PHP Committee Item #1
October 19, 2026
Worksession

M E M O R A N D U M

October 14, 2026

TO: Planning, Housing, Parks Committee

FROM: Ludeen McCartney-Green, Legislative Attorney

SUBJECT: Bill 38-26, Discriminatory Housing Practices and Early Lease Termination - Amendments

PURPOSE: Worksession – to receive a Committee recommendation

Expected Attendees:
James Stowe, Executive Director, Office of Human Rights
Scott Bruton, Director, Department of Housing and Community Affairs

Bill 38-26, Discriminatory Housing Practices and Early Lease Termination - Amendments, sponsored by Lead Sponsor Councilmember Mink and Co-Sponsors Councilmembers Stewart, Jawando, Evans, Luedtke, and Sayles, was introduced on July 28, 2026. A public hearing was held on September 15 with 11 speakers. A Planning, Housing, and Parks (PHP) committee worksession is scheduled for October 19, 2026 at 1:30 p.m.

Bill 38-26 would:

(1) prohibit discrimination based on citizenship or immigration status in the sale or rental of housing;
(2) permit the landlord to allow early termination of a residential lease under certain circumstances; and
(3) generally amend the law regarding housing discrimination and landlord-tenant relations.

PURPOSE

The purpose of Bill 38-26 is twofold: 1) to expand the County's fair housing law to prohibit discrimination on the basis of citizenship or immigration status to ensure that individuals are not denied the opportunity to rent or purchase housing in the County; and 2) to authorize a tenant to terminate a residential lease early when an active immigration proceeding substantially affects the tenant's continued occupancy of the rental property.

BACKGROUND

Federal and Maryland Fair Housing Law

Federal and Maryland state law prohibit housing discrimination. The federal Fair Housing Act (FHA), enacted in 1968, covers rentals, sales, and mortgages and protects individuals on the basis of race, color, religion, sex, national origin, disability, and familial status. Landlords, lenders, and real estate agents may not refuse to rent, offer discriminatory terms, or falsely claim a property is unavailable. Although the FHA does not explicitly list "citizenship" as a protected class, it protects against discrimination based on national origin (where a person's ancestors were born, their accent, or native language). Therefore, housing providers must treat all applicants equally.[1]

Pursuant to §20-702 of the Maryland State Government Article:

> *(a) It is the policy of the State:*
>
> *(1) to provide for fair housing throughout the State to all, regardless of race, color, religion, sex, familial status, national origin, marital status, sexual orientation, gender identity, disability, source of income, or military status; and*
>
> *(2) to that end, to prohibit discriminatory practices with respect to residential housing by any person, in order to protect and ensure the peace, health, safety, prosperity, and general welfare of all.*

Under state law, Maryland does not recognize "citizenship status" or "immigration status" as protected classes. Senate Bill 875 of 2022 (cross-filed House Bill 928), Discrimination in Housing – Citizenship, Immigration Status, and National Origin, was introduced in the Maryland General Assembly to prohibit discrimination based on a person's citizenship or immigration status, but the bill did not advance out of the Senate and House committees.

Does the County have the authority to expand the protected classes under local law?

State law does not expressly prohibit discrimination based on citizenship or immigration status; however, the County may expand its anti-discrimination protections.

The Court held in *Barnes v. State ex rel. Pinkney,* 236 Md. 564, 204 A.2d 787 (1964), that a common-law duty not to discriminate extended to an "inn" and that such an extension of the public accommodation law falls within a local jurisdiction's legislative discretion; specifically, under its police power, to determine what measures are necessary or appropriate for the protection of the health, morals, or welfare of the people. Further, in *Barnes*, the Court stated that it will not interfere with the exercise of that discretion if the regulation is not arbitrary, oppressive, or unreasonable, even if doing so may inconvenience individual citizens (emphasis added). *Id*. at 787.

In *Montgomery County. v. Glenmont Hills Assocs. Priv. World at Glenmont Metro Ctr.*, 402 Md. 250, 936 A.2d 325 (2007), the Supreme Court of Maryland reviewed a challenge to a

[1] https://www.fairhousingnc.org/wp-content/uploads/2014/10/HUD-Immigration-Status-and-Housing-Discrimination-FAQs-7-2012.pdf

1991 amendment to the County's fair housing law[2], which made it unlawful for certain landlords to refuse to sell, lease, or rent housing based on a person's source of income. At the time, Section 27-6 defined "source of income" to include "any lawful source of money, paid directly or indirectly to a renter or buyer of housing, including income from ... any government or private assistance, grant, or loan program."

The Court held that the County's amendments were constitutional and not preempted by federal law. In reaching that decision, the Court analyzed only the relationship between the County's fair housing law and federal law and did not address whether state law preempted the local law. Although the Court considered state-law preemption, it did not address that question. Instead, the Court recognized the County's authority under its fair housing law to prohibit discrimination based on source of income for recipients of housing assistance.

The County's own public housing authority – the Housing Opportunities Commission (HOC) – has a fair housing and discrimination policy that expressly prohibits discrimination based on citizenship.[3]

Other jurisdictions with similar protections

Prince George's County fair housing law prohibits discrimination based on citizenship and immigration status, while Anne Arundel County's fair housing law includes citizenship. New York City bans inquiries into an applicant's citizenship status.

Regulating Discriminatory Lending Practices

In 2002, the General Assembly passed House Bill 649, Credit Regulation—Extensions of Credit, which became Chapter 532 of the Laws of Maryland 2002. This statute prohibits a mortgage lender, for small consumer loans, secondary mortgage loans, and closed-end credit loans secured by real property, from financing single-premium credit health, credit life, or credit involuntary unemployment benefit insurance as part of a loan. In addition, a mortgage lender may not make a loan without giving due regard to the borrower's ability to repay the loan in accordance with its terms. The statute also requires mortgage lenders to provide potential borrowers with a recommendation that they seek home buyer education or housing counseling and information on where to obtain the counseling. Most relevant to the County, the law generally preempts all local laws that regulate the extension of credit made by a financial institution; however, this preemption does not "restrict or otherwise affect a local government's ability to enact laws or adopt regulations relating to fair housing or other civil rights."[4]

The exception under state law allows county law to protect specific classes[5] of consumers from fraud and discrimination. Bill 38-26 does not extend discriminatory protections for citizenship and immigration status as it relates to lending, brokering, loan servicing, financing

[2] Section 27-12 of the Montgomery County Code
[3] HOC's Fair Housing and Non-Discrimination Policy: https://www.hocmc.org/about-us/agency-compliance/fair-housing/
[4] Annotated Code of Maryland, Financial Institutions § 1-209 (2002).
[5] Section 27-12(b) of the County Code. (race, color, religious creed, ancestry, national origin, sex, marital status, disability, presence of children, family responsibilities, source of income, sexual orientation, or age).

terms, or other housing finance services because existing state and federal lending laws would create a conflict. An application for a mortgage loan requires the consumer's status to be known at the time of application to verify lawful residency or work authorization. Depending on an individual's citizenship status (citizen or non-citizen), certain mortgage options may or may not be available, and certain documentation may be required to process the loan application (passports, Social Security number, birth certificate, etc.). Further, a lender must evaluate status to assess long-term financial stability and the legal enforceability of the loan agreement.

