ADDENDUM
PHP Committee Item #3
October 26, 2026
Worksession

M E M O R A N D U M

October 26, 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: Addendum

ADDENDUM

Councilmembers Jawando and Mink propose two amendments to Bill 41-26. The first amendment would limit the number of ADU licenses that an owner can operate in the County to 2. The intent of the amendment is to "fulfill the intent to provide more flexibility for home owners and more potential opportunities for rental homes and ADUs on the market" while "limit[ing] the distortion of the market potentially caused by private equity investment in single family homes and ADUs." The stated intent is also to "ensure that properties with ADUs are well cared for by owners and renters." An owner as defined in Chapter 29 includes a corporation:

> (a) The owner of a dwelling unit must obtain a rental housing license before operating the dwelling unit as rental housing. If the owner is a corporation, the corporation must be qualified to do business in Maryland under state law. Each owner must certify to the Department the name, address and telephone number of an agent who resides in Maryland and is qualified to accept service of process on behalf of the owner. Sec. 29-16.

The second amendment will require the County Executive to submit a report after 1 year of implementation of the bill. The report will include the number of new ADUs, the number of ADUs qualifying for a fee exemption, and statistics regarding whether owners of ADUs in the County are natural persons or corporations. The intent is to "help understand the impact of this bill on the County" and "inform whether additional adjustments are needed to the law around this issue."

This packet contains:

Dear Colleagues Letter from Councilmembers Jawando and Mink © A1
Proposed Amendment to Bill 41-26 © A3

Montgomery County Council

M E M O R A N D U M

October 25, 2026

TO: Councilmember Andrew Friedson, PHP Chair
Council President Natali Fani-González

CC: Montgomery County Councilmembers

FROM: Councilmember Will Jawando
Councilmember Kristin Mink

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

In advance of the October 26, 2026 PHP Committee worksession, we are writing regarding Bill 41-26 - Landlord-Tenant Relations – Licensing Procedures and Fees – Accessory Dwelling Unit (ADUs) to offer suggested amendments that would provide a path forward for the bill in light of the significant negative feedback we are hearing from residents, particularly regarding the removal of the owner occupancy requirement. We believe the amendments below are worth consideration to potentially expand ADU opportunities, which can provide a helpful rental option, while providing safeguards related to residents' concerns regarding the bill.[1]

First, we suggest a cap of two on the number of ADU licenses an owner can operate in the County. This means that an owner who no longer lives in their home because of work or a personal reason is still able to rent their ADU as a source of income, and does not need to displace a renter from their ADU because of a move. Or a local family that owns two homes can rent two ADUs, whether or not the owner lives in the homes.

With this amendment, the bill would fulfill the intent to provide more flexibility for home owners and more potential opportunities for rental homes and ADUs on the market. At the same time, we believe such a cap would help limit the distortion of the market potentially caused by private equity investment in single family homes and ADUs.[2] In particular, we are mindful of

[1] We appreciate that County Executive Marc Elrich and bill co-sponsor Councilmember Laurie-Anne Sayles have also offered amendments for consideration that reflect the significant community interest and concern about this topic.

[2] Such institutional investment is not a bogeyman scare tactic. Indeed, even the Trump Administration, which is beholden to corporate interests, is heralding the crack down on large scale investor investment in single family homes through the Road to Housing Act. *See, for example,* https://home.treasury.gov/news/press-releases/sb0665.

concerns regarding upward pressure on the cost of single family homes and fewer homes available for purchase for our residents.

We also hope the cap would help ensure that properties with ADUs are well cared for by owners and renters. For the most part, we believe that our owners with one or two rental homes have a significant personal interest in taking care of them. And, if they don't care for them, a concern of some of the residents we are hearing from, our County should enforce any code violations through existing law.

Relatedly, a cap is also sensible to help ensure that existing permitting and code enforcement teams are more likely to be able to manage an influx of new ADUs and the corresponding increase in inspection and enforcement responsibilities, which is an important consideration in the context of our tight budgetary reality.

Second, we propose a reporting requirement to help understand the impact of this bill on the County, including the number of new ADUs, the number of ADUs qualifying for a fee exemption, and statistics regarding whether owners of ADUs in the County are natural persons or corporations. Such data will help to inform whether additional adjustments are needed to the law around this issue.

We hope you will consider these amendments, which aim to find a balance between the bill that was introduced and what we are hearing from our residents. We are continuing to review resident feedback, cognizant of the tight timeline the Council has to consider this bill before the end of the Council term, and look forward to a robust discussion of the bill and all of the proposed amendments.

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;**]** the owner will not operate more than 2 accessory dwelling unit rental licenses in the County;

[(C)**]**(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)**]]**(D) 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.

* * *

Sec. 2. Reporting. The County Executive must submit a report to the County Council regarding the impacts of Bill 41-26 no later than December 1, 2028, and not before March 30, 2028. The report should include data regarding the number of accessory dwelling unit rental license applications since the effective date of this Act; the number of accessory dwelling units qualifying for a fee exemption pursuant to this Act; statistics regarding whether owners of accessory dwelling units in the County are natural persons or corporations; and other information the Department finds relevant.