual operating expenses by category for the rental facility for a three-year period ending no more than four months before the proposed effective date of the increase; (2) the anticipated expenses for the rental facility for the twelve-month period immediately following the proposed increase, including detailed justification of changes in tax and utility rates and other cost elements; (3) the actual operating revenues, by category, for the rental facility for a three-year period ending no more than four months before the proposed effective date of the increase; (4) the anticipated revenues for the rental facility for the twelve-month period immediately following the effective date of the proposed increase; (5) the current and proposed rent schedule for each affected dwelling unit listed according to type in the rental facility for which an extraordinary rent increase is requested; (6) a schedule of any other fees and income for the rental facility for a three-year period ending no more than four months before the proposed effective date of the increase; (7) the vacancy rates for each type of dwelling unit in the rental facility during the preceding three-year period; (8) any loss in annual potential gross rent revenues which resulted during the three-year period from actual daily vacancies; (9) the turnover expressed as an annual percentage by category for the rental facility for a three-year period ending no more than four months before the effective date of the proposed increase; (10) the anticipated turnover expressed as an annual percentage by category, for the rental facility for the twelve-month

period immediately following the effective date of the proposed increase;

(11) a list of the current effective lease agreements, by dwelling unit, with each dwelling unit identified by category, which list shall detail for each dwelling unit the effective date of the proposed extraordinary rent increase for such dwelling unit and the date on which the terms of the lease agreement terminate if such date is different from the date on which the proposed extraordinary rent increase would become effective; (12) details of any additional relevant factors which the applicant deems relevant to the case made by the applicant.

A copy of the notice of the proposed extraordinary rent increase given to tenants, pursuant to this Section, shall be filed with the Office of Landlord-Tenant Affairs simultaneously with the filing of the application. Any application which is not notarized and under oath or affirmation shall be null and void and shall not be accepted for filing.

b. Notice to tenants.

1. Any landlord who makes application for an extraordinary rent increase shall at least sixty (60) days prior to the effective date of the proposed extraordinary rent increase give written notice thereof to all holdover tenants currently under lease who may be affected by the extraordinary rent increase.

2. Written notices pursuant to this Section shall contain the following information:

(a) The amount of rent for the rent payment interval immediately preceding the effective date of the proposed increase (converted to a monthly basis) and the amount of rent for the rent payment interval immediately following the effective date of the rent increase.

(b) The effective date of the proposed increase.

(c) The amounts and percentages by which the proposed rent will exceed the amounts authorized by Section 29-51.a. and Section 29-51.c.

3. Any landlord who makes application for an extraordinary rent increase shall provide to all affected tenants a copy of the notarized application filed under oath or affirmation with the Office of Landlord-Tenant Affairs and any exhibits appended thereto contemporaneously with the aforesaid written notice.

4. Written notices of extraordinary rent increase applications shall also contain the following information relating to the obligations of a landlord applicant:

(a) You or your duly authorized representative have the right to examine the documentation which supports this proposed rent increase in order to satisfy yourself that the proposed rent increase is in accordance with rent control laws of Montgomery County. This documentation (at the location to be stated) may be inspected upon request at a mutually agreeable time and place.

(b) The Montgomery County Code requires that we attempt to meet with all tenants or tenant representatives and resident tenant associations or resident organizations representing the tenant or tenants of the dwelling units or rental facility which are affected by or subject to the extraordinary rent increase application for the purpose of explaining the basis for the request and we will conduct such a meeting at a suitable time and at a location convenient to your residence to discuss the proposed increase and explain its justification.

(c) You or your designated representative have a right to file with the Montgomery County Office of Landlord-Tenant Affairs any appropriate comments on this application within thirty (30) days of the date on which the application was filed.

(d) You or your designated representative have a right to appear and be heard at any and all hearings relating to the application for an extraordinary rent increase.

(e) Any proposed rent increase, notice of which you have received, which conforms to this section of the Montgomery County Code 1972, as amended,

will become effective as of the date specified in the notice. In the event the Montgomery County Office of Landlord-Tenant Affairs has not approved this application prior to its effective date, you may be required to make a portion of rental payment available to an interest-bearing escrow account in a banking institution within the State of Maryland, provided, we have established such an account. The amount to be paid into the escrow account is the amount by which the proposed rent increase exceeds the basic rent increase authorized by Section 29-51a of the Montgomery County Code 1972, as amended. In order to pay into the escrow account, make your monthly check in the amount of \$ _____ (specify amount) payable to _____ (specify amount and bank).

If any portion of the proposed increase in excess of the basic rent increase paid into an escrow account is ultimately disallowed, the amount disallowed and the net interest accumulated thereon will be paid to you within thirty (30) days. If for any reason rent increase payments are not made into or retained in an escrow account, amounts ultimately disallowed shall be repaid to you within thirty (30) days with interest at the rate of six percent (6%) per annum.

(f) It is illegal for us to evict you for filing a complaint with any public agencies, including the Office of Landlord-Tenant Affairs, or for filing a lawsuit against us or for joining any tenant's organization, and we will not evict you for any of those reasons.

5. Written notice may be delivered to tenants by any reasonable means. However, unless the notice is mailed via the United States Postal Service to the tenant's dwelling unit, delivery is not considered to have been made unless a signed receipt is obtained from the tenant or the tenant's representative. If the tenant is notified by mail, other than registered or certified mail, the landlord shall certify, by affidavit, that the landlord has mailed the notice, and a copy of the affidavit shall be retained in the landlord's records.

c. Obligations of landlord applicants.

1. Landlords who have applied for an Extraordinary Rent Increase shall afford affected tenants or their designated representatives the opportunity to examine the documentation which supports the application at a mutually convenient time and location.

2. Landlords who have applied for an Extraordinary Rent Increase shall in good faith meet or attempt in good faith to meet at a mutually convenient time and location with tenants or tenant representatives, and resident associations or resident organizations representing the tenant or tenants of the dwelling units or rental facilities which are affected by or subject to the rent increase application for the purpose of explaining the basis for the application.

3. Within thirty (30) days of the filing of the application for an Extraordinary Rent Increase, the landlord shall file with the Office of Landlord-Tenant Affairs a statement that the landlord has in good faith met with, or has, in good faith, attempted to meet with tenants or tenant representatives and resident associations or organizations as hereinabove provided.

4. In addition to any other notice provisions required by this section, the landlord shall make available to any prospective tenant all of the information given to affected tenants as required by the provisions of subsection b. of this section. Further, the prospective tenant shall be informed of the amount of the highest rent for a comparable dwelling unit within the same facility or market area, whichever is applicable, if the proposed increase in rent for the dwelling unit the prospective tenant is considering, was calculated in accordance with the provisions of Section 29-58. However, if the proposed rent was so calculated, the notice need not include the amount of the percentage increase nor the dollar amount of the proposed increase relative to the base rent.

d. Rights and obligations of affected tenants and associations and organizations.

Any tenant in a rental facility who is or may be affected by an Extraordinary Rent Increase Application or his designated representative, and any tenant association or organization, shall have the following rights and obligations:

1. Tenants, their representatives and resident tenant associations or organizations shall have the right to examine the documentation upon which the landlord supports the Extraordinary Rent Increase application, at a location and time mutually convenient to them and the landlord.

2. Tenants or their representatives and resident tenant associations or organizations shall have the right to meet, at a location and time mutually convenient to them and the landlord in order to be afforded the landlord's explanation of the basis and necessity for the Extraordinary Rent Increase.

3. Tenants or their representatives, resident tenant associations or organizations or any person filing a comment on the Extraordinary Rent Increase application shall have the right to appear and be heard at any and all hearings scheduled by either the Office of Landlord-Tenant Affairs, or the Commission on Landlord-Tenant Affairs, or the Hearing Examiner relative to the Extraordinary Rent Increase application.

4. Tenants or their representatives or any tenant association or organizations shall have the right to file with the Office of Landlord-Tenant Affairs any appropriate comments relating to the Extraordinary Rent Increase application.

5. Any tenant who has received proper notice of the proposed increase shall pay the proposed increase on the effective date thereof provided the landlord proposing the increase has first established an interest bearing escrow account in a banking institution within the State of Maryland for the deposit of that portion of the rent which exceeds the amount allowable under Section 29-51a. In the event a landlord proposing the increase has not established such an escrow account, the affected tenant may defer payment of said increase until the first rent payment interval following final action on the application by the Executive Director of the Office of Landlord-Tenant Affairs. In the event the affected tenant defers payment as hereinabove provided, he shall be required to add to

his rent payment for each rent payment interval following approval, an amount equal to not less than twenty-five percent (25%) of the amount due from deferred payments until such amount is paid in full.

6. Any tenant who has paid into an escrow account any increase in rent in an amount in excess of that determined allowable shall be refunded said excess amount with interest within thirty (30) days of the date such determination becomes final. Interest shall be paid pro rata from the interest earnings of the account. Notwithstanding any other provision of this Section in the event a tenant has paid the proposed rent increase either to the landlord or into an escrow account, and the proposed increase is subsequently disallowed in whole or in part by the final action of the Executive Director, the amount paid in excess of the allowable increase shall be immediately returned to the tenant with interest notwithstanding the fact that the matter may be appealed to the courts. In the event a court of competent jurisdiction determines, on appeal, that a landlord is entitled to an extraordinary rent increase in an amount greater than that approved by the Executive Director, tenants shall, following final court action, repay to the landlord the difference between the amount returned by the landlord to the tenant as hereinabove provided and the amount ordered by the court. Following final court action tenants shall pay the extraordinary rent increase in the amount ordered by the court.

e. Hearings on extraordinary rent increase application.

1. A landlord applicant for an extraordinary rent increase or any tenant who is or may be affected by an extraordinary rent increase application may, in writing, request a hearing on the merits of an extraordinary rent increase provided such request is made by the applicant at the time the application is filed or is made by a tenant within fifteen (15) days following the filing of the application for an extraordinary increase.

2. In the event the Executive Director determines that a hearing is necessary in order to decide the merits of an extraordinary rent increase application or in the event a hearing is requested pursuant to paragraph 1. of this

subsection, the Executive Director shall refer the application to the hearing examiners appointed pursuant to Section 59-203, the Montgomery County Code 1972, as amended, the Office of Landlord-Tenant Affairs shall provide to the Hearing Examiner, upon request, such technical assistance as the Hearing Examiner shall deem necessary for the purpose of performing the functions required by this Article. The Hearing Examiner shall conduct a hearing within sixty (60) days of the filing of the application, provided that, if for any reason, the Hearing Examiner finds that a hearing cannot be held within the sixty (60) days, the Hearing Examiner may extend the time for a hearing by no more than thirty (30) days. Notice of the hearing and its time and place shall be given to the person requesting the extraordinary rent increase, all tenants who are or may be affected by the proposed rent increase, any resident tenant association or organization, and any person who filed with the Office of Landlord-Tenant Affairs a comment relative to the extraordinary rent increase application. Such notice shall be prepared and transmitted by the Office of Landlord-Tenant Affairs in such form and such process as the Hearing Examiner shall prescribe.

3. The hearing shall be open to the public. In conducting hearings on rent increase requests, the Hearing Examiner shall have the power to summon all witnesses deemed necessary. Summons must be signed by the Hearing Examiner and shall require the attendance of named persons and the production of relevant documents and records. Failure to comply with a summons shall constitute a violation of this Chapter. Any party to the hearing may request the issuance of a summons. The Hearing Examiner shall include in the hearing the testimony of the professional staff of the Office of Landlord-Tenant Affairs as to their analysis of the proposed rent increase and the testimony of such other staff members of the Executive Branch as may be pertinent to the issues posed in the hearing. The Hearing Examiner may also request from the applicant such additional information and documentation as the Examiner considers relevant to the application. Any party to a hearing, at the party's option, may appear in person before the Hearing Examiner, or may appear by a duly authorized

representative and may have the assistance of an attorney. The parties may present testimony and evidence which shall be given under oath or by affirmation. The parties may also cross-examine any witness presenting testimony at a public hearing. A verbatim record of the hearing shall be made. The record shall be open to inspection by any person and, upon request by any party to the proceeding, the Office shall furnish such party a copy of the hearing record at such charges as are necessary to meet costs.

4. Within thirty (30) days after the closing of the hearing record, the Hearing Examiner shall forward to the Executive Director a written report summarizing the application, setting out or summarizing relevant and significant material from the record, setting out the Examiner's findings of fact, recommending approval, modification, or denial of the application, and stating the reasons therefor. Concurrently with the transmittal of the report to the Executive Director, copies of the report shall be mailed to the applicant and to all persons, associations, and organizations entering an appearance at the public hearing as evidenced by the hearing record. If, for good cause, the Hearing Examiner is unable to submit the required report within the thirty (30) day period specified above, the Hearing Examiner shall notify the Executive Director in writing, with a statement of reasons therefor, that the time for submittal of the report has been extended for not more than an additional thirty (30) days.

5. In the event that the Hearing Examiner is precluded or unable for any reason to conduct any hearing or hearings on extraordinary rent increase applications, such hearing or hearings shall be conducted by the Executive Director of the Office of Landlord-Tenant Affairs in accordance with the provisions of this subsection e.

f. Action by Executive Director.

1. In the absence of any request pursuant to subsection g. of this Section, the Executive Director shall act, within thirty (30) days following

transmittal of the Hearing Examiner's report, to approve, modify, or deny the application. If such action differs from the recommendation of the Hearing Examiner, the reasons therefor shall be stated in writing by the Executive Director. If the Executive Director deems it advisable to do so, he may refer the application to the Commission on Landlord-Tenant Affairs for review and action.

2. Notwithstanding any provision to the contrary contained in this Section, the Hearing Examiner is authorized and empowered in his sole discretion to hold pre-hearing or conciliation and settlement conferences with the parties at issue or their representatives during the pendency of such application before the Examiner for the purpose of narrowing or clarifying issues and where possible, pursuant to the consent of all parties at issue, approve settlements of disputed or contested applications. Agreements reached in such conferences shall be reflected in the Hearing Examiner's report.

3. In the event an extraordinary rent increase application is referred to the Commission on Landlord-Tenant Affairs pursuant to subsection g. of this Section, the Executive Director shall act as expeditiously as possible after action by the Commission on Landlord-Tenant Affairs to approve, modify, or deny the application in accordance with the instructions of the Commission.