BILL DESCRIPTION

Bill 38-26 would expand the protected class under the County's fair housing law to include citizenship and immigration status. A landlord or realtor would be prohibited from discriminating against an individual because the individual or their family is from another country, is in active immigration proceedings, is undocumented, or holds an immigrant visa.

Further, the bill expands on tenants' right to terminate a lease early, if:

- the tenant is being deported, detained, or held for more than 30 days pursuant to immigration proceedings; or

- the tenant is facing financial hardship due to an occupant of the rental property being deported, detained, or held for more than 30 days pursuant to immigration proceedings.

Any person subjected to discrimination or intimidation under the County's Human Rights and Civil Liberties law may pursue a civil action under Maryland law. A person who substantially prevails in a civil action may recover costs and reasonable attorney's fees. If a person fails to comply with a court order issued in a civil action under this article, the Commission, acting through the County Attorney, may sue to compel compliance. If the County substantially prevails in that action, the County may recover costs and reasonable attorney's fees. The County Attorney may bring a civil action to enforce this article. If the County substantially prevails in an enforcement action, the County may recover costs and reasonable attorney's fees.

Complaints related to lease terminations would have been under Chapter 29 of the County Code, including a review by the Office of Landlord Tenant Affairs.

SUMMARY OF IMPACT STATEMENTS

Fiscal Impact. According to the Office of Management and Budget, Bill 38-26 has no fiscal impact. DHCA anticipates approximately 80 hours of one-time staff work to update materials and an additional three staff hours per month for increased inquiries, both of which can be absorbed within existing resources. The statement notes that future federal immigration enforcement activity in the County could increase service requests and complaints to DHCA, though the extent of any such impact is uncertain.

Economic Impact. The Office of Legislative Oversight (OLO) concludes that Bill 38-26 would have an indeterminate impact on overall economic conditions in the County, as measured by the Council's priority economic indicators."

OLO continues, "[t]he Bill would economically benefit immigrant renters (documented and undocumented). First, expanding the housing discrimination ban to cover immigration status could reduce local housing discrimination against immigrants, lowering housing search costs and expanding immigrants' access to more affordable housing or housing closer to employment. These effects could reduce household expenses and increase household incomes for affected residents. Second, the early-lease-termination provision would help households with members affected by immigration enforcement avoid rent arrears, lease-termination charges, eviction-related costs, and other housing instability following the loss of a household member. However, OLO notes that "other renters may experience minor rent increases from landlords seeking to recover costs."

Bill 38-26 "would likely negatively impact landlords in the short term. First, expanding the housing discrimination ban to cover immigration status may require landlords to update screening and leasing practices, train staff, and incur additional compliance and legal risk costs. Second, landlords would likely incur various costs due to the lease termination provision — such as lost rental revenue, marketing and reletting costs, unit preparation costs, vacancy carrying costs, and administrative costs. All else being equal, higher operating expenses would reduce business income. Over the mid- and long-term, landlords may recover added costs through rent increases, as discussed below."

OLO also found that "the Bill could have minor indirect effects on property managers, leasing agents, attorneys, and cleaning, maintenance, and repair contractors."

Racial Equity and Social Justice Impact. OLO "anticipates that Bill 38-26 would have a positive impact on racial equity and social justice (RESJ) in the County. Latinx and Asian community members would disproportionately benefit from expanding housing protections for immigrant community members and from lease termination rights for tenants affected by immigration proceedings. OLO also recognizes Bill 38-26 as an equitable policy proposal because it centers the needs of immigrant community members, who are disproportionately Asian and Latinx."

Climate Assessment. OLO "anticipates Bill 38-26 will have no impact on the County's contribution to addressing climate change." As such, OLO did not offer any climate-related amendments for Bill 38-26.

SUMMARY OF PUBLIC HEARING

The Council held a public hearing on Bill 38-26 on September 15, 2026. The Council also received additional written testimony. Testimony overwhelmingly supported Bill 38-26. Supporters testified that adding citizenship and immigration status as a protected class under the county's fair housing law would fill a critical gap in existing protections, noting that Maryland law does not currently include these categories.

Testimony highlighted documented patterns of housing discrimination against undocumented residents and those in immigration proceedings, including landlords refusing to accept ITINs, refusing to rent to undocumented individuals, and threatening a tenant with deportation as retaliation for asserting her housing code rights. Supporters also strongly endorsed the bill's early lease termination provisions, arguing that when a household member is detained or deported, the remaining family members often lose their primary source of income and should not be trapped in a lease they can no longer afford.

Several supporters also proposed amendments to strengthen the bill, including language that would make it a violation to even inquire about citizenship or immigration status during the application process.

Jacob Kmiech of We Are CASA proposed removing the requirement that a household member be detained or held for 30 days before a tenant can invoke the early termination provision, noting that, when combined with the existing 30-day notice requirement, families could face up to 60 days of compounded hardship before relief is available. He also suggested that the Council add language addressing disparate-impact discrimination consistent with recent statewide changes, expand early lease termination protections to other household members beyond named leaseholders, and include a provision to avoid constitutional conflicts with federal or state public housing requirements.

The Apartment and Office Building Association of Metropolitan Washington (AOBA), represented by Hugo Canu, submitted informational testimony and did not take a position on the bill. AOBA stated that its members comply with all applicable fair housing laws and that no tenant should face housing discrimination. However, AOBA raised a practical implementation question and asked the Committee to discuss it. AOBA's concern was that, because housing providers do not have access to information about immigration proceedings, it is unclear how a landlord could verify whether a tenant is undergoing deportation or detention for more than 30 days, as required under the bill's early termination provisions.

ISSUES FOR DISCUSSION

1. **Prohibit rental inquiries and requests for documentation due to immigration or citizenship status.**

While Bill 38-26, as introduced, treats citizenship and immigration status as protected characteristics if there is a discrimination in a housing decision, Council staff also recommends three amendments to strengthen the legislation: (i) prohibit rental application inquiries about legal status; (ii) prohibit requests by a housing provider for documentation to prove legal status; and (iii) create an legal exception for mortgage lending because the County does not have the authority to regulate mortgage transactions, funding, guaranteeing of loans, or qualifications required by federal or state law.

Essentially, the first and second suggested amendments would make it discriminatory to ask for information about a rental applicant's immigration status or their right to be in the United

States. A leasing policy where an application screens out immigrants—whether in the country legally or illegally—could also lead to a potential discrimination claim.

The third amendment also provides an exception in circumstances where a person may need to verify citizenship or immigration status for the purpose of obtaining mortgage or as a condition for eligibility of funding as required by federal, State, or local law.

See © 24, Proposed Amendments.

Decision Point: Whether the committee supports the amendments described above to strengthen the legislation.

