



Committee: PHP
Committee Review: At a future date
Staff: Livhu Ndou, Senior Legislative Attorney
Purpose: To introduce agenda item – no vote expected

AGENDA ITEM #3C
September 15, 2026
Introduction

SUBJECT

Bill 41-26, Landlord-Tenant Relations – Licensing Procedures and Fees – Accessory Dwelling Unit

Lead Sponsors: Councilmember Friedson and Council President Fani-González

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- To introduce agenda item – no vote expected

DESCRIPTION/ISSUE

Bill 41-26 will remove the owner-occupancy requirement for accessory dwelling units (ADUs) and establish a fee waiver for ADUs that comply with certain affordability requirements.

SUMMARY OF KEY DISCUSSION POINTS

- Under current law, in order to obtain a rental license for an ADU, the principal dwelling or ADU must be the primary residence of the applicant. Bill 41-26 will remove that owner-occupancy requirement.
- Bill 41-26 will exempt all building permit-related fees, the annual DHCA license fee, and other application fees for ADUs that charge rent affordable to households earning 65 percent or less of the area median income for a period of at least 10 consecutive years, in agreement with and as determined by the Department of Housing and Community Affairs (DHCA).
- A public hearing is tentatively scheduled for October 6, 2026.

This report contains:

Staff Memorandum
Bill 41-26

Pages 1-2
© 1

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M E M O R A N D U M

September 10, 2026

TO: County Council

FROM: Livhu Ndou, Senior Legislative Attorney

SUBJECT: Bill 41-26, Landlord-Tenant Relations – Licensing Procedures and Fees – Accessory Dwelling Unit

PURPOSE: Introduction

PURPOSE

Bill 41-26, Landlord-Tenant Relations – Licensing Procedures and Fees – Accessory Dwelling Unit, lead sponsors Councilmember Friedson and Council President Fani-González, is scheduled for introduction on September 15, 2026. Bill 41-26 will:

- (1) remove the owner-occupancy requirement for accessory dwelling units;
- (2) establish a waiver of fees for accessory dwelling units that comply with certain affordability requirements; and
- (3) generally amend the law governing accessory dwelling units.

BACKGROUND

Under current law, in order to obtain a rental license for an ADU, the principal dwelling or ADU must be the primary residence of the applicant. During a public hearing on ZTA 26-06, Accessory Residential Uses - Accessory Dwelling Unit, the Council heard testimony that this requirement reduces the housing supply and reduces the financial viability of creating an ADU by creating hardship for homeowners who may need to relocate. Bill 41-26 will therefore remove the owner-occupancy requirement.

The Council has also heard feedback, including from the RESJ statement for ZTA 26-06, regarding the affordability of ADUs. Bill 41-26 will exempt the annual license fee and other DHCA application fees for ADUs that charge rent affordable to households earning 65 percent or less of the area median income for a period of at least 10 consecutive years, as determined by the Department of Housing and Community Affairs (DHCA). Bill 41-26 will also waive all building permit fees for applications for affordable ADUs, which will be defined as those charging rent affordable to households earning 65 percent or less of the area median income for a period of at

least 10 consecutive years. These fees include fees for building, mechanical, electrical, fire, and Use and Occupancy (U&O) permits. The Planning Department provided the following breakdown of current County fees:

Table 1 Department of Housing and Community Affairs ADU Fees

Type	Fee
Annual License Fee (Does not apply for properties within the incorporated City of Takoma Park)	\$125
Filing Fee (one-time)	\$260
Sign Fee (one-time)	\$230

Table 2 Department of Permitting Services ADU Fees

	New Construction Detached ADU	Alteration Attached ADU	Addition Attached ADU
Building Permit	\$940	\$559	\$113
Mechanical Permit	\$139	\$81	\$139
Electrical Permit	\$403	\$228	\$403
Fire Protection Permit	\$193	N/A	N/A
Land Development (new driveway) if needed	\$420	N/A	N/A
Use and Occupancy	\$117	N/A	N/A
TOTAL	\$2,211	\$867	\$654

A public hearing is tentatively scheduled for October 6, 2026.