4. Notification of the action on the application together with the statement of the Executive Director or resolution of the Commission, if any, will be provided to all parties receiving copies of the Hearing Examiner's report.

5. In the event that a hearing on an extraordinary rent increase application is conducted by the Executive Director, pursuant to subsection e.5. of this Section, the Executive Director shall, within thirty (30) days after the closing of the hearing record, render a written decision approving, modifying or disapproving the application. However, if, for any reason, the Executive Director finds he cannot issue his decision within the time herein provided, he may extend the time for the decision an additional thirty (30) days. Copies

of the decision shall be mailed to the applicant and all persons, associations and organizations entering an appearance at the public hearing as evidenced by the hearing record. Unless a request for review by the Commission on Landlord-Tenant Affairs is filed pursuant to subsection g. of this Section within ten (10) days following the date on which the decision is rendered, the decision of the Executive Director shall become final on the tenth (10th) day following the date on which it is rendered.

g. Action by Commission on Landlord-Tenant Affairs.

1. The applicant or any party entering an appearance at the public hearing may, but shall not be required as a condition precedent to judicial review, request the Commission on Landlord-Tenant Affairs to review the Hearing Examiner's report, in the event the public hearing is held by the Hearing Examiner, or the decision on the application by the Executive Director, in the event the public hearing is held by the Executive Director.

2. The applicant or any party entering an appearance at the public hearing may request an opportunity to present oral argument to the Commission prior to its review and action on the application. Such request must be transmitted, in writing, within ten (10) days of the transmittal of the Hearing Examiner's report or within ten (10) days of the decision of the Executive Director in the event the public hearing is held by the Executive Director and shall set out the reasons that oral argument is deemed necessary for proper disposition of the application. The Commission may, in its discretion, grant or deny the request for oral argument.

3. If the request for oral argument is granted, the applicant and all parties entering an appearance at the public hearing shall be notified of the time and procedures for oral argument. Approximately equal time shall be provided for oral argument by proponents and opponents of the application, and argument shall be limited to the contents of the hearing record and Hearing Examiner's report.

4. The Commission may, at the time of oral arguments or review, request oral explanation or elaboration by the Hearing Examiner or Executive Director regarding information in the record and the basis for the recommendation.

5. After hearing oral argument, or in the absence of oral argument, the Commission shall act as expeditiously as possible by resolution to remand the application to the Hearing Examiner for further hearing or to direct the Executive Director to approve, modify, or deny the application. If the direction to the Executive Director differs from the recommendation of the Hearing Examiner, the reasons for the action shall be set out in the resolution. All discussions by the Commission on an application for an extraordinary rent increase shall be conducted in public session but shall not include participation by other than Commission members except by invitation of the presiding officer.

h. Appeal to court.

The action of the Executive Director pursuant to subsection f. of this Section shall constitute final action on an application for an extraordinary rent increase, and any tenant or landlord aggrieved by such action may appeal to the Circuit Court for Montgomery County in accordance with the Maryland Rules of Procedure for review of such action and may further appeal to the appellate courts a decision by the Circuit Court.

i. Rent adjustments, standards.

In evaluating any request for an extraordinary rent increase, the Executive Director, the Hearing Examiner, and the Commission shall attempt to assure that rents for dwelling units covered by this Article are established at levels which avoid undue hardship on the landlord and the tenants. Action on the request shall take into account the landlord's operating expense experience, known or reasonably certain and unavoidable changes in operating and maintenance expenses, changes in services to tenants or in efficiency of operation, capital improvements or major renovation of the rental facility,

delays in implementing the rent increase for dwelling units under leases which extend beyond the effective date of the proposed increase, and such other factors as are pertinent to the Legislative Findings of this Article and the stabilization of rents. The following guidelines and limitations are in addition to the foregoing and shall be considered in determining the rent increase to be permitted:

1. Capital improvements and major rehabilitations may be considered as relevant to the determination of the need for the rent increase if they are reasonably necessary for the health, safety, and welfare of the tenants or reasonably necessary to prevent the deterioration of the property or to maintain its competitive viability in relation to similar properties. The cost of capital improvements and major renovation shall be amortized over a reasonable time period and in no event shall more than eighteen percent (18%) of such costs be included in annual operating expenses for purposes of determining the need for a rent increase. Notwithstanding the foregoing, the amount of such costs included in annual operating expenses for purposes of determining the need for a rent increase shall not exceed ten percent (10%) of the gross potential rent.

2. Tax increases or decreases due to changes in the assessment of the property by the Maryland State Department of Assessments and Taxation shall not be considered as factors relevant to proposed rent increases except (1) that, upon an explicit finding by the Hearing Examiner, Executive Director or the Commission, as the case may be, that all or a portion of the assessment increase represented a correction of a prior undervaluation of the property rather than an increase in market value during the period between assessments, the portion of the assessment increase that is due to such correction may be considered as a relevant increase in the expenses of the landlord; and (2) that the portion of an assessment increase that is due to such capital improvement or major renovation as have been determined to meet the criteria of paragraph 1. of this subsection may be considered as a relevant increase in the

expenses of the landlord. The provisions of this paragraph 2. of this subsection i. shall not apply to dwelling units encompassed in Section 29-54.

3. In no event shall an extraordinary rent increase be approved if any outstanding citations, orders, or notices exist for any Housing Code violations issued by the Department of Environmental Protection and the Office of Landlord-Tenant Affairs where the period for appeal of such citations, orders, or notices has expired and where the violations are based on complaints filed or investigations initiated prior to the filing of the application for extraordinary rent increase. Prior to the approval of an extraordinary rent increase request, the Office of Landlord-Tenant Affairs shall obtain from the Department of Environmental Protection written confirmation of the existence or not of Housing Code citations, orders or notices issued by that Department.

29-58. Rent increases for vacant dwelling units.

a. Until June 30, 1976, no landlord shall let or offer to let a vacant dwelling unit, or a dwelling unit which is to become vacant, to a prospective tenant, for a rent which exceeds the highest rent for a comparable dwelling unit.

b. Except as otherwise provided in subsection c. of this Section, this system of rent control shall not apply to dwelling units vacant on or after June 30, 1976, due to unilateral action on the part of the tenant or action on the part of the landlord based on non-payment of rent, except that (1) rental income attributable to such units shall be taken into account in reviewing applications for extraordinary rent increases, (2) in such cases, the rental income so attributed shall not be less than the highest rent for a comparable dwelling unit, and (3) such units shall be included in the computation of utility cost pass-throughs pursuant to Section 29-51c.

c. This system of rent control shall continue to apply to dwelling units becoming vacant on or after June 30, 1976, due to unilateral action on the part

of the tenant in the event that such unilateral action occurs during the pendency of an extraordinary rent increase application which proposes a rent increase in excess of 10% of the rent charged for the rent payment interval immediately preceding such extraordinary rent increase application.

d. Landlords decontrolling dwelling units under the provisions of this Section shall provide monthly reports to the Office of Landlord-Tenant Affairs, in a form prescribed by the Executive Director, containing information so as to allow evaluation of the effect of decontrol, including the prior rent for those units, the number of units decontrolled, the reasons for the decontrol of newly decontrolled units, the rent being asked for decontrolled units, and the actual rent being received for previously reported decontrolled units.

29-59. Rent reductions.

a. Notwithstanding any other provision of this Article, the rent charged for any dwelling unit may be reduced where services or equipment rightfully due to the tenant are being withheld without good cause or the landlord or owner of the dwelling unit has unilaterally changed the conditions which existed at the time of the establishment of the then current rent. The amount of a rent reduction shall be commensurate with the loss of services or equipment or the change in conditions, as the case may be.

b. If the landlord or owner does not effect a reduction in rent upon the request of a tenant, the tenant may file a written complaint with the Office of Landlord-Tenant Affairs. Such a complaint shall be investigated according to the provisions of Section 29-34 of this Chapter, and is subject to all the administrative proceedings provided in this Chapter.

29-60. Forgiveness of rent and discounts.

A forgiveness of any rent payment or any discount of any rent payment that may have been allowed during the period of a lease or occupancy of a dwelling unit shall not be taken into consideration for the purpose of increasing rent.

29-61. Non-monthly payments.

No landlord may charge a tenant a non-monthly payment in excess of the amount of such a payment paid in connection with the lease for the tenant's dwelling unit in effect on December 31, 1972. However, if the customary practice of the landlord before December 31, 1972 (as shown specifically and affirmatively by his records), was to increase the amount of a non-monthly payment when the rent was increased, this practice may be continued. If continued, the ratio of the current non-monthly payment to the monthly rent which may be charged under the provisions of this Article may not exceed the ratio of such a payment last charged in connection with the lease for the dwelling unit which was in effect on December 31, 1972, to the monthly rent charged under that lease. As to dwelling units located in rental facilities, if no lease for such a dwelling unit was in effect on December 31, 1972, no non-monthly payment may be charged in excess of similar payments made under leases for comparable dwelling units in the same rental facility. As to dwelling units which are one-family dwellings, semi-detached dwellings, or townhouses, if no lease for the dwelling unit was in effect on December 31, 1972, no non-monthly payment may be charged in excess of similar payments made under leases for comparable dwelling units in the same marketing area.

29-62. Determination of date of habitability.

For the purposes of this Article, in determining when a dwelling unit first became habitable, a Certificate of Occupancy or the date upon which the dwelling unit was first actually occupied, whichever shall first occur, shall be conclusive as to determining when the said dwelling unit first became habitable.

29-63. Rounding.

Any rent (but not the component amounts thereof) may be rounded to the nearest whole dollar by the landlord, by eliminating any amount less than fifty (50) cents and increasing any amount over forty-nine (49) cents but not more than ninety-nine (99) cents to the next higher whole dollar. As to dwelling units located in rental facilities, if a landlord chooses to round his rents he must round down as well as round up. As to dwelling units which are one-family dwellings, semi-detached dwellings, or townhouses, if a landlord chooses to round his rents as to any one-family dwelling, semidetached dwelling or town house, he must round the rent for all such dwelling units. If the base rent or a rent increase is not a whole dollar amount, neither amount can be rounded for the purposes of calculating an increase in rent. However, once a rent has been increased, the increased rent may be rounded in calculating any subsequent rent increases.

29-64. Conciliation of rent control disputes - authorized.

Notwithstanding any other provision of this Article, the Executive Director and the staff of the Office of Landlord-Tenant Affairs are hereby authorized to attempt to conciliate any question or dispute as to the amount of any rent increase requested or contemplated by any landlord if conciliation is deemed appropriate by the Executive Director and has been requested by either an affected landlord or an affected tenant. The Office shall attempt such conciliation by methods of initial conference and persuasion with all interested parties and such representatives as the parties may choose to assist them. In attempting such conciliation, the Office may utilize the good offices of the Commission. Conciliation conferences shall be informal and confidential and nothing said or done during such initial conferences shall prejudice the rights of the parties, nor shall it be admissible in any proceeding brought to enforce the provisions of this Article.

29-65. Reporting rent control violations.

Whenever a tenant believes that his landlord has violated any provision of this Article, he shall attempt to meet with the landlord to explain his belief, and attempt to correct the action which constitutes the violation. If the tenant is not satisfied with the results of that meeting, or if the landlord will not meet with him, he may report, in writing, to the Office of Landlord-Tenant Affairs the nature of the alleged violation, a copy of which shall be sent to the landlord. In reporting the violation, the tenant shall provide the Office with a copy of all pertinent documents bearing on any aspect of the alleged violation, including, if pertinent, any notice of rent increase, and a statement as to why he believes there has been a violation of this Article.

29-66. Prohibited practices.

a. No landlord or owner may make any changes in his leasing or business practices with respect to any dwelling unit subject to this Article for the purpose of avoiding compliance with any provision of this Article.

b. No landlord may take retaliatory action against any tenant who exercises any rights conferred upon him by this Article or against any tenant who assists another tenant in exercising those rights. For purposes of this Section, "retaliatory action" includes eviction, threat of eviction, violation of privacy, harrassment, reduction in quality or quantity of services not otherwise authorized under this Chapter, or any form of threat or coercion.

29-67. Escalator clauses.

a. No landlord may include an escalator clause in any lease which would increase rents in violation of the increases plus pass-throughs permitted by the provision of this Chapter.

b. Any lease which includes an escalator clause must state a dollar amount over which the rent may not be increased until the expiration of the lease.

c. Any escalator provision included in a lease shall specify the date after which it may be invoked, the method by which rent increases shall be calculated and all factors and costs which will be taken into consideration in determining the amount of the increase.

d. No rent may be increased pursuant to an escalator provision in a lease until written notice thereof is given to the tenant in accordance with Section 29-56 of this Article.

e. Any escalator clause heretofore or hereafter incorporated in a lease which does not comply with the provisions of this Section is invalid and of no force and effect.

29-68. Maintenance and availability of records.

a. As of the effective date of this Act, and until the termination of local rent controls, all landlords of all dwelling units covered by this Article shall maintain records in the State of Maryland which shall indicate (1) the base rent for such dwelling units, (2) a statement of the basis for any rent adjustment made in the rent for such dwelling units, and (3) a copy of any notice of rent increase given for such dwelling unit. The records shall also contain a statement of the landlord's customary practice before December 31, 1972, with respect to increasing the cost to a tenant of non-monthly payments when rent was increased.

b. The records required to be maintained in subsection a., above, shall be available, or shall be made available for examination on request by any tenant or his agent to the extent that the records relate to a dwelling unit occupied or formerly occupied by the tenant, by any prospective tenant to the extent that the records relate to a dwelling unit which the prospective tenant has inspected and is considering leasing, and by a representative of the Office of Landlord-Tenant Affairs. Examination shall be at a mutually agreeable time and place, but, in any event, examination shall be at a place reasonably convenient to the tenant, his agent, or a prospective tenant. All of the records shall be retained for a period of three (3) years.

29-69. Regulations.

The Executive Director is hereby authorized to develop regulations for adoption by the County Executive in accordance with the procedure prescribed by law implementing this system of rent control as are not inconsistent with this Chapter and are necessary for its implementation. The County Executive or his

designee shall hold a public hearing upon proposed regulations after reasonable notice to the public. Such regulations shall be promulgated for the procedures for hearings to be conducted by the Executive Director or his designee.