2. Remove provision related to being held for 30 days due to immigration proceedings.

The bill extends protections for early lease termination by allowing a tenant to be released from a lease if the tenant is being deported,[6] detained,[7] or being held for more than 30 days as a result of immigration proceedings.

Council staff reviewed each stage of immigration proceedings, and "being held" typically refers to a non-citizen already in the custody of local, state, or federal law enforcement. Immigration enforcement officers (U.S. Immigration and Customs Enforcement (ICE) or Customs and Border Protection (CBP)) may then issue a formal request, such as an immigration detainer, to keep the person in local jail for u**p to 48 additional hours beyond the normal release time**, allowing ICE time to pick up the person.[8] Being held is temporary status and does not last more than a certain number of hours; therefore, the provision allowing release from the lease if the tenant is being held for more than 30 days is unnecessary.[9] Council staff recommends striking this provision.

Amend lines 58 and 61, as follows:

(8) a tenant:

(A) being deported **[[,]]** or detained **[[**, or held for more than 30 days**]]** pursuant to immigration proceedings; or

(B) facing financial hardship due to an occupant of the rental property being deported **[[,]]** or detained **[[**, or held for more than 30 days**]]** pursuant to immigration proceedings.

[6] A non-citizen being formally removed via a court order for violating U.S. immigration laws.
[7] A non-citizen being physically picked up, arrested, or taken into custody directly by immigration enforcement officers, ICE, or CBP and awaiting potential removal proceedings.
[8] U.S. Immigration and Customs Enforcement: Immigration Detainers | ICE.
[9] If an individual is facing incarceration this is already a existing viable reason to request termination of the lease. See Montgomery County Code § (s)(7).

Decision Point: Whether the committee agrees to remove the provision as described above?

Next Steps: Whether to recommend for enactment Bill 38-26, as amended?

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Bill No. 38-26
Concerning: Discriminatory Housing Practices and Early Lease Termination – Amendments
Revised: 7/17/2026 Draft No. 2
Introduced: June 28, 2026
Expiration: December 7, 2026
Enacted:
Executive:
Effective:
Sunset Date: None
Ch. ____, Laws of Mont. Co. ____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Mink
Co-Sponsors: Councilmembers Stewart, Jawando, Evans, Luedtke, and Sayles

AN ACT to:

(1) prohibit discrimination based on citizenship or immigration status in the sale or rental of housing;
(2) permit the landlord to allow early termination of a residential lease under certain circumstances; and
(3) generally amend the law regarding housing discrimination and landlord-tenant relations.

By amending
Montgomery County Code
Chapter 27, Human Rights and Civil Liberties
Sections 27-1 and 27-12

Chapter 29, Landlord-Tenant Relations
Section 29-27

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

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

Sec. 1. Sections 27-1, 27-12, 29-27 are amended as follows:

27-1. Statement of policy.

(a) The County Council finds that discrimination because of race, color, religious creed, ancestry, national origin, age, sex, marital status, disability, genetic status, presence of children, family responsibilities, citizenship status, immigration status, source of income, sexual orientation, or gender identity adversely affects the health, welfare, peace, and safety of the community. Persons subject to discrimination suffer unemployment and underemployment resulting in low family income, overcrowded housing, poor health conditions, antisocial behavior, poverty, and lack of hope, injuring the public welfare, placing a burden upon the public treasury to ameliorate the conditions thus produced, and creating conditions which endanger the public peace and order. Montgomery County's policy is to foster equal opportunity for all without regard to race, color, religious creed, ancestry, national origin, sex, marital status, age, disability, presence of children, family responsibilities, citizenship status, immigration status, source of income, sexual orientation, gender identity, or genetic status and strictly in accord with their individual merits as human beings.

* * *

27-12. Discriminatory housing practices.

(a) A person must not, because of race, color, religious creed, ancestry, national origin, sex, marital status, disability, presence of children, family responsibilities, citizenship status, immigration status, source of income, sexual orientation, gender identity, or age:

(1) refuse, or refuse to negotiate, to sell, broker, appraise, lease, sublease, rent, assign, or otherwise transfer the title, leasehold, or other interest in any housing;

(2) represent that housing is not available for inspection, sale, lease, sublease, rental, assignment, or other transfer when it is available;

(3) otherwise deny or withhold any housing from any person;

(4) include in the terms, conditions, or privileges of any sale, lease, sublease, rental, assignment, or other transfer of any housing, any clause, condition, or restriction discriminating against any person in the use or occupancy of that housing; or

(5) discriminate in the furnishing of any facilities, repairs, improvements, or services, or in the terms, conditions, privileges, or tenure of occupancy of any person.

* * *

29-27. Contents of the lease.

Each lease for rental housing located in the County must:

(s) Allow the tenant to terminate the lease upon 30 days' written notice to the landlord due to:

(1) an involuntary change of employment from the Washington metropolitan area;

(2) the death of major wage earner;

(3) unemployment;

(4) the tenant or the tenant's child being a victim of domestic violence;

(5) a landlord harassing the tenant or violating the tenant's privacy rights;

(6) the tenant or tenant's spouse:

(A) being 62 years of age or older;

(B) being unable to live independently; and

(C) needing to move to a nursing home or other senior citizen housing;

(7) the tenant being incarcerated or declared mentally incompetent;

(8) a tenant:

(A) being deported, detained, or held for more than 30 days pursuant to immigration proceedings; or

(B) facing financial hardship due to an occupant of the rental property being deported, detained, or held for more than 30 days pursuant to immigration proceedings.

[(8)**]** (9) * * *

[(9)**]** (10) other reasonable cause beyond the tenant's control. Except for the reason listed in paragraph(s)**[**(8)**]** (9), the lease may provide that in the event of termination under this provision, the tenant is liable for a reasonable termination charge not to exceed the lower of one month's rent or actual damages sustained by the landlord.

Fiscal Impact Statement

Office of Management and Budget

Bill 38-26	**Discriminatory Housing Practices and Early Lease Termination - Amendments**
Bill Summary	Bill 38-26 would prohibit discrimination in the sale or rental of housing based on an individual's citizenship or immigration status; and allow tenants to terminate a residential lease early if they are deported, detained, or held for more than 30 days due to immigration proceedings, or if the tenant experiences financial hardship because an occupant of the unit is subject to one of these conditions.
Fiscal Impact Summary	There is no fiscal impact associated with Bill 38-26.

