



Committee: Directly to Council
Committee Review: N/A
Staff: Christine Wellons, Senior Legislative Attorney
Purpose: To receive testimony/final action - vote expected
Keywords: #RentRelief #TemporaryRentCap

AGENDA ITEM #24
July 26, 2022
Public Hearing

SUBJECT

Expedited Bill 22-22, Landlord-Tenant Relations – Limitations on Rent Increases

Lead Sponsors: Council President at the Request of the County Executive

EXPECTED ATTENDEES

Members of the Public

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

DESCRIPTION/ISSUE

Expedited Bill 22-22 would:

- (1) temporarily limit rent increases, and notifications of rent increases, by landlords in the County; and
- (2) generally amend the law regarding landlord-tenant relations and rental housing.

SUMMARY OF KEY DISCUSSION POINTS

- The Council enacted the COVID-19 Renter Relief Act of 2020 in order to help alleviate the economic disruptions of the pandemic, and in to minimize residents moving to new apartments during a public health emergency. The legislation prohibited notices of rent increases above the voluntary rent guidelines (VRG) until May 15, 2022 (which was 9 months after the gubernatorial declared COVID-19 “public health emergency” expired). For any notices provided to tenants on May 15, the actual increase would take effect this August 15.
- Expedited Bill 22-22 essentially would extend the rent increase protections of the COVID-19 Renter Relief Act for an additional 6 months. The difference would be that instead of limiting rent increases to the VRG, rent increases would be limited to 4.4%. Actual increases would take effect 9 months after the bill’s effective date (because of the 3-month notice period required under County law).

This report contains:

Staff Report
Expedited Bill 22-22
County Executive Memo
Legislative Request Report
Fiscal Impact Statement

Pages 1-2
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MEMORANDUM

July 21, 2022

TO: County Council

FROM: Christine Wellons, Senior Legislative Attorney

SUBJECT: Expedited Bill 22-22, Landlord-Tenant Relations – Limitations on Rent Increases

PURPOSE: Public Hearing– to receive testimony

Expedited Bill 22-22, Landlord-Tenant Relations – Limitations on Rent Increases, sponsored by Council President Albornozy at the request of the County Executive, was introduced on July 12, 2022.¹ Due to the expedited nature of the bill, it has not been referred to Committee at this time.

Expedited Bill 22-22 would:

- (1) temporarily limit rent increases, and notifications of rent increases, by landlords in the County; and
- (2) generally amend the law regarding landlord-tenant relations and rental housing.

BACKGROUND

The County Executive requested the introduction of Bill 22-22 to limit – for a period of 6 months – any notice of a rent increase above 4.4%.

The County Executive has explained the need for the bill as follows:

County renters continue to face economic hardships due to COVID-19 impact on income, health, and family obligations. Census surveys indicate that 17-20% of renters in Maryland have not been able to get current on rent, consistent with the County survey of multifamily tenants. The Council and I recognized these impacts when we extended protections from unrestricted rent increases with Bill 30-21 Restrictions During Emergencies – Extended Limitations Against Rent Increases and Late Fees. The extended limitations capped rent increase notices at the voluntary Rent Guideline through May 15, 2022. COVID-19 economic hardships

¹ #RentRelief #TemporaryRentCap

are currently being compounded by the inflationary spike in consumer prices and the rental market pressures from low vacancies and increased demand.

BILL SPECIFICS

Effective on the date that Expedited Bill 22-22 becomes law – and for 6 months thereafter – any notices of rent increases in the County would be limited to no more than 4.4%.

During the 6-month period, a landlord within the County would be precluded from notifying a tenant of a rent increase that exceeds 4.4%. As a result, **rent increases of more than 4.4% would be precluded for 9 months after the bill's effective date** (since landlords in the County must give 90-days advance notice of a rent increase).

If a landlord previously notified a tenant of an increase that will exceed 4.4%, then the landlord would be required to send a new notice either retracting the increase or modifying it down to 4.4%.

