

Economic Impact Statement

Montgomery County, Maryland

Bill 7-24

Landlord-Tenant Relations – Tenant Protection and Notification

SUMMARY

The Office of Legislative Oversight (OLO) anticipates enacting Bill 7-24 would have an insignificant impact on economic conditions in the County in terms of the Council's priority indicators.

BACKGROUND AND PURPOSE OF BILL 7-24

Landlord-tenant relations are governed by County and state laws as well as lease agreements that outline each party's rights and responsibilities.¹ Local jurisdictions can pass laws to provide tenants with additional protections and specify additional requirements for landlords.²

According to the introduction staff report for Bill 7-24, tenants in the County have raised concerns about the lack of transparency and poor communication between management and tenants during emergency situations in their buildings.³

The purpose of Bill 7-24 is to enhance communications and expand protections for tenants during emergency situations. If enacted, the Bill would:

- Expand the contents required in a lease agreement, such as insurance information, the existence of automatic sprinkler systems, and an emergency safety plan;
- Require 24/7 availability of a building representative during certain emergency situations and for air conditioning temperature control;
- Require notification at least seven days prior to a planned interruption of essential services or within 24 hours of an unscheduled interruption of essential services in a rental building; and
- Require multifamily buildings to develop an emergency safety plan that is approved by the Department of Housing and Community Affairs (DHCA).⁴

Bill 7-24, Landlord–Tenant Relations – Tenant Protection and Notification was introduced by the Council on March 5, 2024.

¹ Landlord - Tenant Handbook.

² "Housing - Local Laws."

³ Introduction Staff Report for Bill 7-24.

⁴ Ibid.

INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Per Section 2-81B of the Montgomery County Code, the purpose of this Economic Impact Statement is to assess the impacts of Bill 7-24 on County-based private organizations and residents in terms of the Council's priority economic indicators and whether the Bill would likely result in a net positive or negative impact on overall economic conditions in the County.⁵

While the Bill may create operating costs for certain landlords, OLO expects these to be largely insignificant for the following reasons. First, the requirements specified in the Bill are consistent with recommended practices within the industry for basic safety and emergency preparedness for landlords and property managers.⁶ It is likely many landlords and property managers have already implemented these requirements. Second, measures taken to improve resilience from natural disasters can reduce costs to both property owners and tenants.⁷ Third, OLO interprets the following requirement in the Bill as not placing responsibility on landlords to relocate displaced tenants: "The landlord of a multifamily dwelling must prepare and maintain an emergency safety plan that, at minimum include ... details regarding alternate housing when a tenant is displaced due to the building emergency."

For these reasons, OLO anticipates that the Bill would have insignificant impacts on private organizations, residents, and overall economic conditions in the County in terms of the indicators prioritized by the Council.

VARIABLES

Not applicable

IMPACTS

WORKFORCE ■ TAXATION POLICY ■ PROPERTY VALUES ■ INCOMES ■ OPERATING COSTS ■ PRIVATE SECTOR CAPITAL INVESTMENT ■ ECONOMIC DEVELOPMENT ■ COMPETITIVENESS

Not applicable

DISCUSSION ITEMS

Not applicable

⁵ Montgomery County Code, Sec. 2-81B.

⁶ See, for example, Singh, "Emergency Preparedness for Landlords"; "How Landlords Can Prepare for Natural Disasters"; Martín et al., "Disasters and the Rental Housing Community."

⁷ For more on the economic benefits of resilience, see Tierney, "Businesses and Disasters"; Dormady et al., "The Cost-Effectiveness of Economic Resilience."

WORKS CITED

Dormady, Noah C., Adam Rose, Alfredo Roa-Henriquez, and C. Blain Morin. "[The Cost-Effectiveness of Economic Resilience](#)." *International Journal of Production Economics* 244 (February 1, 2022): 108371.

[Introduction Staff Report on Bill 7-24, Landlord-Tenant Relations – Tenant Protection and Notification](#). Montgomery County Council. Introduced March 5, 2024.

J.P. Morgan. "[How Landlords Can Prepare for Natural Disasters](#)," October 5, 2022.

[Landlord - Tenant Handbook](#). Montgomery County, MD Department of Housing and Community Affairs. January 2024.

Martín, Carlos, Rachel Drew, Anthony Orlando, Jennifer Moody, Seva Rodnyansky, Brian An, Andrew Jakabovics, Noah Patton, and Manann Dohoghoe. "[Disasters and the Rental Housing Community: Setting a Research and Policy Agenda](#)." Brookings Institution, October 2023.

Singh, Jimmy. "[Emergency Preparedness for Landlords: A Step-by-Step Guide](#)." Steadily, December 1, 2023.

Tierney, Kathleen J. "[Businesses and Disasters: Vulnerability, Impacts, and Recovery](#)." In *Handbook of Disaster Research*, edited by Havidán Rodríguez, Enrico L. Quarantelli, and Russell R. Dynes, 275–96. Handbooks of Sociology and Social Research. New York, NY: Springer, 2007.

CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the Bill under consideration.

CONTRIBUTIONS

Stephen Roblin (OLO) prepared this report.