Fiscal Year	**27**	**28**	**29**	**30**	**31**	**32**	**Total**
Personnel Costs	$0	$0	$0	$0	$0	$0	$0
Operating Expenses	$0	$0	$0	$0	$0	$0	$0
Total Expenditures	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Revenues	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total Impact	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
FTE	0.00	0.00	0.00	0.00	0.00	0.00	

Fiscal Impact Analysis	The Department of Housing and Community Affairs does not expect any changes in revenues or expenditures from Bill 38-26. Implementing the bill will require approximately 80 hours of one-time staff work to update educational materials, webpages, and sample leases, along with an estimated three additional staff hours per month to handle increased public inquiries. These workload increases can be fully absorbed with existing resources, and no additional costs beyond the current budget are anticipated.
Staff Impact	The bill is expected to have minimal impact on staff time and responsibilities.
Actuarial Analysis	The bill is not expected to impact retiree pension or group insurance costs.
Information Technology Impact	The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.
Other Information	
Later actions that may impact revenue or expenditures if future spending is projected	Increases in federal immigration enforcement activities within the County might raise the number of tenants affected by this bill, thereby increasing the volume of related service requests and complaints DHCA must address. The extent of this impact would correspond directly to the scale of enforcement activity. Additionally, the number of inquiries and complaints DHCA receives will depend on whether affected tenants choose to engage with the County. DHCA understands that many tenants with concerns about their immigration status may avoid interactions with public agencies, meaning some individuals impacted by enforcement actions may not seek County assistance.

Contributors	Scott Bruton, Director, Department of Housing and Community Affairs (DHCA) Jenny Snapp, Deputy Director, DHCA Zachary Patton, Rental Housing Division Chief, DHCA Nicolle Katrivanos, Manager of the Office of Landlord-Tenant Affairs, DHCA Anita Aryeetey, Lead Fiscal and Policy Analyst, Office of Management and Budget

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 38-26: DISCRIMINATORY HOUSING PRACTICES AND EARLY LEASE TERMINATION - AMENDMENTS

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 38-26 would have a positive impact on racial equity and social justice (RESJ) in the County. Latinx and Asian community members would disproportionately benefit from expanding housing protections for immigrant community members and lease termination rights for tenants impacted by immigration proceedings. OLO also recognizes Bill 38-26 as an equitable policy proposal since it centers the needs of immigrant community members, who are disproportionately Asian and Latinx.

PURPOSE OF RESJ IMPACT STATEMENTS

RESJ impact statements (RESJIS) evaluate the anticipated impact of legislation on racial equity and social justice in the County. RESJ is a **process** that focuses on centering the needs, leadership, and power of Black, Indigenous, and other People of Color (BIPOC) and communities with low incomes. RESJ is also a **goal** of eliminating racial and social inequities. Applying a RESJ lens is essential to achieve RESJ.[1] This involves seeing, thinking, and working differently to address the racial and social inequities that cause racial and social disparities.[2]

PURPOSE OF BILL 38-26

Federal, state, and local fair housing laws prohibit housing discrimination based on various protected classes. These include race, national origin, disability, sexual orientation, and source of income, among others.[3] Fair housing laws do not explicitly include citizenship or immigration status as protected classes. To address the lack of legal protection for immigrants, some counties, such as Prince George's and Anne Arundel, have included citizenship and immigration status as protected classes in their local fair housing laws.[4]

The purpose of Bill 38-26 is to expand housing protections for immigrant community members in the County. It also aims to expand lease termination rights for tenants who are impacted by immigration proceedings.

If enacted, Bill 38-26 would include citizenship status and immigration status as protected classes in the County's fair housing law. This would prohibit housing providers (e.g., landlords, realtors) from discriminating against a community member because they or their family:[5]

- Are from another country;
- Are in an active immigration proceeding
- Are undocumented; or
- Have an immigrant visa.

Additionally, Bill 38-26 would allow tenants to terminate a lease early if they are:[6]

- Being deported, detained, or held for more than 30 days pursuant to immigrant proceedings; or
- Facing financial hardship due to a household member being in immigration proceedings.

The Council introduced Bill 38-26 on July 28, 2026.

This RESJIS builds on the ones for:

- Expedited Bill 26-24, Police - U visa Law Enforcement Certification Policy, published in December 2024, which provides racial equity context on undocumented community members;[7] and
- Bill 3-26, Administration - Immigration Enforcement Guidance - Required (The County Values Act), published in March 2026, which provides racial equity context on U.S immigration policy and enforcement.[8]

ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 38-26 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who would primarily benefit or be burdened by this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

OLO identified the following groups who would be impacted by Bill 38-26:

Community members who are immigrants, especially those who are undocumented, would benefit from having expanded housing protections that prohibit discrimination based on citizenship or immigration status. They would also benefit from having expanded lease termination rights in the case they or a household member are impacted by immigration proceedings.

As shown in Table A (Appendix), Asian and Latinx community members are overrepresented among community members born outside the U.S. They are also overrepresented among community members who are not U.S. citizens. Conversely, Black, Native American, and Pacific Islander community members are proportionately represented among community members born outside the U.S. and those who are not U.S. citizens, while White community members are largely underrepresented. Of note, community members who are not U.S. citizens include community members who have legal status in the U.S. and undocumented community members who do not have legal status. Estimates from the Migration Policy Institute suggest undocumented community members in the County are disproportionately Latinx.[9,10]

Landlords could be burdened by additional allowances for early lease termination. This could reduce their expected rent revenue from tenants who terminate their lease early. As shown in Table B (Appendix), White people are largely overrepresented among landlords and other real estate business owners in the County.

Of note, OLO Report 2025-2 previously found the Office of Human Rights had not fully recovered from staffing cuts that occurred in FY12. This has had an adverse impact on the office's ability to effectively enforce fair housing laws.[11] While the office had five FTEs dedicated to fair housing programs in FY09, it only has 0.5 FTE dedicated today.[12] Successful enforcement of expanded anti-discrimination protections in Bill 38-26 will depend on adequate resourcing of the Office of Human Rights. Notably, the Office of Management and Budget (OMB) found the Department of Housing and Community Affairs (DHCA) would be able to implement expanded lease termination rights for tenants with existing resources.[13] OMB's assessment did not describe the fiscal impact to the Office of Human Rights of enforcing expanded anti-discrimination protections.

Taken together, OLO anticipates Bill 38-26 would have a positive impact on RESJ in the County. OLO also recognizes Bill 38-26 as an equitable policy proposal since it centers the needs of immigrant community members, who are disproportionately Asian and Latinx.

RECOMMENDED AMENDMENTS

The County's RESJ Act requires OLO to consider whether to recommend amendments to bills that could reduce racial and social inequities and advance RESJ.[14] OLO anticipates Bill 38-26 would have a positive impact on RESJ in the County. As such, OLO does not offer recommended amendments. However, should the Council seek to improve the RESJ impact of this Bill, OLO offers one policy option for Council consideration:

- **Consider recommendations in OLO Report 2025-2 to improve enforcement of fair housing laws.** These include convening a collaborative effort to jointly develop, implement, and evaluate outreach, education, and enforcement of fair housing laws, and increasing funding to the Office of Human Rights to support successful implementation of fair housing and other human rights laws.[15] This would help increase the effectiveness of Bill 38-26 and other fair housing laws to protect BIPOC community members against housing discrimination.