29-70. Housing and rent analysis research.

a. The Office of Landlord-Tenant Affairs and or such other appropriate office as shall be designated by the County Executive, shall have the power to make studies and gather information concerning the supply and quality of housing of all types, and regarding the level of and changes in rents and prices of consumer commodities, and shall report to the Commission. The Office of Landlord-Tenant Affairs and/or such other appropriate office shall also assist the Commission in fulfilling its duties under Section 29-10 d. of this Chapter by studying Federal rent stabilization regulations, rent increases, and rent inequities which may exist in Montgomery County.

b. The studies conducted and information gathered pursuant to subsection a. of this Section shall include analyses of the ability of County tenants to pay various levels of rent and the financial impact to tenants of basic, pass-through and extraordinary rent increases. The purpose of this information is to assist the County in making decisions about the continuation and extent of rent controls, to determine to what extent justified rent increases impose hardships on certain tenants, and to evaluate how the County can best deal with such hardship situations. The goal of such studies is to obtain reliable Countywide information; however, initial priority shall be given to obtaining information from those tenants who have received basic, pass-through or extraordinary rent increases. In this regard the office conducting such studies shall:

1. Develop a standard reporting form which shall include such information as may be necessary to accomplish the studies and analyses hereunder. Among other things, the report shall require information on combined gross income and combined net worth as those terms are defined in Chapter 41A of this Code, dealing with rent relief in lieu of tax credits.

2. Develop a system for the supplying of reporting forms to landlords; the distribution of such forms by landlords to tenants along with notices of increases or proposed rent increases pursuant to this Chapter; and for the return of such forms to the County by the tenants participating in the studies.

3. Develop a procedure for maintaining the confidentiality of information gathered hereunder in the case of those tenants who wish such information to remain confidential.

Although all tenants contacted shall be urged to participate in the studies and to furnish the requested information, except as otherwise provided in this Chapter, the furnishing of such information shall be strictly voluntary on the part of the tenants.

c. The Executive Director shall annually obtain rent level data from all rental facilities in the County and evaluate such data to analyze the patterns of rents in the County.

29-71. Timely mailing treated as timely filing.

a. For the purposes of notice requirements under this Article, the day after the postmark date is considered the date of delivery in cases where the notice was delivered to the proper person by the U.S. Mail.

b. If any notice is sent by U.S. registered mail:

1. The registration is presumptive evidence that the notice was delivered to the party to which addressed; and

2. The date of registration is considered to be the postmark date.

c. If any notice or filing is sent by U.S. certified mail and the sender's receipt is postmarked by the postal employee to whom the document is presented:

1. The sender's receipt is presumptive evidence that the notice, statement or other document was delivered to the party thereon indicated; and

2. The date of the postmark is considered to be the postmark date.

29-72. Time for performance of acts where last day falls on Saturday, Sunday or legal holiday.

When the last day for performing any act prescribed under this Article, or any order of the Office of Landlord-Tenant Affairs or Commission on Landlord-

Tenant Affairs issued pursuant to this Article falls on a Saturday, Sunday, or legal holiday, the performance of that act is considered to be timely if it is performed on the next succeeding day which is not a Saturday, Sunday or a legal holiday. For the purposes of this Article, the last day for the performance of any act shall be determined by including any authorized extension of time. As used in this Section, "legal holiday" means a legal holiday in Montgomery County, Maryland.

29-73. Violation of Article; penalties; enforcement.

a. It shall be unlawful and a violation of this Chapter for any landlord to charge, demand, or receive any rent for any dwelling unit covered by this Chapter in excess of the amount of rent permitted for such dwelling unit by operation of this Article or the regulations implementing the system of rent established hereunder. Any landlord who charges, demands, or receives such rent or any landlord or other person who violates any provision of this Article or any regulation implementing this Article shall be in violation of this Chapter and deemed guilty of a misdemeanor, and, upon conviction, shall be subject to a fine not exceeding One Thousand Dollars (\$1,000.00) and costs. Each such charge or demand or receipt of rent for separate and different periods of time shall constitute separate offenses hereunder. Fines imposed pursuant to this subsection may be collected or enforced through civil attachment proceedings.

b. If the enforcement of any of the provisions of this Article necessitates the institution of criminal or civil court proceedings, such proceedings may be instituted by the County Attorney's Office after referral by the Executive Director. The County Attorney, after a matter has been referred by the Executive Director, may institute appropriate legal action, as provided by this Chapter or any other applicable law, against any person if there is reason to believe such person is in violation thereof; provided that if the County Attorney believes that additional information or action by the Executive Director is necessary to enable him to take appropriate action, he may refer the matter back to the Executive Director for such consideration. Nothing herein shall limit the

authority of the County Attorney to initiate prosecution or bring actions in law or equity for violation of any local law, ordinance or regulation whether or not the Executive Director has made a formal referral.

29-74. Operation and review of Article.

a. The system of rent control established by this Article shall become null and void at 12:00 midnight on December 31, 1977.

b. The Executive Director and the Commission shall report to the County Council and the County Executive prior to the end of six (6) months after the effective date of this Article and thereafter at intervals of not more than six months with findings and recommendations as to this Article based upon the housing needs of the County and the health, safety, and welfare of its citizenry. Each report shall specifically include findings and recommendations as to (1) the continued operation of and need for the provisions of this Article; (2) the repeal of the provisions of the Article; (3) the modification or amendment of this Article as may be deemed appropriate; and (4) the establishment of a system of rent guidelines to replace the system of rent control established hereunder.

29-75. Application.

a. This Chapter or this Article shall be effective throughout the County except in any incorporated town, village, or other municipality which by law has authority to enact a law on the same subjects as covered by the various Articles and Sections of this Chapter. If any such incorporated town, village, or other municipality shall adopt this Chapter or any Article of it and request the County to enforce the provisions thereof within its corporate limits, the County shall thereafter administer and enforce the same within such incorporated town, village, or municipality. The County Executive is authorized to enter into agreements with said incorporated town, village or municipality to collect the administrative costs of implementation from such municipalities.

b. The system of rent control established by this Article shall supersede or take precedence over, as the case may be, all rent control measures enacted by or to be enacted by the State of Maryland or the Government of the United States,

if permissible to do so. However, any legislation enacted by the State of Maryland or the Government of the United States subsequent to the enactment of this system of rent control shall be reviewed by the Commission on Landlord-Tenant Affairs and appropriate recommendations made to the County Council.

Sec. 2. Severability.

The provisions of this Act are severable and if any provision, sentence, clause, section or part thereof is held illegal, invalid or unconstitutional or inapplicable to any person or circumstances, such illegality, invalidity or unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, sentences, clauses, sections or part of the Act or their application to other persons or circumstances. It is hereby declared to be the legislative intent that this Act would have been adopted if such illegal, invalid or unconstitutional provision, sentence, clause, section or part had not been included therein, and if the person or circumstances to which the Act or any part thereof is inapplicable had been specifically exempted therefrom.

Sec. 3. Effective date.

The Council hereby declares that an emergency exists and that this legislation is necessary for the immediate protection of public health and safety. Therefore, this Act shall take effect on the date on which it becomes law.

Approved:

John L. Merkle
Vice President, County Council

January 16, 1976
Date

NOT APPROVED:

[Signature]
County Executive

January 20, 1976
Date

Reapproved:

James L. Christeller
President, County Council

January 20, 1976
Date

ATTEST:

Annal Spatis
Secretary of the Council

January 20, 1976
Date

Introduced: October 25, 1977
Enacted: December 16, 1977
Executive: Returned Unsigned
December 20, 1977
Effective: January 1, 1978

COUNTY COUNCIL

FOR MONTGOMERY COUNTY, MARYLAND

October Legislative Session 1977

Chapter 12

AN EMERGENCY ACT to repeal in its entirety Article VI, title "Rent Controls" and to enact a new Article VI, title "Omnibus Tenant Protection Act" of Chapter 29, title "Fair Landlord-Tenant Relations", of the Montgomery County Code 1972, as amended; to state legislative findings and intent; to define certain terms; to provide for administration, enforcement and penalties of the Article; to define the application of the Chapter; to require collection and analysis of housing data for rental dwelling units; to provide for referral services; to provide for a voluntary system of rent guidelines; to establish the scope, operation and review; to provide for rent adjustments and guidelines; to establish notice requirements applicable to rent adjustments; to require maintenance and availability of records; to establish a process for complaints, investigations, hearings and data availability; to prohibit certain retaliatory actions; and to specify certain tenant rights.

Be It Enacted by the County Council for Montgomery County, Maryland, that -

Sec. 1. Article VI, title "Rent Controls" of Chapter 29, title "Fair Landlord-Tenant Relations" of the Montgomery County Code 1972, as amended, is hereby repealed in its entirety and re-enacted with amendments to add a new Article VI, title "Omnibus Tenant Protection Act," to read as follows:

ARTICLE VI

Omnibus Tenant Protection Act

29-47 Legislative Findings and Intent.

The County Council for Montgomery County, Maryland, found in February, 1973, that a public emergency existed in the housing of a considerable number of persons in the County; that there existed a serious housing shortage of dwelling units in the County; that the construction of new housing units planned would not eliminate the existing housing shortage in rental units because of inter alia, the sewer moratorium; that in the absence of regulation of rents there had ensued excessive rent rises which resulted in serious impairment to the health, safety and welfare of a large segment of the population and in conditions that would have substantially hampered and deterred the efforts of the County government to effectuate the protection and promotion of the health, safety and welfare of the citizens of Montgomery County as well as the general purposes of planning; that following the termination of federal rent controls on January 11, 1973, announced rent increases in many cases were exorbitant and could have resulted in great hardship; that to prevent impairment to health, safety and welfare, action by the County Council was imperative; that, although the controls and regulations provided for the rent control law might disturb the enjoyment of individual rights and property to some limited extent, compensation for such disturbance was provided to all of the people of Montgomery County by sharing the general benefits which such controls and regulations were intended and calculated to secure; that during the period following the imposition of federal rent controls in August 1971, operating expenses of landlords had not, in all cases, been reflected in rent adjustments; that such regulations and controls were necessary in order to prevent the execution of unjust, unreasonable and oppressive rental agreements, and to forestall profiteering, speculation and other disruptive practices tending to impair the public health, safety and general welfare.

In September, 1973, the County Council further found that the problems associated with housing in Montgomery County had not appreciably abated or been remedied since that enactment. Aside from the curtailment of exorbitant rent increases which had resulted from the enactment of rent control, the findings delineated above had continued application then.

Since that time, the rent control provisions have been amended. In January, 1976, the County Council recognized that investment in rental housing had been inhibited partly by rent controls and this, together with the already limited housing stock, created an even greater shortage of available rental housing in Montgomery County. Thus, the Council provided for the gradual termination of rent controls between July 1, 1976, and December 31, 1977. During this 18-month period, landlords provided the Office of Landlord-Tenant Affairs with data pertaining to those units which became vacant after July 1, 1976. This included such information as apartment type, numbers of days vacant, and prior and new rental rates. The Executive Director of the Office of Landlord-Tenant Affairs analyzed this information to determine the impact of the gradual termination of the rent control system.

The County Council recognizes the existence of rent control as one disincentive to investment in new rental properties, discourages refinancing necessary to support improvement of existing rental properties and encourages conversion of rental units to condominium ownership which reduce the adequacy of the supply of rental housing in the County. Recent actions of the County Council to abate the constraints on development activity derived from the sewer moratorium should permit an increase in the supply of housing if reasonable stability is achieved in the national economy with respect to the rate of inflation, economic activity, and the availability of mortgage financing. Given such circumstances, the prospect of the elimination of rent control should encourage the provision of additional rental housing, enabling a return to reliance upon the competitive market to regulate rental rates. Accordingly, the County Council finds that it is in the interest of the public health, safety and general welfare to provide for the termination of rent control.

The Council is aware, however, that during the nearly five years of rent control, the rental housing market has become distorted; and that the rental prices under rent control may be in some cases significantly different from those which would prevail in a competitive rental housing market. As rent control terminates, changing rent levels may encourage some relocation by tenants and there is a concern among many tenants for what future rents may become, and for their ability to pay those rents or to find more suitable housing.

The Council finds that while the system of rent control must be phased out, a major effort must still be made, during the transition to a competitive rental housing market to minimize the disruption attendant on that transition. To this end, this Article provides measures to insure that this transition is as equitable as possible for tenants and landlords alike. The provisions of this Article directed toward fulfilling these objectives include:

- (1) strengthening and coordination of rent reporting requirements by the Office of Landlord-Tenant Affairs so that the public and its agencies can be aware of and evaluate changes in the rental housing market;
- (2) establishment of voluntary rent guidelines under which landlords are encouraged to maintain rental increases within justified limits;
- (3) Providing the Office of Landlord-Tenant Affairs and the Landlord-Tenant Commission with administrative responsibilities to monitor compliance with these guidelines and promote the transition requirements of this Article; and
- (4) Delineate tenants' rights, to provide for reasonable rights of assembly and communication under the provisions of this Act.

In addition to these measures, the Council will be developing additional and strengthened programs to encourage the development of rental housing, and will be considering major changes to the rent relief programs in the County so as to improve the delivery of this service to tenants.

It is the opinion of the County Council that the rental housing situation in Montgomery County should be monitored carefully and continuously. To date, this method of data collection has been decentralized. Many agencies compile their own housing data; frequently, their efforts are duplicative of the work of the Office of Landlord-Tenant Affairs. This lack of coordination in both collection and analysis could be remedied by creating a centralized system designed to meet the special needs of particular agencies as well as the County-wide need for accurate housing data. In addition, by eliminating duplicative efforts, the County will realize a savings in both time and cost, and the burden on landlords of reporting will be lightened.

The findings derived from the data collection process will prove useful to legislators, administrators, landlords and tenants, alike. It is the intention of the County Council that the Executive Director of the Office of Landlord-Tenant Affairs shall be responsible for collecting and analyzing the data and for disseminating the results to all concerned parties.

29-48. Definitions.

For the purposes of this Article only, the following words and phrases shall have the meaning respectively ascribed to them by this Section:

Dwelling unit, in addition to that provided by Section 29-1 of this Chapter, includes mobile homes located in Montgomery County and offered for lease as a place of abode rather than as temporary lodging, real property upon which a dwelling unit is situated (or is to be situated if that unit is personal property) and which is necessary for the convenient use of the dwelling unit, and property owned by the landlord of the dwelling unit which is available for use by the tenant in connection with his use of the dwelling unit and for which he must pay rent under the lease. A hotel or similar establishment may contain both dwelling units and temporary lodging units.