The Department of Housing and Community Affairs (DHCA) would be required to post information on its website about the requirements of the bill, as well as its expiration date.

The bill would sunset 6 months after its effective date.

SUMMARY OF IMPACT STATEMENTS

Fiscal Impact Statement. OMB states that the bill is not expected to have an impact on expenditures or revenues during the period the cap is in place.

Economic Impact Statement. An Economic Impact Statement is not available as of the date of this staff report.

Racial Equity and Social Justice Impact Statement. A Racial Equity and Social Justice Impact Statement is not available as of the date of this staff report.

Additional Information. Council staff intends to continue to work with DHCA to better understand the scope and nature of rent increases in the County, including by type of housing, affordability, landlord size, and zip code. The data we have at present is anecdotal, indicating 34 complaints from County residents about upcoming rent increases. We also know that the permissible rate of increases might require updating because the most recent information from the Bureau of Labor Statistics indicates that the CPI for shelter increased in June to 5.6% (up from the 4.4% in March). <https://www.bls.gov/news.release/cpi.nr0.htm>

This packet contains:

Expedited Bill 22-22
County Executive Memo
Legislative Request Report
Fiscal Impact Statement

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Expedited Bill No. 22-22
Concerning: Landlord-Tenant Relations –
Limitations on Rent Increases
Revised: 6/16/2022 Draft No. 1
Introduced: July 12, 2022
Enacted: January 11, 2024
Executive: _____
Effective: _____
Sunset Date: _____
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By the Council President as the Request of the County Executive

AN EXPEDITED ACT to:

- (1) temporarily limit rent increases, and notices of rent increases, by landlords in the County; and
- (2) generally amend the law regarding landlord-tenant relations and rental housing.

By adding

Montgomery County Code
Chapter 29, Landlord-Tenant Relations
Section 29-56

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec. 1. Section 29-56 is added as follows:**

2 **29-56. Rent increases – temporarily limited.**

3 (a) Definitions. In this Section, the following terms have the meanings

4 indicated.

5 Base Rent means the rent charged during the last month that a dwelling

6 unit was leased before the effective date of this Section.

7 Dwelling unit means that portion of a building that is designated,

8 intended, or arranged for use or occupancy as a residence by one or more

9 persons.

10 Tenant means any person who occupies a dwelling unit for living or

11 dwelling purposes with the landlord's consent.

12 (b) Rent increases. A landlord must not increase a tenant's rent to an amount

13 that exceeds 4.4% of the base rent.

14 (c) Notices of rent adjustments.

15 (1) A landlord must not notify a tenant of a rent increase if the increase

16 would exceed 4.4% of the base rent.

17 (2) If a landlord provided notice of a rent increase to a tenant prior to

18 the effective date of this Section and the increase would exceed

19 4.4% of the base rent, the landlord must inform the tenant in

20 writing:

21 (A) to disregard the notice; or

22 (B) that the increase is amended to be less than or equal to 4.4%

23 of the base rent.

24 (d) Notice of expiration. The Department must post on its website

25 information about the requirements of this Section, including the date that

26 the requirements under this Section expire.

27 **Sec. [29-56] 29-57 – Sec. 29-65.** Reserved by 2000 L.M.C., ch. 32, § 1.

28 **Sec. 2. Expedited Effective Date.** The Council declares that this legislation is
29 necessary for the immediate protection of the public interest. This Act takes effect on
30 the date on which it becomes law.

31 **Sec. 3. Sunset date.** This Act expires, and has no further force or effect, six
32 months after the effective date.



