

Economic Impact Statement

Montgomery County, Maryland

Expedited Bill 8-25 Landlord-Tenant Relations – Fees

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that Expedited Bill 8-25 would have an insignificant impact on economic conditions in the County in terms of the Council's priority indicators. The Bill would modify the process for setting the annual licensing fees for rental housing. The procedural change itself would not directly alter fee amounts. However, if it leads to higher fees than would otherwise be set, the Bill will negatively affect a Council priority economic indicator by raising operating costs for affected property owners, who may pass through a portion of the increase to tenants. Conversely, lower fees would reduce their operating costs and potentially lower rents, creating a positive economic impact.

BACKGROUND AND PURPOSE OF EXPEDITED BILL 8-25

Licensing and Registration in the Department of and Community Affairs (DHCA) issues licenses for rental housing in the County.¹ Property owners must pay an annual licensing fee to DHCA for each rental unit. The licensing fee varies depending on whether the rental unit is a single-family home, an accessory dwelling unit, or a unit in a multifamily building.² Currently, the County Executive is required to set the annual licensing fees for rental units by Method (3) regulation.³

The purpose of Expedited Bill 8-25 is to change the process for setting the annual licensing fees for rental housing. If enacted, Expedited Bill 8-25 would allow the County Executive to:⁴

- Recommend fees to the Council that are adopted by Council resolution; and
- Raise fees adopted by Council resolution by Method (3) regulation.

The fees would be published on DHCA's website. The Appendix includes descriptions of the approval processes for regulations and Council resolutions.

The Council introduced Expedited Bill 8-25, Landlord-Tenant Relations – Fees, on March 4, 2025.

INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

As required by 2-81B of the Montgomery County Code, this Economic Impact Statement evaluates the impacts of Expedited Bill 8-25 on residents and private organizations in relation to Council's priority economic indicators.

¹ [Licensing and Registration](#), Department of Housing and Community Affairs.

² [Montgomery County Code § 29-20](#).

³ [Introduction Staff Report for Bill 8-25](#), Montgomery County Council, Introduced March 4, 2025.

⁴ Ibid.

In doing so, it examines whether the Bill would have a net positive or negative impact on overall economic conditions in the County.⁵

The Bill would modify the process for setting the annual licensing fees for rental housing. The procedural change itself would not directly alter fee amounts. Therefore, OLO concludes 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. However, OLO notes that if it leads to higher fees than would otherwise be set, the Bill will negatively affect a Council priority economic indicator by raising operating costs for affected property owners, who may pass through a portion of the increase to tenants. Conversely, lower fees would reduce their operating costs and potentially lower rents, creating a positive economic impact.

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

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.

⁵ "[Sec. 2-81B, Economic Impact Statements](#)," Montgomery County Code.

APPENDIX

Regulations ([Montgomery County Code § 2A-15](#))

Regardless of the method, the County Executive must publish all proposed regulations in the County Register. For each proposed regulation, the publication should include:

- Information on the public hearing, if any; and
- Instructions for the public to submit comments.

The Executive must send a copy of the proposed regulation to the Council after the deadline for public comment. The approval process for the proposed regulation depends on its designated method:

- Under **Method (1)**, the proposed regulation cannot be adopted until the Council approves it. The Council can approve or disapprove the proposed regulation by Council resolution.
- Under **Method (2)**, the Council can approve or disapprove the proposed regulation by Council resolution. If the Council does not vote on the regulation within 60 days, it is automatically approved.
- Under **Method (3)**, the Council is not required to approve or disapprove the proposed regulation. The regulation takes effect when the Council receives it or on a later date specified in the regulation.

Council Resolutions ([Rule 7](#) and [Rule 11](#), Rules of Procedures of County Council, Montgomery County Code)

A resolution is introduced to the Council by the Council President or by its sponsoring Councilmembers. The Council can vote on a resolution on the next meeting after its introduction. A Council majority must approve the resolution to adopt it.