Enter into a lease means to execute a written lease, enter into an oral lease (when permitted by this Chapter), create an implied lease, or renew a lease, regardless of duration.

Holdover tenant means a tenant occupying a dwelling unit subject to this system of rent guidelines who continues to occupy the same dwelling unit after the expiration of the first twelve month period of a lease, or a tenant who continues to occupy the same dwelling unit after the expiration of the leasing period of any other lease.

Including means comprising but not limited to.

Inflation Index means the rate of inflation or deflation as determined by a composite index derived from price indices compiled by the Bureau of Labor Statistics, U.S. Department of Labor. The composite index shall be derived from the Consumer Price Index (Washington, D.C. area), which shall be assigned two-thirds weight, and from the Retail Price Index (Fuels and Utilities, Washington, D.C. area) which shall be assigned one-third weight.

One-family dwellings means as defined in Section 59-1 of Chapter 59 of the Montgomery County Code 1972, as amended.

New dwelling units means dwelling units covered by this Article which were not in fact occupied by a tenant and for which a certificate of occupancy was not required and had not been issued as of February 28, 1974, and as to one-family dwellings, semi-detached dwellings and townhouses, means such units which have not been rented since August, 1971, or which have not been constructed and occupied prior to the effective date of this Act.

Non-monthly payment means a non-recurring or one-time or irregularly recurring charge or deposit of money with the landlord by the tenant on or after entering into a lease. Examples of such payments could be swimming pool fees, air-conditioning charges, cleaning fees, security deposits, application fees, credit investigation fees, and one-time pet or "doggie" fees. Such payment may or may not be refundable upon the expiration of a lease.

Prospective tenant means any person who intends to occupy or is seeking to occupy a dwelling unit for living or dwelling purposes with the landlord's consent, but is not a holdover tenant.

Rehabilitation means capital improvements to a rental facility, single-family dwelling, semi-detached dwelling or townhouse in which the aggregate expenditures therefor equal at least 100% of the assessment, excluding land, made by the Maryland Department of Taxation and Assessments effective immediately prior to the commencement of the construction of the capital improvements.

Rent means the amount charged for the right to possession and use of a dwelling unit, including any required recurrent charge therefor and any required charge for the use of services and property in connection therewith, and may include non-monthly payments.

Section Eight Housing Assistance Payments Program means a program of the United States Department of Housing and Urban Development administered by the Housing Opportunities Commission of Montgomery County, Maryland, which provides housing assistance payments on behalf of eligible families, elderly, handicapped, and displaced persons. Payments are made by the Housing Opportunities Commission on behalf of qualified tenants in accordance with procedures prescribed by the Secretary of the United States Department of Housing and Urban Development.

Section Eight Market Rent means the rent, established for the Section Eight Housing Payments Program, including utilities (except telephone), ranges and refrigerators, and all maintenance, management, and other services, which, as determined at least annually by the United States Department of Housing and Urban Development, would be required to be paid in order to obtain privately-owned, existing, decent, safe, and sanitary rental housing of modest (non-luxury) nature with suitable amenities. Separate Section Eight Market Rents are established for dwelling units of varying sizes (number of bedrooms) and types, (e.g., elevator, non-elevator).

Semi-detached dwellings has the same meaning as defined in Section 59-1 of Chapter 59 of the Montgomery County Code 1972, as amended.

Townhouses has the same meaning as defined in Section 59-1 of Chapter 59 of the Montgomery County Code 1972, as amended.

Turnover means the transfer of possession of a dwelling unit from one tenant to another.

Turnover rent means the new monthly rent charged for a dwelling unit following turnover. It is the rent rate the new tenant pays.

Utility costs means the actual costs of gas, electricity, fuel oil, and water and sewer services, excluding front foot benefit charges, which are paid by the landlord.

Vacant days means the number of days for which no rent is collected for a particular dwelling unit.

Vacant unit means an unoccupied dwelling unit which is available for use and possession and for which no rent is being demanded or collected except rent demanded from a tenant on an unexpired lease.

29-49. Administration, Enforcement and Penalties.

(a) The County Executive is authorized to adopt such regulations as may be necessary to administer this Article properly.

(b) In the enforcement of any of the provisions of this Article, necessary proceedings, including proceedings for the production of documents, may be instituted by the County Attorney's Office after referral by the Executive Director. The County Attorney, after a matter has been referred by the Executive Director, may institute appropriate legal action, or refer the matter back to the Executive Director for such additional information or action necessary to take appropriate legal action. Nothing herein shall limit the authority of the County Attorney to initiate prosecution or bring actions in law or equity for violation of any local law, ordinance or regulation, whether or not the Executive Director has made a formal referral.

(c) Any landlord who violates any provision of Sections 29-56, 29-57 and 29-58(e) shall be deemed guilty of a misdemeanor and upon conviction shall be subject to a fine not exceeding \$1,000 or six months in jail or both.

29-50. Application.

(a) This Chapter shall be effective throughout the County except in any incorporated town, village, or other municipality which by law has authority to enact a law on the same subject. If any such incorporated town, village, or other municipality shall adopt this Chapter or any part thereof and request the County to enforce the adopted provisions thereof within its corporate limits, the County may thereafter administer and enforce the same within such incorporated town, village, or municipality. The County Executive is authorized to enter into agreements with said incorporated town, village or municipality to collect the administrative costs of implementation from such municipalities.

(b) The system of rent guidelines established by this Article shall supersede or take precedence over, as the case may be, all rent control measures enacted by or to be enacted by the State of Maryland or the Government of the United States, if permissible to do so. However, any legislation enacted by the State of Maryland or the Government of the United States subsequent to the enactment of this system of rent guidelines shall be reviewed by the Commission on Landlord-Tenant Affairs and appropriate recommendations made to the County Council.

SUBTITLE: Central Data Collection and Referral.

29-51. Rental Housing Data Collection.

(a) The County Executive shall establish procedures to collect and analyze housing data for rental dwelling units in Montgomery County, Maryland, and shall make every effort to centralize such data collection functions to minimize the burden for landlords, and report on such efforts to the County Council within twelve months from the enactment of this Article.

(b) The reporting process shall be mandatory for all landlords of licensed rental facilities in Montgomery County, including new rental facilities as they come on the market.

(c) The data collection frequency shall be on a monthly basis until six months after termination of rent guidelines, and then, every three months thereafter.

(d) The Executive procedures shall prescribe a survey form for securing data designed to minimize the repeated reporting of unchanged information, while maintaining an accurate data base.

(e) The housing data collected shall be used to ascertain the supply and availability of rental housing as well as other operating characteristics.

Each landlord shall provide the following information as requested by the County:

(1) the location of the rental facility; (2) structure type; (3) year built; (4) distribution of units by standard bedroom sizes; (5) the number of units by bedroom size which were re-rented during the month; (6) the number of vacant days applicable to those units; (7) the rent charged for each rental unit; (8) the rent charged for each re-rented unit prior to vacancy; and (9) the new turnover rent charged for each re-rented unit.

(f) Each landlord shall maintain records for each project on an aggregate basis containing the following information which shall be made available to the County upon request and after a determination has been made in accordance with Executive procedures that the information is relevant and necessary to carrying out the purposes of this Chapter: (1) a description of utilities which are included in the rent; (2) the landlord's actual monthly utility cost including gas, electric, heating, fuel, trash removal, and water and sewer; (3) the availability of certain amenities including air-conditioning, wall-to-wall carpeting, dishwasher, garbage disposal, washer/dryer in apartment unit or on-site, patio/balcony, swimming pool and tennis courts; (4) the actual operating expenses, by category; (5) the actual operating revenues, by category; (6) a schedule of any other fees and income; and (7) tenant rent/income ratio for prospective tenants which protects the confidentiality of personal income information and which is available to the landlord as part of the normal renting process.

(g) The Executive procedure shall designate the Executive Director of the Office of Landlord-Tenant Affairs as the primary authority to control rental housing data surveys for the Montgomery County government, although provisions shall be made for sharing this information with other governmental agencies upon a determination of need and without invasion of individual privacy. In this regard, the Executive Director shall coordinate survey activities with other County departments, and shall make available to such departments the results of all surveys in accordance with Executive procedures. Every reasonable effort shall be made to minimize reporting requirements on landlords.

29-52. Referral Services.

(a) A central referral service shall be developed and operated for the use of tenants, landlords, and government agencies by the County Executive. The operation of the referral service to be offered may be contracted to the Housing Opportunities Commission.

(b) Housing information and referral services to be offered shall include, but not be limited to:

- (1) counseling services to tenants in need of alternative housing or financial assistance;
- (2) validation of tenants' need for alternative housing;
- (3) determination of eligibility for available financial assistance for housing programs based upon income;
- (4) listing of agencies which can assist in locating housing;
- (5) listing of available financial assistance programs.

(c) In coordination with other public and private agencies, the Executive Director of the Office of Landlord-Tenant Affairs shall maintain a listing of available data concerning the location and characteristics of vacant dwelling units, and their rent rates.

SUBTITLE: Voluntary Rent Guidelines

29-53. Voluntary rent guidelines.

As of the effective date of the Act and until the expiration of the rent guideline procedures set forth in this Article, except as otherwise provided, landlords are encouraged to voluntarily maintain any rent increases within justifiable limits as hereinafter set forth.

29-54. Scope, operation and review.

a. This Article is applicable to all dwelling units located in Montgomery County except the following:

- (1) any establishments which have as their primary purpose the providing of diagnosis, cure, mitigation, and treatment of illnesses for residents;
- (2) new dwelling units;
- (3) rehabilitated dwelling units coming onto the rental market after January 20, 1976;
- (4) dwelling units owned by a person who owns fewer than three (3) rental dwelling units within Montgomery County;
- (5) one-family dwellings, semi-detached dwellings, and townhouses not located within a centrally-managed multi-family housing community offering services substantially similar to those offered to apartment dwellers;
- (6) dwelling units which are part of federal government assisted multi-family housing projects and which require accountability of rent returns to the federal government or to dwelling units which are part of multi-family housing projects owned and operated by the Montgomery County Housing Opportunities Commission; and
- (7) dwelling units whose rents fall within the Section Eight market guidelines which are occupied by tenants participating in the federal government's Section Eight Housing Assistance Payments Program and whose owners receive housing assistance payments on behalf of those eligible tenants.

b. Upon the creation or reimposition of federal or State rent controls or guidelines, and when those controls do not prohibit local County controls, the Commission shall consider and shall recommend to the County Executive and County Council whether the County should adopt those controls or guidelines as those of the County. The Commission shall also consider whether County guidelines, in addition to federal or State controls, should be adopted or continued if legally permissible.

c. The system of rent guidelines established by this Subtitle shall become null and void at 12:00 midnight on January 31, 1980, except for Section 29-56.

d. The Executive Director and the Commission shall report to the County Council and the County Executive prior to the end of six (6) months after the effective date of this Article and thereafter at intervals of not more than six months with findings and recommendations as to this Article based upon the housing needs of the County and the health, safety, and welfare of its citizenry. Each report shall specifically include findings and recommendations as to (1) the continued operation of and need for the provisions of this Subtitle; (2) the repeal of the provisions of the Subtitle; and (3) the modification or amendment of this Subtitle as may be deemed appropriate.

29-55. Rent adjustments and guidelines.

a. Landlords are encouraged to hold rent increases to the lowest level possible and make every effort not to exceed the rent guidelines established below.

b. The Executive Director shall issue a quarterly statement setting forth the inflation index reflecting a year to year change to be used by landlords in this system of rental guidelines.

c. The guidelines for rent increases shall be a percentage equal to 65% of the year-to-year rate of increase in the most recently issued inflation index. Rent increases for tenants should not be in excess of this guideline unless unusual factors justify otherwise.

d. Any lease which includes an escalator clause must state a dollar amount over which the rent may not be increased until the expiration of the lease. Any escalator clause shall specify the date after which it may be invoked, the method by which rent increases shall be calculated and all other determinative factors invoked in the increase. The notice requirements of Section 29-56 shall apply to escalator provisions and any escalator provision not in compliance with this Article shall be unenforceable.

e. Subject to the notice requirements of this Article, rent increases for holdover tenants shall take effect no sooner than twelve months following the effective date of the most recent ^{rent} increase applicable to the holdover tenant for said dwelling unit.

f. No tenant shall receive more than one rent increase per annum.

29-56. Notice Requirements Applicable to Rent Adjustment.

(a) No landlord may charge an increase in rent unless written notice thereof shall have been given to the tenant affected thereby at least sixty (60) days prior to the effective date of such rent increase. No tenant shall receive more than one rent increase per annum. The date of receipt cannot be included as a portion of the sixty (60) day notice requirement. Notice of such increases shall also be given to the Office of Landlord-Tenant Affairs in a form prescribed by the Executive Director. Written notices must contain the following information:

(1) The amount of monthly rent immediately preceding the effective date of the proposed increase and the amount of monthly rent proposed immediately following the effective date of the rent increase and the percentage increase thereof.

(2) The effective date of the proposed increase.

(3) A statement reflecting the applicable rent increase guideline as determined under Section 29-55.

(4) Such other information as the landlord deems useful in explaining the rent increase.

(b) Written notices pursuant to this Section shall also include the following statements which shall be binding upon the landlord:

(1) Documentation. You or your duly authorized representative have the right to examine the documentation which supports this proposed rent increase if it exceeds the applicable rent increase guideline in order to satisfy yourself that the proposed rent increase is in accordance with the rent guidelines of Montgomery County. This documentation which is located at (location to be stated), may be inspected upon request at a mutually agreeable time and place.

(2) Meet with landlord. If you do not understand the basis for this increase or believe that the increase is not consistent with the Montgomery County rent guidelines, we will meet with you at a suitable time and at a location convenient to your residence to discuss the proposed increase and explain its justification.

(3) Complaint. If, after meeting with us, you have reason to believe that the proposed rent increase is unreasonable, you may contact the Montgomery County Office of Landlord-Tenant Affairs and provide it with a copy of the notice of the proposed rent increase and file a written complaint with that Office stating that you believe there has been a failure to comply with the spirit and intent of the rent guidelines.

(4) Effective Date. Any proposed rent increase, notice of which you have received, which conforms to this Section of the Montgomery County Code 1972, as amended, will become effective as of the date specified in the notice.

