

# Economic Impact Statement

Montgomery County, Maryland

## Bill 8-24

## Human Rights and Civil Liberties – Fair Criminal History and Credit Screenings – Amendments

### SUMMARY

The Office of Legislative Oversight (OLO) anticipates that enacting Bill 8-24 would have an insignificant impact on economic conditions in the County in terms of the Council's priority economic indicators. As noted under Discussion Items of this analysis, Councilmembers may want to reconsider the data collection requirement in the Bill to determine if the value of information attained justifies the minor administrative expense landlords may incur by providing it.

### BACKGROUND AND PURPOSE OF BILL 8-24

Passed in 2021, the County's Housing Justice Act "prohibits a housing provider from conducting...a criminal background check or credit history before making an offer for rent to a prospective tenant."<sup>1</sup> The law also prohibits housing providers from gathering information about or making housing decisions based on certain arrests or misdemeanors, such as trespassing, misdemeanor theft, and open container violations, among others.<sup>2</sup>

The purpose of Bill 8-24 is to strengthen the compliance of housing providers to the Housing Justice Act and improve understanding among renters of their rights under the law. If enacted, Bill 8-24 would make the following changes to the Housing Justice Act:<sup>3</sup>

- **Require notice to renters of Housing Justice Act rights.** The Bill would require housing providers to post a visible notice that informs prospective renters that, unless otherwise permitted by law, a housing provider cannot "ask questions related to criminal arrest or conviction before a conditional offer for rent is made."
- **Require housing providers to obtain a signed addendum from each prospective tenant and submit documentation to the Department of Housing and Community Affairs (DHCA).** The Bill would require housing providers to include an addendum in every rental application that is signed and dated by the applicant that "outlines the process and use of criminal arrest, convictions, and credit screenings in a rental housing decision." Housing providers must retain the signed addenda for each applicant for at least one year from the application date and submit the signed addenda for each existing tenant to DHCA annually.
- **Require the Office of Human Rights to collect and report certain data points annually.** The Bill would require the Office of Human Rights to report several data points to the Council by October 1<sup>st</sup> of every year, including the number and nature of complaints related to rental application denials and the number of complaints filed for violations of the Housing Justice Act, among others.

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<sup>1</sup> Introduction Staff Report for Bill 8-24.

<sup>2</sup> Montgomery County Code, Sec. 27-15A.

<sup>3</sup> Introduction Staff Report for Bill 8-24

The Council introduced Bill 8-24, Human Rights and Civil Liberties – Fair Criminal History and Credit Screenings – Amendments, on March 5, 2024.

## INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Per Section 2-81B of the Montgomery County Code, the purpose of this Economic Impact Statement is to assess, both, the impacts of Bill 8-24 on residents and private organizations in terms of the Council’s priority economic indicators and whether the Bill would have a net positive or negative impact on overall economic conditions in the County.<sup>4</sup> OLO expects that certain landlords or property managers would incur minor administrative expenses involved with posting a notice informing prospective renters of the Housing Justice Act, attaining signed criminal and credit screening addendums as part of the rental application, or submitting signed addendums as part of the process for landlords to complete the Annual Rental Housing Survey. For this reason, OLO concludes that the Bill would have an insignificant impact on economics conditions in the County in terms of the Council’s priority economic indications.

## VARIABLES

Not applicable

## IMPACTS

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

Not applicable

## DISCUSSION ITEMS

Councilmembers may want to reconsider the data collection requirement in the Bill to determine if the value of information attained justifies the minor administrative expense landlords may incur by providing it. The Bill would require landlords to submit copies of addenda for tenants currently renting units. While this data may demonstrate landlords are complying with the policy, the data would not indicate whether individuals were denied rental housing because of their criminal records. Uploading addenda for individuals whose applications were denied would do so.

## WORKS CITED

“[Introduction Staff Report for Bill 8-24, Human Rights and Civil Liberties – Fair Criminal History and Credit Screenings - Amendments.](#)” Montgomery County Council. Introduced March 5, 2024.

Montgomery County Code. [Sec. 2-81B, Economic Impact Statements.](#)s

Montgomery County Code. [Sec. 27-15A, Fair Criminal History and Credit Screenings in Rental Housing.](#)

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<sup>4</sup> Montgomery County Code, Sec. 2-81B.

## 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.

## AUTHOR

Stephen Roblin (OLO) prepared this report.