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

June 14, 2022

TO: Gabe Albornoz, President
Montgomery County Council

FROM: Marc Elrich, County Executive *Marc Elrich*

SUBJECT: Bill XX-22E, Landlord-Tenant Relations Limitations on Rent Increases

County renters continue to face economic hardships due to COVID-19 impact on income, health, and family obligations. Census surveys indicate that 17-20% of renters in Maryland have not been able to get current on rent, consistent with the County survey of multifamily tenants. The Council and I recognized these impacts when we extended protections from unrestricted rent increases with Bill 30-21 Restrictions During Emergencies – Extended Limitations Against Rent Increases and Late Fees. The extended limitations capped rent increase notices at the Voluntary Rent Guideline through May 15, 2022. COVID-19 economic hardships are currently being compounded by the inflationary spike in consumer prices and the rental market pressures from low vacancies and increased demand.

Unrestricted rent increases following the expiration of the extended limitations expose tenants to the risk of displacement, as a rent increase of 10% represents \$178 per month on the average County rent of \$1,784. The County's economy will be materially harmed if significant and rapid rent increases force residents to move or experience housing, food, and health insecurity.

This Bill provides a six-month extension of limitations on rent increases, capping rent increases at 4.4% - the March 2022 Bureau of Labor Statistics Consumer Price Index for annual total housing cost change - to provide a period of adjustment to new higher rents and to provide landlords with increases for operating costs. This legislation is necessary for the immediate protection of the public interest and would take effect on the date on which it becomes law. Rent increase notices issued after May 15, 2022, which exceed 4.4%, would be amended to no more than 4.4%.

ME:fd

Expedited Bill No. Bill XX-22E
Concerning: Landlord-Tenant Relations
Limitations on Rent Increases
Revised: _____ Draft No. _____
Introduced: _____
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: _____
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By the Council President as the Request of the County Executive

AN EXPEDITED ACT to:

- (1) temporarily limit rent increases; and
- (2) generally amend the law regarding rental housing.

By adding

Montgomery County Code
Chapter 29, Landlord-Tenant Relations
Section 29-56

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
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The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec. 1. Section 29-56 is added as follows:**

2 **29-56 Rent increases – temporarily limited.**

3 (a) Definitions. In this Section, the following terms have the meanings

4 indicated.

5 Base Rent means the rent charged during the last month that a dwelling

6 unit was leased before the effective date of this Act.

7 Dwelling unit means that portion of a building that is designated,

8 intended, or arranged for use or occupancy as a residence by one or more

9 persons.

10 Tenant means any person who occupies a dwelling unit for living or

11 dwelling purposes with the landlord's consent.

12 (b) Rent increases. A landlord must not increase a tenant's rent to an amount

13 that exceeds 4.4% of the base rent.

14 (c) Notices of rent adjustments.

15 (1) A landlord must not notify a tenant of a rent increase if the increase

16 would exceed 4.4% of the base rent.

17 (2) If a landlord provided notice of a rent increase to a tenant prior to

18 the enactment of this law and the increase would exceed 4.4% of

19 the base rent, the landlord must inform the tenant in writing:

20 (A) to disregard the notice; or

21 (B) that the increase is amended to be less than or equal to 4.4%

22 of the base rent.

23 (d) Notice of expiration. The Department must post on its website

24 information about the requirements of this Section, including the date that

25 the requirements under this Section expire.

26 **Sec. [29-56] 29-57 – Sec. 29-65.** Reserved by 2000 L.M.C., ch. 32, § 1.

27 **Sec. 2. Expedited Effective Date.** The Council declares that this legislation is
28 necessary for the immediate protection of the public interest. This Act takes effect on
29 the date on which it becomes law.

30 **Sec. 3. Sunset date.** This Act expires, and has no further force or effect, six
31 months after the effective date.

Approved:

Gabriel Albornoz, President, County Council

Date

Approved:

Marc Elrich, County Executive

Date

This is a correct copy of Council action.