(5) Illegal Eviction. It is illegal for us to evict you for filing a complaint with any public agencies, including the Office of Landlord-Tenant Affairs, or for filing a lawsuit against us or for joining any tenant's organization, and we will not evict you for any of those reasons.

(6) Statement. It is hereby declared that the foregoing statements and facts are true to the best of our knowledge and belief; and that to the best of our knowledge and belief the increase in your rent is consistent with the Montgomery County law providing for rent guidelines.

(c) Written notice may be delivered to the tenant by any reasonable means. However, unless the notice is mailed via the United States Postal Service to the tenant's dwelling unit, delivery is not considered to have been made unless a signed receipt is obtained from the tenant or his representative. If the tenant is notified by mail, other than registered or certified mail, the landlord shall certify, by affidavit dated at the time of mailing, that he has mailed the notice, and he shall retain a copy of said affidavit in his records.

(d) For the purposes of these notice requirements, the day after the postmark date is considered the date of delivery in cases where the notice was delivered to the proper person by the U.S. Mail. If any notice is sent by U.S. certified or registered mail, the receipt or registration is presumptive evidence that the notice was delivered to the party to which addressed and the date of the receipt or registration is considered to be the postmark date.

(e) When the last day for performing any act prescribed hereunder falls on a Saturday, Sunday, or legal holiday, the performance of that act is considered to be timely if it is performed on the next succeeding day which is not a Saturday, Sunday or legal holiday. As used in this Section, "Legal Holiday" means a legal holiday in Montgomery County, Maryland.

(f) Upon the termination of the system of rent guidelines, Items b(1), (2), (3), (6) shall not be required.

29-57. Maintenance and availability of records.

(a) As of the effective date of the Act, and until the termination of these guidelines, all landlords of all dwelling units covered by this Article shall maintain records (1) which shall indicate the rent for such dwelling units, (2) provide, when applicable, the basis for any rent adjustment to such units made in excess of the rent guidelines for such dwelling units. The records shall also reflect the landlord's customary practice and charges for the past thirty-six (36) months with respect to non-monthly payments.

(b) These records shall be available for examination on request by any tenant or his or her agent to the extent that the records relate to a dwelling unit occupied or formerly occupied by such tenant, by any prospective tenant to the extent that the records relate to a dwelling unit which the prospective tenant has inspected and is considering leasing, and by a representative of the Office of Landlord-Tenant Affairs. Examination shall be at a mutually agreeable time and place, but, in any event, examination shall be at a place reasonably convenient to the tenant, his agent, or a prospective tenant. All of the records shall be retained for a period of three (3) years.

29-58. Complaints, investigations, hearings, reports and data availability.

(a) Complaints.

Whenever a tenant believes that the landlord has failed to comply with any provision of this Article, the tenant shall provide the landlord with written notice of the allegations of noncompliance herewith and attempt to correct the situation mutually. If the tenant is not satisfied with these mutual efforts, or if the landlord does not meet or confer, the tenant may then report, in writing, to the Office the nature of the alleged noncompliance, a copy of which shall be sent to the landlord. The complaint of noncompliance shall be on a form prescribed by the Office and contain all pertinent and relevant documents including any notice of rent increase, the applicable lease, and a statement as to why noncompliance exists. Such complaints shall be filed with the Office within ninety (90) days of the occurrence of the action which forms the basis of the complaint.

(b) Investigations.

(1) The Executive Director shall be responsible for the investigation of all complaints filed, and in this regard, shall have the authority to require

landlords who are the subject of such complaints to reveal, as provided by law, all matters pertaining to the operation of rental facilities.

(2) The Executive Director shall also monitor all actual and proposed rent increases. In cases where the Executive Director believes that the rent increases exceed the rent guidelines, he or shall shall investigate to determine the reasons for the rent increase without the need of a formal complaint, and with the full authority to investigate as if a complaint were filed.

(c) Hearings.

In cases in which rent increases exceed the rental guidelines and in the judgement of the Executive Director such increases were not justified by the data examined, the case may be referred to the Landlord-Tenant Commission to determine whether to hold a public factfinding hearing on the case, in accordance with Section 29-40 and applicable rules of procedure. Any affected party may also request such a hearing. The Commission may, after such hearings, set forth its findings and recommendations in a report which shall be made available to the public. Any landlord who is the subject of such report and has been found to have issued an unjustified rent increase in excess of the guidelines, shall make such report available to his prospective tenants and inform such tenants of all rental increases since January 1, 1978. Such landlords shall maintain a record of that offer, initialed by the tenant.

(d) The Executive Director shall report to the County Executive and the County Council the results of investigations and/or hearings conducted under this section.

(e) Data availability.

During an investigation of a case in which the rent increase appears to exceed the rent guidelines, the Executive Director may request and the landlord is required to furnish information including:

- (1) up-to-date rental information normally provided to the Executive Director;
- (2) records concerning the various operating expenses and revenues for the project; and
- (3) any financial records concerning the project which the Executive Director may deem relevant and necessary to the understanding of the justification of the rent increase.

Such information as the Executive Director deems proper may be presented in public to the Landlord-Tenant Commission in the course of any hearings provided for herein.

SUBTITLE: TENANTS' RIGHTS

29-59. Prohibited Retaliatory Practices.

(a) No landlord or owner may make any changes in his leasing or business practices with respect to any dwelling unit subject to this Chapter for the purpose of avoiding compliance with any provision of this Chapter.

(b) No landlord may take retaliatory action against any tenant who exercises any rights conferred upon him by this Chapter or against any tenant who assists another tenant in exercising these rights. For purposes of this Section, "retaliatory action" includes eviction, threat of eviction, violation of privacy, harassment, reduction in quality or quantity of services not otherwise authorized under this Chapter, unreasonable rent increases, or any form of threat or coercion.

29-60. Tenants' Rights.

(a) Tenants shall have the right to self-organization; to form, join, meet or assist one another within or without tenant organizations; to meet and confer through representatives of their own choosing with landlords; to engage in other concerted activities for the purpose of mutual aid and protection; and further, tenants shall have the right to refrain from any and all such activities.

(b) Tenants and tenant organizations shall have the right of free assembly in the meeting rooms and other areas suitable for meetings within a rental facility during reasonable hours and upon reasonable notice to the landlord for the purpose of conducting tenant organization meetings. The landlord may charge a reasonable fee for the use of the meeting rooms or common areas but such charge must not be in excess of the regular schedule of fees for such facility to other groups. The landlord may also impose reasonable terms and conditions upon the use of such meeting rooms or common areas as long as such terms and conditions do not constitute a subterfuge to undermine the purposes of this Section.

(c) Tenants and resident tenant organizations shall have the right to distribute freely and post in centrally-located areas of a rental facility literature concerning landlord-tenant issues provided the literature is properly identified as to its origin.

(d) Tenant organizations shall have standing to file complaints under any provision of this Chapter in a representative capacity on behalf of those tenants who have authorized such representation. Nothing herein shall be construed to permit any tenants' organization to represent exclusively any tenant or class of tenants unless authorized to do so specifically.

(e) Tenants who, during the term of a lease, are subjected to a reduction or elimination of service or equipment which had been provided at the inception of the lease terms, may file a complaint under Article V of this Chapter, alleging breach of the lease. The Commission, upon completion of the administrative process specified in Article V, and upon an affirmative finding of such a breach of lease, may impose an award of damages in an amount equal to the fair market value of such reduced service or equipment.

Sec. 2. Severability.

The provisions of this Act are severable and if any provisions, sentence, clause, section or part thereof is held illegal, invalid or unconstitutional or inapplicable to any person or circumstances, such illegality, invalidity or unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, sentences, clauses, sections or part of the Act or their application to other persons or circumstances. It is hereby declared to be the legislative intent that this Act would have been adopted if such illegal, invalid or unconstitutional provision, sentence, clause, section or part had not been included therein, and if the person or circumstances to which the Act or any part thereof is inapplicable had been specifically exempted therefrom.

Sec. 3. Effective date.

The Council hereby declares that an emergency exists and that this legislation is necessary for the immediate protection of public health and safety. Therefore, this Act shall take effect on January 1, 1978.

Approved:

Elizabeth L. Scull
President, Montgomery County Council

Dec. 19, 1977
Date

Approved:

Returned by County Executive Unsigned
County Executive

December 20, 1977
Date

ATTEST:

Annal Spates
Secretary of the Montgomery County Council

Dec. 20, 1977
Date

Introduced: March 6, 1979
Enacted: March 23, 1979
Executive: March 29, 1979
Effective: March 29, 1979

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

March Legislative Session 1979

Chapter 56

Laws of Montgomery County, 1979

AN EMERGENCY ACT to amend Chapter 29 of the Montgomery County Code, 1972, as amended, title "Landlord-Tenant Relations," by repealing and reenacting with amendments Article VI title "Omnibus Tenant Protection Act", Section 29-47 title "Legislative Findings and Intent", to acknowledge the need for an extraordinary rent increase procedure; Section 29-48, title "Definitions" to define affidavit, capital improvements, extraordinary rent increase, person aggrieved, and renovation; Section 29-49, title "Administrative Enforcement and Penalties" to provide for application to Sections 29-55(c) (d), 29-59(b), 29-61, and 29-63(b) of Article VI; Section 29-50, title "Application" to make reference to rent stabilization; Section 29-54, title "Scope, Operation and Review" to extend the Voluntary Rent Guidelines through January 31, 1981, and to exempt from coverage certain dwelling units vacant after July 1, 1976, and those having monthly rents in excess of \$600 as of March 31, 1979; Section 29-55, title "Rent Adjustments and Guidelines" to establish a new voluntary rent guideline of 7.6% and to require landlords exceeding the guideline to provide specific documentation to the Office of Landlord-Tenant Affairs and affected tenants and to require the Executive Director and/or the Commission to use certain criteria to evaluate the landlord's justification; Section 29-56, title "Notice Requirements Applicable to Rent Adjustment" to require notice of rent increases to be sent simultaneously to tenants and the Office of Landlord-Tenant Affairs and include in the rent increase notice the average rent increase pursuant to Section 29-55(c); Section 29-57, title, "Maintenance and Availability of Records" to require landlords to maintain records for a period of three years; Section 29-58, title "Complaints,

Investigations, Hearings Reports and Data Availability" to provide for a public hearing before the Executive Director of the Office of Landlord-Tenant Affairs or the Commission and a thirty day time limit for the Commission to issue decisions and to exempt the hearings from the County Administrative Procedures Act; and to add a new Subtitle, "Extraordinary Rent Increases" to provide for application to dwelling units in a rental facility whenever rents for individual dwelling units are increased by 10% or more; Section 29-60, title "Complaints and Investigations" to grant authority to the Executive Director for receiving complaints, conducting investigations, and hearings; Section 29-61, title "Rent Escrow Requirements" to provide for deposit of unjustified rent increases in an interest bearing escrow account; Section 29-62, title "Commission Hearings" to provide authority to the Commission to conduct hearings, order rent reductions and rebates; Section 29-65, title "Rent Adjustments, Standards" to provide for standards for evaluating a landlord's justification for an Extraordinary Rent Increase; to transfer the subtitle "Tenants Rights" to Article IV, title "Landlord-Tenant Obligations" and to authorize the Commission to reduce rents commensurate with the cost of elimination or reduction of certain services; and to make certain other technical changes.

Be It Enacted by the County Council for Montgomery County, Maryland, that -

Sec. 1. Section 29-47, title "Legislative Findings and Intent" of Article VI, title "Omnibus Tenant Protection Act" of Chapter 29, title "Landlord-Tenant Relations" of the Montgomery County Code, 1972, as amended, is hereby repealed and reenacted with amendments to read as follows:

ARTICLE VI. RENT STABILIZATION ACT

29-47. Legislative Findings and Intent.

The County Council for Montgomery County, Maryland, found in February, 1973, that a public emergency existed in the housing of a considerable number of persons in the County; that there existed a serious

housing shortage of dwelling units in the County; that the construction of new housing units planned would not eliminate the existing housing shortage in rental units because of inter alia, the sewer moratorium; that in the absence of regulation of rents there had ensued excessive rent rises which resulted in serious impairment to the health, safety and welfare of a large segment of the population and in conditions that would have substantially hampered and deterred the efforts of the County government to effectuate the protection and promotion of the health, safety and welfare of the citizens of Montgomery County as well as the general purposes of planning; that following the termination of federal rent controls on January 11, 1973, announced rent increases in many cases were exorbitant and could have resulted in great hardship; that to prevent impairment to health, safety and welfare, action by the County Council was imperative; that, although the controls and regulations provided for the rent control law might disturb the enjoyment of individual rights and property to some limited extent, compensation for such disturbance was provided to all of the people of Montgomery County by sharing the general benefits which such controls and regulations were intended and calculated to secure; that during the period following the imposition of federal rent controls in August, 1971, operating expenses of landlords had not, in all cases, been reflected in rent adjustments; that such regulations and controls were necessary in order to prevent the execution of unjust, unreasonable and oppressive rental agreements, and to forestall profiteering, speculation and other disruptive practices tending to impair the public health, safety and general welfare.

In September, 1973, the County Council further found that the problems associated with housing in Montgomery County had not appreciably abated or been remedied since that enactment. Aside from the curtailment of exorbitant rent increases which had resulted from the enactment of rent control, the findings delineated above had continued application then.

The Council finds that while the system of rent control must be phased out, a major effort must still be made, during the transition

to a competitive rental housing market, to minimize the disruption attendant on that transition. To this end, this Article provides measures to insure that this transition is as equitable as possible for tenants and landlords alike. The provisions of this Article directed toward fulfilling these objectives include:

(1) strengthening and coordination of rent reporting requirements by the Office of Landlord-Tenant Affairs so that the public and its agencies can be aware of and evaluate changes in the rental housing market;

(2) establishment of voluntary rent guidelines under which landlords are encouraged to maintain rental increases within justified limits;

(3) an extraordinary rent increase procedure providing for rent rebates and rollbacks of unjustified rent increases whenever the rent for one or more dwelling units in a rental facility is increased by ten percent (10%) or more;

(4) providing the Office of Landlord-Tenant Affairs and the Landlord-Tenant Commission with administrative responsibilities to monitor compliance with these guidelines and promote the transition requirements of this Article; and

(5) delineate tenants' rights, to provide for reasonable rights of assembly and communication under the provisions of this Act.

In addition to these measures, the Council will be developing additional and strengthened programs to encourage the development of rental housing, and will be considering major changes to the rent relief programs in the County so as to improve the delivery of this service to tenants.