CAVEATS

Two caveats to this RESJIS should be noted. First, predicting the impact of bills on RESJ is challenging due to data limitations, uncertainty, and other factors. Second, this RESJIS is intended to inform the Council's decision-making process rather than determine it. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

APPENDIX

Table A. Community Members Born Outside of the U.S by Race and Ethnicity, Montgomery County[16]

Race or ethnicity	% Born Outside of U.S.	% Born Outside of U.S. and not a U.S. Citizen	% County Population
Asian	31.6	25.7	15.4
Black	19.5	16.4	18.6
Native American	0.8	0.8	0.6
Pacific Islander	0.0	0.0	0.0
White	16.8	14.0	42.1
Latinx	32.2	44.1	21.0

Source: Table S0501, 2024 American Community Survey 5-Year Estimates, Census Bureau.

Table B. Real Estate and Rental and Leasing Employer Firms by Race and Ethnicity, Montgomery County

Race or ethnicity	Percent of Real Estate and Rental and Leasing Business Owners (NAICS 53)	Percent of All Sectors (NAICS 00)	Percent of Adult Population
Asian	12.4	21.8	16.3
Black	5.1	7.6	18.4
Native American	-	1.4	0.6
Pacific Islander	-	0.1	0.0
White	82.3	69.1	44.3
Latinx	3.9	10.0	19.0

Source: OLO analysis of Table AB2200CSA01, 2022 Annual Business Survey and Table S2101, 2024 American Community Survey 5-Year Estimates, Census Bureau.

[1] Definition of racial equity and social justice adopted from M. Gamblin et al., "Applying Racial Equity to U.S. Federal Nutrition Programs," Bread for the World and Racial Equity Tools.
[2] Ibid.
[3] "Housing Discrimination Under the Fair Housing Act," U.S. Department of Housing and Urban Development; "Housing Anti-Discrimination Law," Maryland Commission on Civil Rights; Montgomery County Code Sec. 27-12.
[4] Introduction Staff Report for Bill 38-26, Montgomery County Council, Introduced July 28, 2026, pg. 3.
[5] Ibid.
[6] Ibid.
[7] RESJIS for Bill 26-24, Office of Legislative Oversight, December 17, 2024.
[8] RESJIS for Bill 3-26, Office of Legislative Oversight, March 2, 2026.
[9] RESJIS for Expedited Bill 26-24, pg. 2.
[10] Profile of the Unauthorized Population: Montgomery County, MD, Migration Policy Institute.
[11] J. Peña, OLO Report 2025-2: Implementation of the Housing Justice Act, Office of Legislative Oversight, pgs. 57-58.
[12] FY27 Approved Expenditures: Fair Housing Program, Montgomery County Open Budget.
[13] Fiscal Impact Statement for Bill 38-26, Office of Management and Budget.
[14] Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council.
[15] OLO Report 2025-2: Implementation of the Housing Justice Act, pgs. 64-65.
[16] For Tables A and B, race is inclusive of Latinx origin. Margins of error for data points in Table B may be large.

Climate Assessment

Office of Legislative Oversight

BILL 38-26: DISCRIMINATORY HOUSING PRACTICES AND EARLY LEASE TERMINATION - AMENDMENTS

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 38-26 will have no impact on the County's contribution to addressing climate change as it is proposing an expansion on tenants' right to terminate a lease early.

BACKGROUND AND PURPOSE OF BILL 38-26

Although prohibiting housing discrimination based on race, color, religion, sex, national origin, disability, and familial status, Maryland law does not explicitly include "citizenship" or "immigration" status as a protected class. Some counties in the state, such as Prince George's and Anne Arundel Counties, have addressed this lack of legal protection for immigrants by including citizenship in their fair housing laws.[1]

The purpose of Bill 38-26 is to prohibit individuals being denied the opportunity to rent or purchase housing in the County on the basis of citizenship or immigration status and to permit tenants to terminate residential leases early when they are subject to an active immigration proceeding affecting their occupancy of the rental property.[2] It would do so by including "citizenship status" in the County's fair housing law.[3] According to the Council attorney's memo, landlords and realtors would therefore be prohibited from discriminating against individuals for being from another country, possessing an immigrant visa, or under an active immigration proceeding.[4]

Additionally, the Bill would "expand[] on tenants' right to terminate a lease early, if:

- the tenant is being deported, detained, or held for more than 30 days pursuant to immigration proceedings; or
- the tenant is facing financial hardship due to an occupant of the rental property being deported, detained, or held for more than 30 days pursuant to immigration Proceedings."

The Council introduced Bill 38-26 on July 28, 2026.

ANTICIPATED IMPACTS

As the Bill is proposing an expansion on tenants' right to terminate a lease early, OLO anticipates Bill 38-26 will have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions and community climate resilience.

RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.[5] OLO does not offer recommendations or amendments as Bill 38-26 is likely to have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions and community climate resilience.

CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. 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.

PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help increase the County's community climate resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

[1] See McCartney-Green to County Council, memorandum, in Introduction Staff Report for Bill 38-26.
[2] Ibid.
[3] See Bill text in Introduction Staff Report.
[4] See McCartney-Green to County Council, memorandum.
[5] Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022

Economic Impact Statement

Montgomery County, Maryland

Bill 38-26, Discriminatory Housing Practices and Early Lease Termination – Amendments

Summary

The Office of Legislative Oversight (OLO) concludes that Bill 38-26 would have an indeterminate impact on overall economic conditions in the County, as measured by the Council's priority economic indicators. The Bill would make two primary policy changes: (1) expand the housing discrimination ban to cover citizenship status and immigration status in housing sales and rentals; and (2) allow tenants to terminate a residential lease with 30 days' written notice when they are deported, detained, or held for more than 30 days in immigration proceedings, or face financial hardship due to a household member being in immigration proceedings.

Because OLO identified no impact evaluations of comparable policies in other jurisdictions, this analysis assessed the Bill's likely economic effects by comparing the housing and economic characteristics of undocumented and all County residents; reviewing research on immigrant housing discrimination, source-of-income anti-discrimination laws, and the housing effects of immigration arrests; and evaluating potential landlord costs and the likelihood that those costs would be passed through to renters.

The Bill would economically benefit immigrant renters (documented and undocumented). First, expanding the housing discrimination ban to cover immigration status could mitigate local housing discrimination against immigrants, which could lower housing search costs and expand immigrants' access to housing that is more affordable or closer to employment. These effects could reduce household expenses and increase household incomes for affected residents. Second, the early-lease-termination provision would help households with members affected by immigration enforcement avoid rent arrears, lease termination charges, eviction-related costs, and other housing instability following the loss of a household member.

However, other renters may experience minor rent increases from landlords seeking to recover costs.

The Bill would likely negatively impact landlords in the short term. First, expanding the housing discrimination ban to cover immigration status may require landlords to update screening and leasing practices, train staff, and bear some additional compliance and legal risk costs. Second, landlords would likely face various costs due to the leave termination provision—such as lost rental revenue, marketing and reletting costs, unit preparation costs, vacancy carrying costs and administrative costs. All else being equal, higher operating expenses would reduce business income. Over the mid- and long-term, landlords may recover added costs through rent increases, as discussed below.

Additionally, the Bill could have minor indirect effects on property managers, leasing agents, attorneys, and cleaning, maintenance, and repair contractors.