This packet contains:

Bill 41-26

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Bill No. 41-26
Concerning: Landlord-Tenant Relations –
Licensing Procedures and Fees –
Accessory Dwelling Unit
Revised: 9/2/2026 Draft No. 1
Introduced: September 15, 2026
Expires: December 7, 2026
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: _____
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsors: Councilmember Friedson & Council President Fani-González

AN ACT to:

- (1) remove the owner-occupancy requirement for accessory dwelling units;
- (2) establish a waiver of fees for accessory dwelling units that comply with certain affordability requirements; and
- (3) generally amend the law governing accessory dwelling units.

By amending

Montgomery County Code
Chapter 8, Buildings
Section 8-24

Chapter 29, Landlord–Tenant Relations
Sections 29-19 and 29-20

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:

Sec. 1. Sections 8-24, 29-19 and 29-20 are amended as follows:

Sec. 8-24. Application for permit.

(k) Exemptions. An application for a permit for an accessory dwelling unit is exempt from any permit fee under this Chapter if the applicant enters into an agreement with the Department of Housing and Community Affairs under Chapter 29 to charge rent affordable to households earning 65 percent or less of the area median income for a period of at least 10 consecutive years.

* * *

29-19. Licensing Procedures.

* * *

(b) Accessory dwelling unit rental license.

(1) An owner of a lot or parcel in a zone that permits accessory dwelling units must obtain a license to operate an accessory dwelling unit to live in or to rent if:

(A) the owner places a sign provided by the Director on the lot of the proposed accessory dwelling unit within 5 days after the Director accepts an application license. The sign must identify any requested waivers under Section 29-26(b). The sign provided by the Director must remain in place on the lot for a period of time and in a location determined by the Director[.];

(B) [the principal dwelling or accessory dwelling unit is the primary residence of the applicant for an accessory dwelling unit rental license. Evidence of primary residence includes:

- (i) the owner's most recent Maryland income tax return;
- (ii) the owner's current Maryland driver's license; or

(iii) the owner's real estate tax bill for the address of the proposed accessory dwelling unit;]

[(C)] the applicant certifies to the Director that an accessory dwelling unit is not prohibited by any common ownership community governing documents and any common ownership community fees for the dwelling unit are no more than 30 days past due; and

[(D)] (C) the Director finds that:

(i) the accessory dwelling unit satisfies the standards for an accessory dwelling unit in Section 59.3.3.3 and if needed, a Hearing Examiner granted a waiver under Section 29-26; or

(ii) the accessory dwelling unit was approved under Article 59-G as a special exception under the Zoning Ordinance applicable before October 30, 2014 or under 2014 Zoning Ordinance § 59.3.3.3 as a conditional use.

* * *

29-20. Fees.

(a) Except as provided in subsections (b) and (c), the annual license fee per dwelling unit is:

(1) for a Class 1 multi-family rental facility license:

(A) \$44.00 per dwelling unit in an apartment complex or an accessory dwelling unit approved by special exception; and

(B) \$59.00 per dwelling unit for all others;

(2) for a Class 2 single-family rental facility license, \$101.00 per dwelling unit;

(3) for a Class 3 accessory dwelling unit license \$101.00 per unit.

(b) *Fee exemption for an accessory dwelling unit occupied by an individual with disabilities.*

* * *

(c) *[Annual fee] Fee exemption for a rent-free accessory [apartment] dwelling unit.*

(1) A license applicant is exempt from the annual license fee under subsection (a) for an accessory [apartment] dwelling unit if the applicant does not charge rent for the [apartment] accessory dwelling unit.

(2) To qualify for an exemption under this subsection, a license applicant annually must certify, on a form provided by the Director, that the applicant does not charge rent for the [apartment] accessory dwelling unit.

(3) If the Director requests evidence sufficient to verify the information certified under this subsection, the license applicant or licensee must provide such evidence.

(d) Fee exemption for an affordable accessory dwelling unit. A license applicant is exempt from the annual license fee under subsection (a), as well as any filing fee or other application fee, for an accessory dwelling unit if the applicant enters into an agreement with the Department to charge rent affordable to households earning 65 percent or less of the area median income for a period of at least 10 consecutive years as determined by the Department.

[(d)] (e) By method (3) regulation, the Executive may establish annual fees that are:

(1) higher than those specified in subparagraph (a); and

82 (2) in amounts sufficient to pay the costs of administering this
83 Chapter.