It is the opinion of the County Council that the rental housing situation in Montgomery County should be monitored carefully and continuously. To date, this method of data collection has been decentralized. Many agencies compile their own housing data; frequently, their efforts are duplicative of the work of the Office of Landlord-

Tenant Affairs. This lack of coordination in both collection and analysis could be remedied by creating a centralized system designed to meet the special needs of particular agencies as well as the County-wide need for accurate housing data. In addition, by eliminating duplicative efforts, the County will realize a savings in both time and cost, and the burden on landlords of reporting will be lightened.

The findings derived from the data collection process will prove useful to legislators, administrators, landlords and tenants, alike. It is the intent of the County Council that the Executive Director of the Office of Landlord-Tenant Affairs shall be responsible for collecting and analyzing the data and for disseminating the results to all concerned parties.

Sec. 2. Section 29-48, title "Definitions" of Article VI of Chapter 29, title "Landlord-Tenant Relations" of the Montgomery County Code, 1972, as amended, is hereby repealed and reenacted, with amendments, to read as follows:

29-48. Definitions:

For the purposes of this Article only, the following words and phrases shall have the meaning respectively ascribed to them by this Section:

Affidavit is a sworn written statement made under oath or on affirmation before an authorized officer such as a notary public which certifies that this information is true and correct.

Capital improvement shall mean an improvement or betterment which has a useful life in excess of three years and which is intended to increase the value of the affected dwelling unit or rental facility.

Dwelling unit, in addition to that provided by Section 29-1 of this Chapter, includes mobile homes located in Montgomery County and offered for lease as a place of abode rather than as temporary lodging, real property upon which a dwelling unit is situated (or is to be situated if that unit is personal property) and which is necessary for

for the convenient use of the dwelling unit, and property owned by the landlord or the dwelling unit which is available for use by the tenant in connection with his use of the dwelling unit and for which he must pay rent under the lease. A hotel or similar establishment may contain both dwelling units and temporary lodging units.

Enter into a lease means to execute a written lease, enter into an oral lease (when permitted by this Chapter), create an implied lease, or renew a lease, regardless of duration.

Extraordinary Rent Increase shall mean a rent increase authorized by Section 29-59 of this Chapter.

Holdover tenant means a tenant occupying a dwelling unit subject to this system of rent guidelines who continues to occupy the same dwelling unit after the expiration of the first twelve-month period of a lease, or a tenant who continues to occupy the same dwelling unit after the expiration of the leasing period of any other lease.

Including means comprising but not limited to.

Inflation index means the rate of inflation or deflation as determined by a composite index derived from price indices compiled by the Bureau of Labor Statistics, U.S. Department of Labor. The composite index shall be derived from the Consumer Price Index (Washington, D.C. area), which shall be assigned two-thirds weight, and from the Retail Price Index (Fuels and Utilities, Washington, D.C. area) which shall be assigned one-third weight.

One-family dwellings means as defined in Section 59-1 of Chapter 59 of the Montgomery County Code 1972, as amended.

New dwelling units means dwelling units covered by this Article which were not in fact occupied by a tenant and for which a certificate of occupancy was not required and had not been issued as of February 28, 1974, and as to one-family dwellings, semi-detached dwellings and town-houses, means such units which have not been rented since August 1971, or which have not been constructed and occupied prior to the effective date of this Act.

Non-monthly payment means a non-recurring or one-time or irregularly recurring charge or deposit of money with the landlord by the tenant on or after entering into a lease. Examples of such payments could be swimming pool fees, air-conditioning charges, cleaning fees, security deposits, application fees, credit investigation fees, and one-time pet or "doggie" fees. Such payment may or may not be refundable upon the expiration of a lease.

Person aggrieved shall mean a person whose personal or property rights are adversely affected by the decision of the Executive Director of the Montgomery County Office of Landlord-Tenant Affairs or his or her designee, or the Montgomery County Commission on Landlord-Tenant Affairs. The decision must not only affect a matter in which the person has a specific interest or property right but his interest therein must be such that he is personally and specifically affected in a way different from that suffered by the public generally.

Prospective tenant means any person who intends to occupy or is seeking to occupy a dwelling unit for living or dwelling purposes with the landlord's consent, but is not a holdover tenant.

Rehabilitation means capital improvements to a rental facility, single-family dwelling, semi-detached dwelling or townhouse in which the aggregate expenditures therefor equal at least 100% of the assessment, excluding land, made by the Maryland Department of Taxation and Assessments effective immediately prior to the commencement of the construction of the capital improvements.

Renovation shall mean capital improvements to a rental facility, single-family dwelling, semi-detached dwelling or townhouse in which the aggregate expenditures therefor are less than 100% of the assessment, excluding land, made by the Maryland Department of Taxation and Assessments effective immediately prior to the commencement of the construction of the capital improvements; provided, however, that renovation shall not be construed to include the ordinary pre-leasing redecoration or painting of a specific dwelling unit.

Rent means the amount charged for the right to possession and use of a dwelling unit, including any required recurrent charge therefor and any required charge for the use of services and property in connection therewith, and may include non-monthly payments.

Section Eight Housing Assistance Payments Program means a program of the United States Department of Housing and Urban Development administered by the Housing Opportunities Commission of Montgomery County, Maryland, which provides housing assistance payments on behalf of eligible families, elderly, handicapped, and displaced persons. Payments are made by the Housing Opportunities Commission on behalf of qualified tenants in accordance with procedures prescribed by the Secretary of the United States Department of Housing and Urban Development.

Section Eight Market Rent means the rent, established for the Section Eight Housing Payments Program, including utilities (except telephone), ranges and refrigerators, and all maintenance, management, and other services, which, as determined at least annually by the United States Department of Housing and Urban Development, would be required to be paid in order to obtain privately-owned, existing, decent, safe, and sanitary rental housing of modest (non-luxury) nature with suitable amenities. Separate Section Eight Market Rents are established for dwelling units of varying sizes (number of bedrooms) and types, (e.g., elevator, non-elevator).

Semi-detached dwellings has the same meaning as defined in Section 59-1 of Chapter 59 of the Montgomery County Code 1972, as amended.

Townhouses has the same meaning as defined in Section 59-1 of Chapter 59 of the Montgomery County Code 1972, as amended.

Turnover means the transfer of possession of a dwelling unit from one tenant to another.

Turnover rent means the new monthly rent charged for a dwelling unit following turnover. It is the rent rate the new tenant pays.

Utility costs means the actual costs of gas, electricity, fuel oil, and water and sewer services, excluding front foot benefit charges, which are paid by the landlord.

Vacant days means the number of days for which no rent is collected for a particular dwelling unit.

Vacant unit means an unoccupied dwelling unit which is available for use and possession and for which no rent is being demanded or collected except rent demanded from a tenant on an unexpired lease.

Sec. 3. Section 29-49, title "Administrative Enforcement and Penalties" of Article VI, Chapter 29, title "Landlord-Tenant Relations" of the Montgomery County Code 1972, as amended, is hereby repealed and reenacted, with amendments, to read as follows:

29-49. Administration, Enforcement and Penalties.

(a) The County Executive is authorized to adopt such regulations as may be necessary to administer this Article properly.

(b) In the enforcement of any of the provisions of this Article, necessary proceedings, including proceedings for the production of documents, may be instituted by the County Attorney's Office after referral by the Executive Director. The County Attorney, after a matter has been referred by the Executive Director, may institute appropriate legal action, or refer the matter back to the Executive Director for such additional information or action necessary to take appropriate legal action. Nothing herein shall limit the authority of the County Attorney to initiate prosecution or bring actions in law or equity for violation of any local law, ordinance or regulation, whether or not the Executive Director has made a formal referral.

(c) Any landlord who violates any provision of Sections 29-51, 29-55(c) and (d), 29-56, 29-57, 29-58(c) and (e), 29-59(b), 29-61 and 29-63(b) shall be liable for payment to Montgomery County of a civil penalty, recoverable in a civil action in Circuit Court, in an amount not to exceed \$1,000 for each such violation.

Sec 4. Section 29-50, title "Application" of Article VI of Chapter 29, title "Landlord-Tenant Relations" of the Montgomery County Code, 1972, as amended, is hereby repealed and reenacted, with amendments, to read as follows:

29-50. Application.

(a) This Chapter shall be effective throughout the County except in any incorporated town, village, or other municipality which by law has authority to enact a law on the same subject. If any such incorporated town, village, or other municipality shall adopt this Chapter or any part thereof and request the County to enforce the adopted provisions thereof within its corporate limits, the County may thereafter administer and enforce the same within such incorporated town, village, or municipality. The County Executive is authorized to enter into agreements with said incorporated town, village or municipality to collect the administrative costs of implementation from such municipalities.

(b) The system of rent stabilization established by this Article shall supersede or take precedence over, as the case may be, all rent control measures enacted by or to be enacted by the State of Maryland or the Government of the United States, if permissible to do so. However, any legislation enacted by the State of Maryland or the Government of the United States subsequent to the enactment of this system of rent stabilization shall be reviewed by the Commission on Landlord-Tenant Affairs and appropriate recommendations made to the County Council.

Sec. 5. Section 29-54, title "Scope, Operation and Review" of Article VI of Chapter 29, title "Landlord-Tenant Relation" of the Montgomery County Code, 1972, as amended, is hereby repealed and reenacted, with amendments, to read as follows:

29-54. Scope, Operation and Review.

(a) This Subtitle is applicable to all dwelling units located in Montgomery County, except the following:

- (1) any establishments which have as their primary purpose the providing of diagnosis, cure, mitigation, and treatment of illnesses for residents;
- (2) new dwelling units, as defined in Section 29-48;
- (3) rehabilitated dwelling units coming onto the rental market after January 20, 1976.
- (4) dwelling units owned by a person who owns fewer than three (3) rental dwelling units within Montgomery County;
- (5) one-family dwellings, semi-detached dwellings, and townhouses not located within a centrally managed multi-family housing community offering services substantially similar to those offered to apartment dwellers;
- (6) dwelling units which are part of federal government assisted multi-family housing projects and which require accountability of rent returns to the federal government or to dwelling units which are part of multi-family housing projects owned and operated by the Montgomery County Housing Opportunities Commission;
- (7) dwelling units whose rents fall within the Section Eight market guidelines which are occupied by tenants participating in the federal government's Section Eight Housing Assistance Payments Program and whose owners receive housing assistance payments on behalf of those eligible tenants;
- (8) dwelling units vacated after July 1, 1976. This exemption shall not apply to units subject to the provisions of Section 29-59(b); and
- (9) dwelling units having a monthly rent in excess of \$600 per month as of March 31, 1979.

(b) Upon the creation or reimposition of federal or State rent controls or guidelines, and when those controls do not prohibit local County controls, the Commission shall consider and shall recommend to

the County Executive and County Council whether the County should adopt those controls or guidelines as those of the County. The Commission shall also consider whether County guidelines, in addition to federal or State controls, should be adopted or continued if legally permissible.

(c) The system of rent guidelines established by this Subtitle shall become null and void at 12:00 midnight on January 31, 1981, except for Section 29-56.

(d) The Executive Director and the Commission shall report to the County Council and the County Executive prior to the end of six (6) months after the effective date of this Article and thereafter at intervals of not more than six (6) months with findings and recommendations as to this Article based upon the housing needs of the County and the health, safety, and welfare of its citizenry. Each report shall specifically include findings and recommendations as to (1) the continued operation of and need for the provisions of this Subtitle; (2) the repeal of the provisions of the Subtitle; and (3) the modifications or amendment of this Subtitle as may be deemed appropriate.

Sec. 6. Section 29-55, title "Rent Adjustments and Guidelines" of Article VI of Chapter 29, title "Landlord-Tenant Relations" of the Montgomery County Code, 1972, as amended, is hereby repealed and reenacted, with amendments, to read as follows:

29-55. Rent Adjustments and Guidelines.

(a) Landlords are encouraged to hold rent increases to the lowest level possible and make every effort not to exceed the rent guidelines established below.

(b) On the effective date of this Act, the voluntary rent guideline shall be 7.6 percent. Effective July 1 1979, the County Executive shall issue every six months revised voluntary rent guidelines, the first of which shall be effective with rents beginning October 1, which guidelines shall be 100% of the inflation index as computed from an average of the previous six bi-monthly indices.

(c) Rent increases for tenants should not be in excess of this guideline unless unusual factors justify otherwise. Notwithstanding any other provision of this Article, landlords may calculate an average of rents including only those dwelling units newly eligible for increases in a given facility over a thirty-day period and such average may be used to determine whether the landlord is in conformity with the guidelines for that specific rental facility. In cases where the averaging method is employed, the landlord shall include the average in the notice to tenants required under Section 29-56. If the averaging method causes one or more individual units to receive increases of ten percent (10%) or more, such increases shall be considered an application for an Extraordinary Rent Increase and a determination as to its justification shall be made in accordance with Section 29-60(b)(2) though Section 29-65 of the Extraordinary Rent Increases Subtitle.

(d) Whenever a landlord imposes rent increases the average of which exceeded the voluntary rent guideline or increase one or more individual rents by ten percent (10%) or more, the landlord shall provide an affidavit on a form prescribed by the Executive Director containing the following documentation substantiating the unusual factors necessitating such rent increases.

(1) Actual income and expense statements, by category, for the two most recent years. Vacancy losses and income generated from other than apartment rents should be included as distinct categories, including income from all decontrolled units and from other sources within the facility.

(2) 12-month projected income and expense statement by category. Worksheets to support income, vacancy and operating expense projections shall be included.

(3) If income generated from rent increases exceeds projected increases in operating expenses, evidence of other unusual factors necessitating additional income must be provided.

(4) The landlord shall make a copy of the documentation available to affected tenants upon request pursuant to Section 29-56(b) (1) (2) and may charge a reasonable photocopy fee. Landlords shall file the documentation with the Executive Director of the Office of Landlord-Tenant Affairs at least 60 days prior to the effective date of rent increases exceeding the rent guideline or rent increase for individual units which are ten percent (10%) or more.