OLO notes that in addition to the Bill's direct effects on renters and landlords, it could have a marginal effect on perceptions of the County's rental housing investment climate. Although OLO identified no direct evidence that the landlord regulations proposed in this Bill, by themselves, would deter private-sector investment in the County's residential rental market, the Bill could marginally contribute to some developers' and investors' perceptions that County's rental- housing regulatory environment limits investment.

The Bill's overall economic impact cannot be reliably estimated because it would likely produce mixed effects across stakeholders. OLO identified no impact evaluations of comparable policies that measure aggregate economic outcomes for renters, landlords, or local housing markets.

Background and Purpose of Bill 38-26

Federal, state, and local fair housing laws prohibit housing discrimination based on various protected classes. These include race, national origin, disability, sexual orientation, and source of income, among others.[1] Fair housing laws do not explicitly include citizenship or immigration status as protected classes. To address the lack of legal protection for immigrants, some counties, such as Prince George's and Anne Arundel, have included citizenship and immigration status as protected classes in their local fair housing laws.[2]

The purpose of Bill 38-26 is to expand housing protections for immigrant community members in the County. It also aims to expand lease termination rights for tenants who are impacted by immigration proceedings.

If enacted, Bill 38-26 would include citizenship status and immigration status as a protected class in the County's fair housing law. This would prohibit housing providers (e.g., landlords, realtors) from discriminating against a community member because they or their family:

- Are from another country;
- Are in an active immigration proceeding;
- Are undocumented; or
- Have an immigrant visa.[3]

Additionally, Bill 38-26 would allow tenants to terminate a lease early if they are:

- Being deported, detained, or held for more than 30 days pursuant to immigrant proceedings; or
- Facing financial hardship due to a household member being in immigration proceedings.[4]

The Council introduced Bill 38-26 on July 28, 2026.

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[1] "Housing Discrimination Under the Fair Housing Act," U.S. Department of Housing and Urban Development; "Housing Anti-Discrimination Law," Maryland Commission on Civil Rights; Montgomery County Code Sec. 27-12.
[2] Introduction Staff Report for Bill 38-26, Montgomery County Council, Introduced July 28, 2026, pg. 3.
[3] Ibid.
[4] Ibid.

Information Sources, Methodologies, and Assumptions

As required by Section 2-81B of the Montgomery County Code, this Economic Impact Statement evaluates the impacts of Bill 38-26 on residents and private organizations, using the Council's priority economic indicators as the measure. In doing so, it examines whether the Bill would have a net positive or negative impact on overall economic conditions in the County.[5]

This analysis examines the potential economic impacts of the Bill's provisions that:

- Expand the housing discrimination ban to cover citizenship status and immigration status in housing sales and rentals.
- Allow tenants to terminate a residential lease with 30 days' written notice when they are deported, detained, or held for more than 30 days in immigration proceedings, or face financial hardship due to a household member being in immigration proceedings.

OLO was unable to identify impact evaluations[6] that directly examine the economic impacts of similar policies on renters and landlords implemented in other jurisdictions. To assess the Bill's likely economic impacts, this analysis adopts the following approach:

1. **Uses available data to compare the housing and economic characteristics of undocumented residents with that of all County residents.** Despite challenges in attaining systematic data on undocumented immigrants,[7] the Migration Policy Institute (MPI)—a think tank focused on international migration and refugees—has developed County-level estimates of undocumented immigrants for 135 jurisdictions with the largest undocumented populations, including Montgomery County.[8] OLO uses these MPI estimates, together with American Community Survey (ACS) data, to compare the 2023 housing and other characteristics of undocumented residents with that of all County residents. These data are presented in **Table A1** in the Appendix.

2. **Reviews U.S. research assessing whether immigrants experience discrimination when seeking housing.** The most directly relevant evidence is Hanson and Santas's 2014 field experiment in 21 metropolitan areas, which sent standardized email inquiries to landlords advertising rental units

[5] Montgomery County Code, "Sec. 2-81B, Economic Impact Statements."
[6] Impact evaluations are a core tool of evidence-based policymaking. Federal and Maryland guidance treats impact evaluations that use randomized control trials and quasi-experimental design[8] as strong evidence on policy impacts. See Gertler, Paul J., Sebastian Martinez, Patrick Premand, Laura B. Rawlings, and Christel M. J. Vermeersch. *Impact Evaluation in Practice, Second Edition*. Washington, DC: Inter-American Development Bank and World Bank, 2016; Maryland State Department of Education, "Definition of Evidence-Based and Levels of Evidence," accessed March 20, 2026; and Henneberger, Angela, "Program Evaluation in the Absence of Randomization: How Can Propensity Score Methods Help?" Maryland Longitudinal Data System (MLDS) Center, June 5, 2018.
[7] For more on why undocumented immigrants are among the populations that are "hard to count," see
[8] For the methodology, see Migration Policy Institute, "MPI Methodology for Assigning Legal Status to Noncitizen Respondents in U.S. Census Bureau Survey Data," Migrationpolicy.Org, October 25, 2019.

online. It compared White applicants, Hispanic applicants presented as culturally assimilated, and Hispanic applicants presented as recent immigrants.[9]

3. **Uses research on housing source-of-income (SOI) anti-discrimination laws in housing as a policy analogue for assessing whether the Bill could expand immigrants' access to rental housing.** OLO did not identify an impact evaluation directly estimating the effects of including immigration status to housing discrimination laws. SOI laws prohibit landlords from rejecting otherwise eligible applicants because they use housing vouchers or another income source. In a HUD-sponsored evaluation, Lance Freeman compared jurisdictions with and without SOI laws to assess their impact on housing outcomes.[10]

4. **Assesses how undocumented immigrants and their households could be affected by the Bill's early lease termination provision by examining research on the housing consequences of immigration arrests.** One study surveyed 125 long-term resident households in Pima County, Arizona, to measure the financial losses associated with an immigration arrest and the strategies households used to manage those losses, including housing-related responses.[11]

5. **Assesses potential ways in which the Bill's requirements could affect landlords and whether landlords would likely recover any added costs through rent increases.** Cost pass-through arises when a business changes the prices of the products or services it supplies following a change in its own costs.[12] OLO relies on an impact evaluation by Xiyue (Michelle) Li of Montgomery County's 2020 mandatory air-conditioning requirement for rental properties that examines the policy's effect on rental prices.[13]

Variables

The economic effects of Bill 38-26 would primarily depend on the following variables:

- Total number of residents experiencing immigration enforcement;
- Annual rents; and
- Cost pass-through ratio;

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[9] Andrew Hanson and Michael Santas, "Field Experiment Tests for Discrimination against Hispanics in the U.S. Rental Housing Market," *Southern Economic Journal* 81, no. 1 (2014): 135–67.
[10] Lance Freeman, *The Impact of Source of Income Laws on Voucher Utilization and Locational Outcomes* (U.S. Department of Housing and Urban Development, 2011).
[11] Geoffrey Alan Boyce and Sarah Launius, "The Household Financial Losses Triggered by an Immigration Arrest, and How State and Local Government Can Most Effectively Protect Their Constituents," *Journal on Migration and Human Security* 8, no. 4 (2020): 301–17.
[12] RBB Economics, *Cost Pass-Through: Theory, Measurement, and Potential Policy Implications* (Report prepared for the Office of Fair Trading, United Kingdom, 2014).
[13] Li, Michelle. "Who Pays for Climate Change Adaptation? Investigating the Impact of Mandatory Air Conditioning." Working paper. November 4, 2024.

