Bill No. 41-26
Concerning: Landlord-Tenant Relations – Licensing Procedures and Fees – Accessory Dwelling Unit
Revised: 11/10/2026 Draft No. 3
Introduced: September 15, 2026
Enacted: November 10, 2026
Executive:
Effective:
Sunset Date:
Ch. ____, Laws of Mont. Co. ____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Friedson and Council President Fani-González
Co-Sponsors: Councilmember Evans, Council Vice President Balcombe, Councilmembers Luedtke, Glass, Stewart, Katz, and Sayles

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	*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 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**]]** may obtain a license to operate an accessory dwelling unit to live in or to rent only 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 owns 2 or fewer accessory dwelling units within the County, inclusive of the unit that is the subject of the application, and is:

(i) a natural person;

(ii) a trust controlled by a natural person;

(iii) a trust or estate of a decedent; or

(iv) a legal entity, however organized, that is owned directly by a natural person;

(C) in the case of an owner who is a natural person, the application for a rental license for one accessory dwelling unit contains an affidavit to the Director attesting that the natural person does not own more than one other accessory dwelling unit within the County in their individual capacity;

(D) in the case of an owner that is a trust, estate, or legal entity, the application for a rental license for one accessory dwelling unit contains an affidavit to the Director attesting that no natural person who directly owns or has a beneficial interest in the trust or estate or legal entity has:

(i) more than one other accessory dwelling unit within the County owned by a trust, estate, or legal entity that the natural person directly owns or has a beneficial interest in; or

(ii) more than one other accessory dwelling unit within the County in their individual capacity;

[(C)**]** (E) 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)**]]** (F) 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 **[[**§**]]** Section 59.3.3.3 as a conditional use.

* * *

(3) The Director may renew a license for an accessory dwelling unit at the request of the applicant if:

(A) the applicant:

(i) attests that the number of occupants will not exceed the requirements of Section 26-5 and there will be no more than 2 residents in the dwelling unit who are older than 18 years; and

(ii) **[[**attests that one of the dwelling units on the lot or parcel will be the primary residence of the owner; and

(iii)**]]** acknowledges that by obtaining a license the applicant gives the Director the right to inspect the lot or parcel including the accessory dwelling unit.

* * *

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.

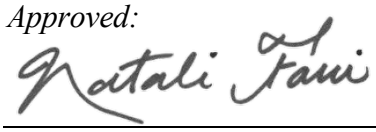
[(d)**]** (e) By method (3) regulation, the Executive may establish annual fees that are:

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

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

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.

Approved:



November 10, 2026

Natali Fani-González, President, County Council — Date

Approved:

Marc Elrich, County Executive — Date

This is a correct copy of Council action.

Sara R. Tenenbaum, Clerk of the Council — Date