(e) The Executive Director and/or the Commission shall use one or more of the following criteria in evaluating justification offered by the landlord for increasing rents above the Voluntary Rent Guidelines percent and/or an extraordinary rent increase:

(1) Operating expense increases are greater than increases in total gross income from the facility only. The justification shall demonstrate that estimated increases in income including the proposed increase in rentals for the twelve month projection period will be offset by estimated increases in operating expenses for the same period. The projection period should be measured against the most recent 12-month period of actual expense (i.e., calendar year 1978 to calendar year 1979 or fiscal year). Rent increases may be prorated over a 12-month period recognizing varying effective dates.

(2) Negative cash flow during the past 12 months. The justification shall demonstrate that with the proposed increase in rentals, the rental facility would be placed in a financial breakeven position after deducting mortgage payments including both principal and interest. The reasonableness of financing arrangements such as term of mortgage, numbers of mortgages, refinancing arrangements and purchase price as a result of the proposed rental increase shall be taken into consideration.

(3) To increase cash flow levels. Cash flow levels may be equivalent to the highest cash flow level that the existing landlord obtained in the prior 2 years of actual operating experience. Consideration may also be given to the cash flow level from a period prior to rent control (e.g., 1971 or 1972).

(f) For purposes of justification under Section 29-55(e), the Executive Director and/or the Commission shall consider but not be limited to the following other factors: amortization of capital improvements and major repairs,

government ordered maintenance improvements, management efficiency, reductions or increases in services, vacancy rates, and/or operating expense ratios.

(g) For purposes of justification under Section 29-55(e):

(1) The Executive Director and/or the Commission shall review the justification presented by the landlord and determine whether the rent increases were reasonable based on the landlord's presentation. The criteria selected will first be evaluated individually and then correlated and applied to the rent increases proposed in the facility.

(2) The Executive Director and/or the Commission shall then apply the analysis of the landlord's justification to rent increases assessed to individual tenants. Consideration will be given to equalizing rents among holdover tenants occupying similar types of rental units to determine the reasonableness of individual tenant increases. Gradual adjustment to eliminate disparities is recommended. In general rent increases to individual tenants which are more than five percentage points above the average of justified rent increases given to all holdover tenants at a rental facility will not be approved.

(h) Any lease which includes an escalator clause must state a dollar amount over which the rent may not be increased until the expiration of the lease. Any escalator clause shall specify the date after which it may be invoked, the method by which rent increases shall be calculated and all other determinative factors invoked in the increase. The notice requirements of Section 29-56 shall apply to escalator provisions and any escalator provision not in compliance with this Article shall be unenforceable.

(i) Subject to the notice requirements of this Article, rent increases for holdover tenants shall take effect no sooner than twelve months following the effective date of the most recent rent increase applicable to the holdover tenant for said dwelling unit.

(j) No tenant shall receive more than one rent increase per annum.

(k) Any rent (but not the component amounts thereof) may be rounded to the nearest whole dollar by the landlord, by eliminating any amount less than fifty (50) cents and increasing any amount over forty-nine cents to the next higher whole dollar.

Sec. 7. Section 29-56, title "Notice Requirements Applicable to Rent Adjustment" of Article VI of Chapter 29, title "Landlord-Tenant Relations" of the Montgomery County Code 1972, as amended, is hereby repealed and reenacted with amendments to read as follows:

29-56. Notice Requirements Applicable to Rent Adjustment.

(a) No landlord may charge an increase in rent unless written notice thereof shall have been given to the tenant affected thereby at least sixty (60) days prior to the effective date of such rent increase. No tenant shall receive more than one rent increase per annum. The date of receipt cannot be included as a portion of the sixty (60) day notice requirement. Notice of such increases shall also be given simultaneously to the Office of Landlord-Tenant Affairs in a form prescribed by the Executive Director. Written notices must contain the following information:

(1) The amount of monthly rent immediately preceding the effective date of the proposed increase (old rent) and the amount of monthly rent proposed immediately following the effective date of the rent increase (new rent) and the percentage increase thereof.

(2) The effective date of the proposed increase.

(3) A statement reflecting the applicable rent increase guideline percentage (%) as determined under Section 29-55.

(4) Such other information as the landlord deems useful in explaining the rent increase.

(5) In cases where the averaging method is employed, pursuant to Section 29-55(c), the landlord shall include the average in the rent increase notice to tenants.

(b) Written notices pursuant to this Section shall also include the following statements which shall be binding upon the landlord:

(1) Documentation. You or your duly authorized representative have the right to examine the documentation which supports this proposed rent increase if it exceeds the applicable rent increase guideline in order to satisfy yourself that the proposed rent increase is in accordance with

the rent guidelines of Montgomery County. This documentation which is located at (location to be stated) may be inspected upon request at a mutually agreeable time and place.

(2) Meet with landlord. If you do not understand the basis for this increase or believe that the increase is not consistent with the Montgomery County rent guidelines, we will meet with you at a suitable time and at a location convenient to your residence to discuss the proposed increase and explain its justification.

(3) Complaint. If, after meeting with us, you have reason to believe that the proposed rent increase is unreasonable, you may contact the Montgomery County Office of Landlord-Tenant Affairs and provide it with a copy of the notice of the proposed rent increase and file a written complaint with that Office stating that you believe there has been a failure to comply with the spirit and intent of the rent guidelines.

(4) Effective date. Any proposed rent increase, notice of which you have received, which conforms to this Section of the Montgomery County Code 1972, as amended, will become effective as of the date specified in the notice.

(5) Illegal eviction. It is illegal for us to evict you for filing a complaint with any public agencies, including the Office of Landlord-Tenant Affairs, or for filing a lawsuit against us or for joining any tenants' organization, and we will not evict you for any of those reasons.

(6) Statement. It is hereby declared that the foregoing statements and facts are true to the best of our knowledge and belief; and that to the best of our knowledge and belief the increase in your rent is consistent with the Montgomery County law providing for rent guidelines.

(c) Written notice may be delivered to the tenant by any reasonable means. However, unless the notice is mailed via the United States Postal Service to the tenant's dwelling unit, delivery is not considered to have been made unless a signed receipt is obtained from the tenant or his representative.

If the tenant is notified by mail, other than registered or certified mail, the landlord shall certify, by affidavit dated at the time of mailing, that he has mailed the notice, and he shall retain a copy of said affidavit in his records.

(d) For the purposes of these notice requirements, the day after the postmark date is considered the date of delivery in cases where the notice was delivered to the proper person by the U.S. Mail. If any notice is sent by U.S. certified or registered mail, the receipt or registration is presumptive evidence that the notice was delivered to the party to which addressed and the date of the receipt or registration is considered to be the postmark date.

(e) When the last day for performing any act prescribed hereunder falls on a Saturday, Sunday, or legal holiday, the performance of that act is considered to be timely if it is performed on the next succeeding day which is not a Saturday, Sunday or legal holiday. As used in this Section, "legal holiday" means a legal holiday in Montgomery County, Maryland.

(f) No tenant shall receive more than one rent increase per annum.

Sec. 8. Section 29-57, title "Maintenance and Availability of Records" of Article VI of Chapter 29, title "Landlord-Tenant Relations" of the Montgomery County Code 1972, as amended, is hereby repealed and reenacted with amendments to read as follows:

29-57. Maintenance and Availability of Records.

As of the effective date of the Act, and until the termination of these guidelines, all landlords of all dwelling units covered by this Article shall maintain records (1) which shall indicate the rent for such dwelling units, (2) provide, when applicable, the basis for any rent adjustment to such units made in excess of the rent guidelines for such dwelling units. The records shall also reflect the landlord's customary practice and charges for the past thirty-six (36) months with respect to non-monthly payments. All of the records shall be retained for a period of three (3) years.

Sec. 9. Section 29-58, title "Complaints, Investigations, Hearings, Reports and Data Availability," of Article VI of Chapter 29, title "Landlord-Tenant Relations" of the Montgomery County Code 1972, as amended, is hereby repealed and reenacted with amendments, to read as follows:

29-58. Complaints, Investigations, Hearings, Reports and Data Availability.

(a) Complaints. Whenever a tenant believes that the landlord has failed to comply with any provision of this Subtitle, the tenant shall provide the landlord with written notice of the allegation of noncompliance and attempt to correct the situation mutually. If the tenant is not satisfied with these mutual efforts, or if the landlord does not meet or confer, the tenant may then report, in writing, to the Office the nature of the alleged noncompliance, a copy of which the tenant shall send to the landlord. The complaint of noncompliance shall be on a form prescribed by the Office and contain all pertinent and relevant documents including any notice of rent increase, the applicable lease, and a statement as to why noncompliance exists. Such complaints shall be filed with the Office within ninety (90) days of the tenant's receipt of the written notification of rent increase.

(b) Investigations.

(1) The Executive Director shall be responsible for the investigation of all complaints filed, and in this regard, shall have the authority to require landlords who are the subject of such complaints to reveal, as provided by law, all matters pertaining to the operation of rental facilities.

(2) The Executive Director shall also monitor all actual and proposed rent increases. In cases where the Executive Director believes that the rent increases exceed the rent guidelines, he or she shall investigate to determine the reasons for the rent increase without the need of a formal complaint, and with the full authority to investigate as if a complaint were filed.

(3) In the event the Executive Director determines that a fact-finding hearing is necessary to compile additional information prior

to making a determination of the merits of a rent increase in excess of the rent guideline, the Executive Director or his/her designee, hereafter referred to as the Executive Director, may conduct such hearing. Such a hearing shall not be subject to the provisions of the County Administrative Procedures Act. Notice of the hearing and its time and place shall be given to the landlord exceeding the rent guidelines, all tenants who are or may be affected by the rent increases, any known resident tenant association or organization, and any person who filed with the Office of Landlord-Tenant Affairs a comment relative to the landlord's justification of the rent increase. Such notice shall be prepared and transmitted by the Office in such form and such process as the Executive Director shall prescribe.

(4) The hearing shall be open to the public. In conducting hearings, the Executive Director shall have the power to summon all witnesses. Summonses must be signed by the Executive Director and shall require the attendance of named persons and the production of relevant documents and records. Failure to comply with a summons shall constitute a violation of this Chapter and shall be referred to the County Attorney's Office in order to obtain an appropriate order from the Circuit Court for Montgomery County to insure compliance with the summons. Any party to the hearing may request the issuance of a summons. The Executive Director shall include in the hearing record testimony of the professional staff members of the Executive Branch and such other witnesses as may be relevant to the issues posed in the hearing. The Executive Director may also request from the landlord such additional information and documentation as the Executive Director considers relevant. Any party to a hearing, at the party's option, may appear in person before the Executive Director, or may appear by a duly authorized representative and may have the assistance of an attorney. The parties may present testimony and evidence which shall be given under oath or by affirmation. The parties may also cross-examine any witness presenting testimony at a public hearing. A verbatim record of the hearing shall be made. The record shall be open to inspection by any person and, upon request by any party to the proceeding, the Office shall furnish such party a copy of the hearing record at such charges as are necessary to meet costs. The Executive Director's decision shall become the final decision of the Commission unless appealed to the Commission.

(c) Commission Hearings. Commission hearings conducted under this Subtitle are not subject to the provisions of the County Administrative Procedures Act.

(1) In cases where the Executive Director does not conduct a hearing pursuant to Section 29-58 (b)(3) and in the judgment of the Executive Director rent increases were not justified by the data examined, the case shall be referred to the Commission on Landlord-Tenant Affairs to determine whether to hold a public fact-finding hearing on the case, in accordance with Section 29-40 and applicable Commission rules of procedure. Any person aggrieved by the Executive Director's decision may also request such a hearing. The Commission shall, within thirty (30) days after such hearings, set forth its findings and orders in a report which shall be made available to the public. Any landlord who is the subject of such report and has been found to have issued an unjustified rent increase in excess of the guidelines, shall make such a report available to his prospective tenant and inform such tenants of all rental increases since January 1, 1978. Such landlords shall maintain a record of that offer, initialed by the tenant.

(2) In cases where the Executive Director does conduct a hearing pursuant to Section 29-58(b)(3), the Commission shall serve as an appeal board of review of decisions of the Executive Director. The Commission may, as determined by its rules of procedure, allow any party affected by the Executive Director's determination to introduce additional evidence at the time of appeal and consider it along with the administrative record before the Executive Director.

(d) The Executive Director shall report to the County Executive and the County Council the results of investigations and/or hearings conducted under this Section.

(e) Data Availability. During an investigation of a case in which the rent increase appears to exceed the rent guidelines, the Executive Director may request and the landlord is required to furnish information including:

(1) up-to-date rental information normally provided to the Executive Director;

(2) records concerning the various operating expenses and revenues for the project; and

(3) any financial records concerning the project which the Executive Director may deem relevant and necessary to the understanding of the justification of the rent increase.

Such information as the Executive Director deems proper may be presented in public to the Commission on Landlord-Tenant Affairs in the course of any hearings provided for herein.

Sec. 10. Article VI of Chapter 29, title "Landlord-Tenant Relations" of the Montgomery County Code 1972, as amended, is hereby amended to add a new subtitle, "Extraordinary Rent Increases" to read as follows:

SUBTITLE: EXTRAORDINARY RENT INCREASES

29-59. Application of Subtitle.

As of the effective date of this Act, and until the expiration of the rent guideline procedures set forth in this Article, this Subtitle shall be applicable to all rent increases for holdover tenants occupying dwelling units covered by the voluntary rent guidelines under the following conditions:

(a) Whenever one or more individual rents for dwelling units in a rental facility are increased by 10 percent or more;

(b) If the dwelling unit became vacant as the result of unilateral action of the landlord other than action based upon non-payment of rent, illegal activity by the tenant, destruction of property by the tenant or the tenant's guest, or breach of the lease and the landlord rents or offers to rent the dwelling unit at a rate in excess of the rent last charged.

(c) If the rents for such dwelling units are increased after the effective date of this Act to a level in excess of 14.2% above the rent last charged for that dwelling unit prior to April 1, 1978 and the Executive Director and/or the Commission on Landlord-Tenant Affairs has found, pursuant to Section 29-58, that rents increased during the period April 1, 1978, through and until the effective

date of this Act, have been unjustified. Twenty-four (24) months from the effective date of the initial unjustified rent increase, this Subsection 29-59(c) shall no longer apply to those affected dwelling units. All other provisions of this Act shall continue to apply.

29-60. Complaints and Investigations.