Impacts

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

Residents

OLO anticipates that Bill 38-26 would positively impact certain residents in the County—particularly households with undocumented immigrants. In contrast, some other tenants may be negatively impacted, however, OLO expects these impacts to be negligible.

Immigrants

The 2023 MPI/ACS data indicate that despite their high labor force participation rates compared to all residents, undocumented immigrants in the County were far more likely to rent than own homes, experience poverty, and lack health insurance. For more details, see **Table A1** in the Appendix.

Nationally, housing discrimination appears to be a problem for immigrants, although it has received less attention in the research literature than employment discrimination. As with employment discrimination studies, the available housing research generally examines the first stage of access to housing: the responses received when prospective tenants first contact landlords advertising rental units.[14]

In a study of 21 U.S. metropolitan areas, Hanson and Santas (2014) used email inquiries to compare landlord responses to White applicants, Hispanics portrayed as culturally assimilated, and Hispanics portrayed as recent immigrants. They found that assimilated-Hispanic applicants experienced little differential treatment compared to White applicants, whose profiles signaled recent immigrant status experienced higher levels of discrimination.[15]

A review of research on forms of discrimination against immigrants describes how housing discrimination can have negative consequences by limiting immigrants' ability to live in neighborhoods with stronger services, resources, schools, employment access, and social networks. When discrimination excludes immigrants from higher-opportunity areas or concentrates them in neighborhoods with fewer resources, it can contribute to spatial mismatch—longer commutes, less access to good jobs, etc.—and reduce opportunities to build social capital outside their own immigrant communities.[16]

By expanding the housing discrimination ban to cover immigration status, the Bill could mitigate local housing discrimination against immigrants (documented and undocumented). A HUD-sponsored study compared jurisdictions with and without SOI laws and found that housing voucher use rates were 4 to 11

[14] Victoria M. Esses, "Prejudice and Discrimination Toward Immigrants," *Annual Review of Psychology* 72 (2021): 503–31.
[15] Hanson and Santas, "Field Experiment Tests for Discrimination against Hispanics in the U.S. Rental Housing Market."
[16] Esses, "Prejudice and Discrimination Toward Immigrants"; and Cathy Yang Liu and Gary Painter, "Immigrant Settlement and Employment Suburbanisation in the US : Is There a Spatial Mismatch?," *Urban Studies* 49, no. 5 (2012): 979–1002.

percentage points higher where these laws were in effect, along with improvements in neighborhood location outcomes.[17] Although SOI laws are not a direct analogue, the findings suggest that an enforceable anti-discrimination rule can expand a protected group's practical access to rental housing.

If the Bill similarly reduces exclusion in the local rental market, it could lower housing-search costs and expand immigrants' access to housing that is more affordable or closer to employment. These effects could reduce household expenses and increase household incomes for affected residents. However, these potential benefits would depend in part on effective enforcement. OLO previously identified resource constraints as a factor limiting the Office of Human Rights' capacity to enforce County fair housing laws.[18]

Through its early lease-termination provision, the Bill would economically benefit households with members affected by immigration enforcement. A study of 125 long-term resident households in Pima County, Arizona, found that immigration arrests result in the financial losses cause housing instability, including foreclosure, eviction, needing to move to cheaper housing or with another household, and abandoning plans to buy a home or move to higher-quality housing. The Bill may help affected households avoid rent arrears, lease termination charges, eviction-related costs, and other housing instability following the loss of a household member or income earner.

Other Renters

As discussed below, any costs the Bill creates for landlords would likely be passed down to other tenants as higher rents and fees. However, these costs could be spread out across tenants with a minimal impact.

Beyond these outcomes, OLO does not expect the Bill to impact other residents in terms of the Council's priority economic indicators.

Businesses, Non-Profits, Other Private Organizations

OLO anticipates that Bill 38-26 would have mixed impacts on certain private organizations in the County.

Landlords

The primary businesses the Bill would impact are landlords and housing providers.

By expanding the housing discrimination ban to cover immigration status, the Bill may negatively affect landlords and other housing providers. OLO was unable to identify impact evaluations that directly estimate how adding immigration status or a comparable protected class to housing anti-discrimination law affects landlords' costs, rents, vacancies, or rental housing supply. The immigration status anti-discrimination provision may require landlords to update screening and leasing practices, train staff, and bear some

[17] Freeman, *The Impact of Source of Income Laws on Voucher Utilization and Locational Outcomes*.
[18] Janmarie Peña, *Implementation of the Housing Justice Act*, OLO Report 2025-2, 2025, Office of Legislative Oversight.

additional compliance and legal risk costs. However, the magnitude of these costs or their effects on other outcomes like rents are unknown from the available evidence.

Permitting lease termination on 30 days' written notice may also negatively impact landlords. In particular, they could experience the following costs:

- Lost rental revenue if the unit remains vacant after the terminating tenant leaves;
- Marketing and reletting costs, including listing and advertising, showing the unit, processing applications, screening prospective tenants, lease preparation, etc.;
- Unit preparation costs in advance of new tenants, such as cleaning, painting, land repairs;
- Vacancy carrying costs like property management expenses that continue while the unit is unoccupied; and
- Administrative costs associated with verifying eligibility, processing security deposits, and coordinating move-out inspections.

All else being equal, higher operating expenses would reduce business income. However, landlords would likely offset these costs by increasing rents.[19]

Based on landlord behavior after the 2020 AC requirement, affected landlords would likely pass costs onto renters through higher rents over time. Evidence from Li's study of the 2020 mandate suggests that landlords have increased monthly rents enough on new leases to recover new expenditures over the medium to long term.

While landlords are limited in their ability to increase rents due to the County's Rent Stabilization Law, affected landlords would likely recover a substantial portion of expenses for several reasons.

First, because the County's Rent Stabilization Law allows annual rent increases that typically exceed inflation,[20] landlords can gradually adjust rents upward to recoup expenses over multiple years while preserving their profit margins.

Second, the County's rent stabilization framework provides multiple mechanisms for landlords to recover new costs over time. The law permits limited surcharges for qualifying capital improvements and allows landlords to use "banked" rent increases that were not taken in previous years, subject to an overall cap on total annual increases.

[19] Robin Bartram, "The Cost of Code Violations: How Building Codes Shape Residential Sales Prices and Rents," *Housing Policy Debate* 29, no. 6 (November 2, 2019): 931–46; RBB Economics, "Cost Pass-Through: Theory, Measurement, and Potential Policy Implications" (Report prepared for the Office of Fair Trading, United Kingdom, June 17, 2014).