Judy Rupp, Clerk of the Council

Date

APPROVED AS TO FORM AND LEGALITY
OFFICE OF COUNTY ATTORNEY
BY *[Signature]*
DATE 2/14/22

LEGISLATIVE REQUEST REPORT

BILL: XX-22, Landlord-Tenant Relations Limitations on Rent Increases

DESCRIPTION:	This Bill provides a six-month extension of limitations on rent increases, capping the increase at 4.4%. Rent increase notices issued after May 15, 2022, which exceed 4.4%, would be 1) disregarded or 2) amended to no more than 4.4%.
PROBLEM:	Unrestricted rent increases following the expiration of Bill 30-21, Restriction During Emergencies -Extended Limitations Against Rent Increases and Late Fees, have exposed tenants to the risk of displacement.
GOALS AND: OBJECTIVES	To temporarily limit rent increases and amend the law regarding rental housing.
COORDINATION:	The Office of the County Executive. Department of Housing and Community Affairs
FISCAL IMPACT:	Office of Management and Budget
ECONOMIC: IMPACT	Office of Legislative Oversight
EVALUATION:	
EXPERIENCE: ELSEWHERE	District of Columbia 2020 COVID emergency cap on all rent increases, expired December 31, 2021; Prince George's County act December 2020 capped rent increases to 2.6% until 90 days after Governor's state of emergency expired in August 2021; Rockville 2020 COVID emergency act capped increases to County VRG, expired February 15, 2022; Gaithersburg 2020 COVID emergency act capped increases to County VRG, expired May 15, 2022; Montgomery County's COVID-19 Renter Relief Act of 2020 (April 2020, expired November 15, 2021); Restrictions During Emergencies – Extended Limitations Against Rent Increases and Late Fees (November 2021, expired May 15, 2022)
SOURCE OF: INFORMATION	Ken Hartman, Director of Strategic Partnerships Francis "Frank" Demarais, Deputy Director, DHCA
APPLICATION: WITHIN MUNICIPALITIES	Does not apply within Municipalities
PENALTIES:	Violation of OLTA requirements requires full restitution for amounts over charged, failure to comply with requirements is Class A violation

Fiscal Impact Statement
Expedited Bill XX-22 - Landlord-Tenant Relations Limitations on Rent Increases

1. Legislative Summary.

This Bill extends the County's limitations on rent increases for six months, capping the increase at 4.4%. Rent increase notices issued after May 15, 2022, that exceed 4.4% are directed to be disregarded or amended to no more than 4.4%.

On May 15, 2022, the previous rent increase limit expired, and County law requires at least a 90-day notice prior to an increase in rent. Thus, the earliest an individual's rent can effectively be adjusted is August 13, 2022, 90 days after May 15, 2022. This legislation seeks to limit that increase to no higher than 4.4%.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

This Bill is not expected to have an impact on County expenditures or revenues, like the estimated fiscal impact presented for Bill 30-21E and Bill 18-20E, which also limited rent increases.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

This Bill is not expected to have an impact on expenditures or revenues during the period the cap is in place.

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

Not applicable.

5. An estimate of expenditures related to County's information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.

Not applicable.

6. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

This Bill does not authorize future expenditures.

7. An estimate of the staff time needed to implement the bill.

The implementation of this Bill is expected to have a minimal impact on staff time and can be absorbed within the Department of Housing and Community Affairs complement.

8. An explanation of how the addition of new staff responsibilities would affect other duties.

See response to Question #7 and implementing this Bill will have a minimal impact on staff time and responsibilities.

9. An estimate of costs when an additional appropriation is needed.

Not applicable.

10. A description of any variable that could affect revenue and cost estimates.

Not applicable.

11. Ranges of revenue or expenditures that are uncertain or difficult to project.

Not applicable.

12. If a bill is likely to have no fiscal impact, why that is the case?

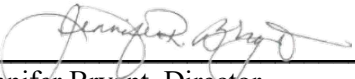
DHCA did not experience additional expenses through administering the COVID-19 Renter Relief Act requirements under Bill 30-21E and Bill 18-20E.

13. Other fiscal impacts or comments.

Not applicable.

14. The following contributed to and concurred with this analysis:

Frank Demarais, Department of Housing and Community Affairs
Richard H. Harris, Office of Management and Budget



Jennifer Bryant, Director
Office of Management and Budget

6/16/22
Date