(a) Complaints. Whenever a tenant believes that the landlord has failed to comply with any provision of this Subtitle, the tenant shall provide the landlord with written notice of the allegation of noncompliance and attempt to correct the situation by mutual agreement. If the tenant is not satisfied with these mutual efforts, or if the landlord does not meet or confer, the tenant may then report, in writing, to the Office the nature of the alleged noncompliance, a copy of which the tenant shall send to the landlord. The complaint of noncompliance shall be on a form prescribed by the Office and contain all pertinent and relevant documents including any notice of rent increase, the applicable lease, and a statement as to why noncompliance exists. Such complaints shall be filed with the Office within ninety (90) days of the tenant's receipt of the written notification of rent increase.

(b) Investigations.

(1) The Executive Director shall be responsible for the investigation of all complaints filed, and in this regard, shall have the authority to require landlords who are the subject of such complaints to reveal, as provided by law, all matters pertaining to the operation of rental facilities.

(2) Whenever a rental increase falls under the applicable provision of Section 29-59 and/or based upon information filed pursuant to Section 29-55(d), the Executive Director shall investigate extraordinary rent increases without the need of a complaint and with full authority to investigate as if a complaint was filed.

(3) In the event that the Executive Director determines that a fact-finding hearing is necessary to compile additional information prior to making a determination of the merits of an extraordinary rent increase,

the Executive Director or his/her designee, hereafter referred to as the Executive Director, may conduct such a hearing pursuant to Section 29-58 (b)(3). The Executive Director shall have the same remedial authority as granted the Commission under Section 29-63 and the Executive Director's decision shall become the final decision of the Commission unless appealed to the Commission.

29-61. Rent Escrow Requirements.

Any landlord whose rent increases are subject, pursuant to Section 29-59, to the extraordinary rent increase provision of this Article and when in the judgment of the Executive Director of the Office of Landlord-Tenant Affairs such rent increases were not justified by the data examined, the landlord shall, within 15 days of the Executive Director's determination, deposit in an interest-bearing escrow account in a banking institution within the State of Maryland that portion of the rent increases found unjustified. Simultaneously, the landlord shall file with the Office of Landlord-Tenant Affairs a statement that the landlord has escrowed the rent monies required by this Section, identifying the banking institution, escrow account number, the rate of interest and the rental facility to which it applies. The rent monies shall remain escrowed until a determination of the landlord's justification is made pursuant to Section 29-63.

29-62. Commission Hearings.

Commission hearings conducted under this Subtitle are not subject to the provisions of the County Administrative Procedures Act.

(a) In cases where the Executive Director does not conduct a hearing pursuant to Section 29-58(b)(3) and in the judgment of the Executive Director, an extraordinary rent increase is not justified by the data examined, the case shall be referred to the Commission on Landlord-Tenant Affairs to determine whether to hold a public fact-finding hearing in accordance with Section 29-40 and applicable Commission Rules of Procedure. Any person aggrieved by the Executive Director's decision may also request such a hearing. The Commission shall, within thirty (30) days after conducting a public fact-finding hearing, set forth its findings and orders in a written report which shall be made available to the public.

(b) In cases where the Executive Director does conduct a hearing pursuant to Section 29-58(b)(3), the Commission shall serve as an appeal board of review of the decisions of the Executive Director. The Commission may, as determined by the Rules of Procedure, allow any party affected by the Executive Director's determination to introduce additional evidence at the time of appeal and consider it along with the administrative record before the Executive Director.

29-63. Commission Authority to Order Rent Rebates.

(a) The Commission, after conducting a public fact-finding hearing and determining that a landlord increased rents without adequate justification, shall have authority to set maximum rent levels for a subsequent 12 month period and to order a landlord to reduce rents and make rent rebates to affected tenants. The Commission may order a landlord to reduce an affected tenant's rent to the level found by the Commission to be justified and to order a rebate of all monies collected above the justified level. In cases where a dwelling unit becomes vacant under circumstances provided for under Section 29-59(b), the Commission may order the landlord not to rent or offer to rent the dwelling unit at a rate in excess of the rent last charged.

(b) Should the Commission order a rent reduction and/or rent rebate, the landlord shall, within 30 days of receipt of the Commission's written decision, return to affected tenants that portion of the rent increases found by the Commission to be unjustified together with interest. In cases where monies were escrowed pursuant to Section 29-61, interest shall be paid to affected tenants pro rata from the interest earnings of the escrow account. In cases where no monies were required to be escrowed, the landlord shall return to affected tenants that portion of the rent increase found by the Commission to be unjustified together with interest at the rate of six percent (6%) per annum.

29-64. Appeal to Court.

Any person aggrieved by the Commission's action may appeal to the Circuit Court for Montgomery County in accordance with the Maryland Rules of Procedure for review of such action and may further appeal to the appellate courts a decision by the Circuit Court.

29-65. Rent Adjustment, Standards.

In evaluating any landlord's justification for an extraordinary rent increase, the Executive Director and the Commission shall attempt to insure that rents for dwelling units covered by this Article are established at levels which avoid undue hardship on the landlord and the tenants. The evaluation shall take into account the landlord's operating expense experience, known or reasonably certain and unavoidable changes in operating and maintenance expenses, changes in services to tenants or inefficiency of operation, capital improvements or major renovation of the rental facility, delays in implementing the rent increase for dwelling units under leases, and such other factors as are pertinent to the Legislative Findings of this Article.

Sec. 11. The Subtitle "Tenants' Rights", Section 29-66, title "Prohibited Retaliatory Practices", and Section 29-67, title "Tenants' Rights" are hereby transferred in their entirety to Article IV, title "Landlord-Tenant Obligations" and amended to read as follows:

ARTICLE IV. LANDLORD-TENANT OBLIGATIONS

29-30A. Obligation of Landlords.

* * *

SUBTITLE: TENANTS' RIGHTS

29-30B. Prohibited Retaliatory Practices.

(a) No landlord or owner may make any changes in his or her leasing or business practices with respect to any dwelling unit subject to this Chapter for the purpose of avoiding compliance with any provision of this Chapter.

(b) No landlord may take retaliatory action against any tenant who exercises any rights conferred upon him or her by this Chapter or against any tenant who assists another tenant in exercising those rights. For purposes of this Section, "retaliatory action" includes eviction, threat of eviction, violation of privacy, harassment, reduction in quality or quantity of services not otherwise authorized under this Chapter, unreasonable rent increases, or any form of threat or coercion.

29-30C. Tenants' Rights.

(a) Tenants shall have the right to self-organization; to form, join, meet or assist one another within or without tenant organizations; to meet and confer through representatives of their own choosing with landlords; to engage in other concerted activities for the purpose of mutual aid and protection; and further, tenants shall have the right to refrain from any and all such activities.

(b) Tenants and tenant organizations shall have the right of free assembly in the meeting rooms and other areas suitable for meetings within a rental facility during reasonable hours and upon reasonable notice to the landlord for the purpose of conducting tenant organization meetings. The landlord may charge a reasonable fee for the use of the meeting rooms or common areas but such charge must not be in excess of the regular schedule of fees for such facility to other groups. The landlord may also impose reasonable terms and conditions upon the use of such meeting rooms or common areas as long as such terms and conditions do not constitute a subterfuge to undermine the purposes of this Section.

(c) Tenants and resident tenant organizations shall have the right to distribute freely and post in centrally-located areas of a rental facility literature concerning landlord-tenant issues provided the literature is properly identified as to its origin.

(d) Tenant organizations shall have standing to file complaints under any provision of this Chapter in a representative capacity on behalf of those tenants who have authorized such representation. Nothing herein shall be construed to permit any tenants' organization to represent exclusively any tenant or class of tenants unless authorized to do so specifically.

(e) Tenants who are subjected to a reduction or elimination of service or equipment which had been provided at the commencement of tenancy may file a complaint under Article V of this Chapter, alleging breach of the lease. The Commission, upon completion of the administrative process specified in Article V, and upon an affirmative finding of such a breach of lease, may impose an award of damages and/or reduction in rent in an amount commensurate with the cost of such reduced or eliminated service or equipment, as the case may be.

Sec. 12. Severability.

The provisions of this Act are severable and if any provision, sentence, clause, section, word or part thereof is held illegal, invalid or unconstitutional or inapplicable to any person or circumstances, such illegality, invalidity or unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, sentences, clauses, sections, words or parts of the Act or their application to other persons or circumstances. It is hereby declared to be the legislative intent that this Act would have been adopted if such illegal, invalid or unconstitutional provision, sentence, clause, section, word or part had not been included therein, and if the person or circumstances to which the Act or any part thereof is inapplicable had been specifically exempted therefrom.

Sec. 13. Effective Date.

The Council hereby declares that an emergency exists and that this legislation is necessary for the immediate protection of public health and safety. Therefore, this Act shall take effect on the date on which it becomes law.

Approved:

Neal Potter
President, Montgomery County Council

Mar. 27, 1979
Date

Approved:

Charles W. Gilchrist
County Executive

Mar. 29, 1979
Date

ATTEST:

Annal Spates
Secretary of the County Council

Mar. 29, 1979
Date

Introduced: November 10, 1980
Enacted: January 27, 1981
Executive: February 3, 1981
Effective: February 3, 1981

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND
November Legislative Session 1980

Chapter 31
Laws of Montgomery County 1981

AN EMERGENCY ACT to amend Chapter 29, title "Fair Landlord-Tenant Relations" by repealing and reenacting with amendments Section 29-51, title "Rental Housing Data Collection" to establish a voluntary rent guideline, to establish the information which must be contained in a notice of rent increase, to require that landlords of licensed rental facilities shall continue to report rent increases on a monthly basis and that the Executive Director, Office of Landlord-Tenant Affairs shall report to the County Council and the County Executive the results of such data.

Be It Enacted by the County Council for Montgomery County, Maryland, that -

Sec. 1. Section 29-51, title "Rental Housing Data Collection" of Chapter 29, title "Fair Landlord-Tenant Relations" is hereby repealed and reenacted with amendments to read as follows:

29-51. Rental Housing Data Collection.

(a) Landlords are encouraged to hold rent increases at the lowest level possible and not more than ten percent (10%) over the rent last charged for any dwelling unit.

(b) After the termination of the Rent Stabilization Act, notice of rent increases shall contain the following information:

(1) The amount of monthly rent immediately preceding the effective date of the proposed increase (old rent) and the amount of monthly rent proposed immediately following the effective date of the rent increase (new rent) and the percentage increase thereof.

(2) The effective date of the proposed increase.

(3) The recommended guideline for rent increases as set forth in Section 29-51(a).

(4) Such other information as the landlord deems useful in explaining the rent increase.

For rental facilities containing twelve or more dwelling units, notice of the proposed increase shall also be given to the Office of Landlord-Tenant Affairs in a form prescribed by the Executive Director.

(c) The County Executive shall establish procedures to collect and analyze housing data for rental dwelling units in Montgomery County, Maryland, and shall make every effort to centralize such data collection functions to minimize the burden for landlords.

(d) The reporting process shall be mandatory for landlords of licensed rental facilities in Montgomery County, including new rental facilities as they come on the market and all vacant units.

(e) After the conclusion of the Rent Stabilization Act, the data collection frequency shall be on a monthly basis.

(f) The Executive Director of the Office of Landlord-Tenant Affairs shall render a status report to the County Council and County Executive at monthly intervals summarizing the information accumulated from the required reports submitted by each landlord of licensed rental facilities in Montgomery County. After February, 1982, the Executive Director shall provide these reports on a quarterly basis to the County Council.

(g) The Executive procedures shall prescribe a survey form for securing data designed to minimize the repeated reporting of unchanged information, while maintaining an accurate data base.

(h) The housing data collected shall be used to ascertain the supply and availability of rental housing as well as other operating characteristics. Each landlord shall provide the following information as requested by the County:

- (1) the location of the rental facility;
- (2) structure type;
- (3) year built;
- (4) distribution of units by standard bedroom sizes;

(5) the number of units by bedroom size which were re-rented during the month;

(6) the number of vacant days applicable to those units;

(7) the rent charged for each rental unit;

(8) the rent charged for each re-rented unit prior to vacancy; and

(9) the new turnover rent charged for each re-rented unit.

(i) Each landlord shall maintain records for each project on an aggregate basis containing the following information which shall be made available to the County upon request and after a determination has been made in accordance with Executive procedures that the information is relevant and necessary to carrying out the purposes of this Chapter:

(1) a description of utilities which are included in the rent;

(2) the landlord's actual monthly utility costs including gas, electric, heating, fuel, trash removal, and water and sewer;

(3) the availability of certain amenities including air-conditioning, wall-to-wall carpeting, dishwasher, garbage disposal, washer/dryer in apartment unit or on-site, patio-balcony, swimming pool and tennis courts;

(4) the actual operating expenses, by category;

(5) the actual operating revenues, by category;

(6) a schedule of any other fees and income; and,

(7) tenant rent/income ratio for prospective tenants which protects the confidentiality of personal income information and which is available to the landlord as part of the normal renting process.

(j) The Executive procedure shall designate the Executive Director of the Office of Landlord-Tenant Affairs as the primary authority to control rental housing data surveys for the Montgomery County government, although provisions shall be made for sharing this information with other governmental agencies upon a determination of need and without invasion of individual privacy. In this regard, the Executive Director shall coordinate survey activities with other County departments, and shall make available to such departments the results of all surveys in accordance with Executive procedures. Every reasonable effort shall be made to minimize reporting requirements on landlords.

(k) Any landlord who violates any provision of this Section shall be liable for payment to Montgomery County of a civil penalty, recoverable in a civil action in the Circuit Court, in an amount not to exceed \$1,000.00 for each violation.

Sec. 2. Severability.

The provisions of this Act are severable, and if any provision, sentence, clause, section, word or part thereof is held illegal, invalid, unconstitutional or inapplicable to any person or circumstance, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, sentences, clauses, sections, words or parts of the Act or their application to other persons or circumstances. It is hereby declared to be the legislative intent that this Act would have been adopted if such illegal, invalid or unconstitutional provision, sentence, clause, section, word or part had not been included therein, and if the person or circumstances to which the Act or any part thereof is inapplicable had been specifically exempted therefrom.

Sec. 3. Effective Date.

The County Council hereby declares that an emergency exists and that this legislation is necessary for the immediate protection of the public health and safety. Therefore, this Act shall take effect on the date on which it becomes law.

Approved:

Ruth Spector
President, Montgomery County Council

January 30, 1981
Date

Approved:

Charles W. Gold
County Executive

February 3, 1981
Date

ATTEST:

Anna Spates
Secretary of the County Council

February 3, 1981
Date