[20] The maximum allowable annual rent increase for covered units is set each year as the lesser of (a) the Consumer Price Index for All Urban Consumers for the Washington-Arlington-Alexandria Area (CPI-U) plus 3 percentage points, or (b) 6 percent. Montgomery County Department of Housing and Community Affairs, "Rent Stabilization," updated September 17, 2025.

Third, exemptions and jurisdictional limits in the rent stabilization framework further reduce potential financial strain on landlords. Many units are exempt from the County's rent caps (including certain small owner-occupied properties, newer buildings, and other specified categories), and rental units located within incorporated municipalities such as Rockville and Gaithersburg are not covered by the County's Rent Stabilization Law.

Finally, conditions in the local rental market give landlords substantial pricing power to recover new costs over time. County and Montgomery Planning analyses describe a supply-constrained rental market, which contributes to upward pressure on rents and relatively low vacancy rates.[21] As a result, landlords should be able to incorporate new costs into rents without significantly increasing the risk of prolonged vacancies or tenant loss.

Other Potential Business Impacts

The early termination provision could modestly increase demand for turnover-related services, while the anti-discrimination provision could create limited demand for lease updates and legal advice. Thus, beyond landlords, the Bill could have minor indirect effects on property managers, leasing agents, attorneys, and cleaning, maintenance, and repair contractors.

Beyond these impacts, OLO does not expect the Bill to affect other private organizations in terms of the Council's priority economic indicators.

Overall Impact

OLO concludes the Bill would have an indeterminate impact on overall economic conditions in the County because it would likely produce mixed effects across stakeholders and OLO identified no impact evaluations of comparable policies that measure aggregate economic outcomes for renters, landlords, or local housing markets.

OLO notes that in addition to the Bill's direct effects on renters and landlords, it could have a marginal effect on perceptions of the County's rental-housing investment climate. Although OLO identified no direct evidence that the landlord regulations proposed in this Bill by themselves would deter private-sector investment in the County's residential rental market, some developers and investors have publicly expressed concern that other County landlord regulations make rental-housing projects more difficult to finance and less attractive to institutional capital.[22] It is possible this Bill could marginally contribute to such perceptions of the County's rental-housing regulatory environment.

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[21] See, for example, Montgomery County Planning Department, *Montgomery County Housing Needs Assessment*, July 2020.
[22] See, for example, Morgan Baskin, "Montgomery County Council Passes % Cap On New Rent Increases," DCist, July 19, 2023, https://dcist.com/story/23/07/19/md-montgomery-county-council-passes-cap-on-new-rent-increases/; and Leslie Shaver, "**How local incentives helped clinch an apartment deal in a rent-controlled Maryland county," June 8, 2026, https://www.multifamilydive.com/news/montgomery-county-mixed-income-housing-incentives/822166/.**

Discussion Items

Not applicable

Caveats

Two caveats to the economic impact analysis conducted 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, PhD (OLO) prepared this report.

Appendix

Table A1. Economic Characteristics of Undocumented Residents Compared with All Montgomery County Residents, 2023

	Undocumented residents		All residents	
Measure	*Count*	*Percentage*	*Count*	*Percentage*
Labor Force Participation				
In the labor force	87,000	78%	594,106	70%
Employed	81,000	.	567,498	.
Unemployed	6,000	.	22,984	.
Not in the labor force	24,000	22%	254,353	30%
Total civilian population ages 16 and older	**111,000**	**100%**	**848,459**	**100%**
Industry				
Construction	22,000	28%	36,995	7%
Professional, scientific, management, administrative, and waste management services	15,000	19%	131,786	23%
Accommodation and food services, arts, entertainment, and recreation	11,000	14%	45,346	8%
Other services (except public administration)	7,000	9%	39,719	7%
Health services and social assistance	6,000	8%	120,758	21%
Employed population ages 16 and older	**81,000**	**100%**	**567,498**	**66%**
Household Income				
Below 50% of the poverty level	7,000	6%	42,835	4%
50-99% of the poverty level	9,000	8%	30,707	3%
100-149% of the poverty level	17,000	14%	59,763	6%
150-199% of the poverty level	19,000	16%	51,299	5%
At or above 200% of the poverty level	67,000	56%	865,256	82%
Total	**119,000**	**100%**	**1,049,860**	**100%**

Measure	Undocumented residents		All Residents	
	Count	*Percentage*	*Count*	*Percentage*
Health Insurance				
Uninsured	61,000	51%	250,368	24%
Insured	58,000	49%	798,618	76%
Total	**119,000**	**100%**	**1,048,986**	**100%**
Homeownership				
Homeowner	36,000	30%	715,538	68%
Renter	83,000	70%	334,389	32%
Total	**119,000**	**100%**	**1,049,927**	**100%**

Sources: Migration Policy Institute, "Unauthorized Immigrant Population Profiles: Montgomery County, Maryland"; U.S. Census Bureau, American Community Survey (ACS) 1-Year Supplemental Estimates, Tables K202301 (Employment Status for the Population 16 Years and Over), K202403 (Industry for the Civilian Employed Population 16 Years and Over), K201702 (Ratio of Income to Poverty Level in the Past 12 Months), K202702 (Private Health Insurance Status), and K202503 (Total Population in Occupied Housing Units by Tenure), accessed February 12, 2026, for Montgomery County, Maryland (FIPS 24031), via data.census.gov

PROPOSED AMENDMENTS

Bill 38-26, Discriminatory Housing Practices and Early Lease Termination – Amendments

Beginning on page 1 of the original bill, insert as follows:

27-12. Discriminatory housing practices.

(d) (1) A person must not:

(A) publish or circulate, or cause to be published or circulated, any housing notice, statement, listing, or advertisement;

(B) announce a policy, or use any form of application for the purchase, lease, rental, or financing of any housing; **[[**or**]]**

(C) make any record or formal business inquiry in connection with the prospective purchase, lease, rental, or financing of any housing; indicating that race, color, religious creed, ancestry, national origin, sex, marital status, disability, presence of children, family responsibilities, citizenship status, immigration status, source of income, sexual orientation, gender identity, or age could influence or affect any act described in **[[**subsections**]]** subsections (a). **[[**, (b), and (c).***]**

(2) *Inquiries regarding citizenship status and immigration status.* Unless specifically required by federal or state law, or court order, a person must not, in connection with, a sale, lease, rental, assignment, financing, or other transfer of any housing, or an application for any of them:

(A) request or require that an applicant or tenant disclose citizenship or immigration status; or

(B) request or require production of any document related to verifying citizenship status or immigration status;

[[(2)**]]** (3) This subsection does not prohibit:

(A) use of a logo or other means of advertising that housing is suitable or adapted to use by persons with a disability; **[[**or**]]**

(B) keeping records or making reports required by federal, State, or County law**[[**.**]]** ;

(C) a person from verifying citizenship or immigration status when such verification is required by federal, State, or local law as a condition of receiving or administering funding; or

(D) a person requesting information or documentation as part of a standard rental practice to verify the financial qualifications or identity of a potential renter if the same information or documentation is requested of every potential renter.