



Committee: Directly to Council
Committee Review: N/A
Staff: Christine Wellons, Legislative Attorney
Purpose: To receive testimony – no vote expected
Keywords: #NoRentIncreases
 #RentStability

AGENDA ITEM #17
 April 21, 2020
Public Hearing

SUBJECT

Expedited Bill 18-20, Landlord-Tenant Relations – Rent Stabilization During Emergencies (a/k/a, “COVID-19 Renter Relief Act”)
 Lead Sponsor: Councilmember Jawando
 Co-Sponsors: Council President Katz, Councilmember Rice, and Councilmember Navarro

EXPECTED ATTENDEES

Public speakers

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A; Receive public testimony

DESCRIPTION/ISSUE

Expedited Bill 18-20, Landlord-Tenant Relations – Rent Stabilization During Emergencies would: (1) prohibit the increase of residential rent during and after certain declared states of emergency; (2) prohibit certain notices to tenants; and (3) require certain notices to tenants.

SUMMARY OF KEY DISCUSSION POINTS

- N/A

This report contains:

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MEMORANDUM

April 16, 2020

TO: County Council

FROM: Christine Wellons, Legislative Attorney

SUBJECT: Expedited Bill 18-20, Landlord-Tenant Relations – Rent Stabilization During Emergencies; (a/k/a, “COVID-19 Renter Relief Act”)¹

PURPOSE: Public Hearing – no votes required

Expedited Bill 18-20 Landlord-Tenant Relations – Rent Stabilization During Emergencies, sponsored by Lead Sponsor Councilmember Jawando and Co-Sponsors Council President Katz, Councilmember Rice, and Councilmember Navarro, was introduced on April 14, 2020. A final vote on the bill is tentatively scheduled for Thursday, April 23, 2020.

Expedited Bill 18-20 – also referred to as the “COVID-19 Renter Relief Act” – would prohibit the increase of residential rents during the current catastrophic health emergency declared by Governor Hogan on March 5, 2020. The bill would sunset 121 days after expiration of the catastrophic health emergency. The bill also would require certain notices to tenants.

BACKGROUND

The purpose of Bill 18-20 is to prevent rent increases for tenants during the current catastrophic health emergency declared by the Governor on March 5 in response to the COVID-19 pandemic.

Under Section 29-54 of the County Code, “A landlord must not increase the rent until 90 days after the landlord gives the tenant written notice of the increase. A landlord must not impose more than one rent increase on a tenant in any 12-month period.” Bill 18-20 would prohibit rent increases – not only more than once in a 12-month period – but anytime during the pending catastrophic health emergency.

SPECIFICS OF THE BILL

The bill would define “emergency” as the catastrophic health emergency declared by the Governor on March 5, 2020 under Section 14-303 of the Public Safety Article of the Maryland Code.

During the emergency, a landlord would be prohibited from raising rent on a residential tenant. If, prior to the emergency, the landlord had notified the tenant of an upcoming increase under Section 29-54 of the Code, then the landlord would be required to instruct the tenant to

¹ #NoRentIncreases
#RentStability

disregard that notice. The bill would prohibit a landlord from notifying the tenant of a rent increase during the emergency, or within 30 days after the emergency expires.

The bill also would require the Department of Housing and Community Affairs to post pertinent information on its website regarding the prohibition against rent increases during the emergency. The website would have to include information about the emergency, including its expiration date and the date that occurs 30 days after the expiration.

The bill would sunset 121 days after expiration of the current catastrophic health emergency.

POTENTIAL AMENDMENTS FOR COUNCIL CONSIDERATION

To date, Councilmembers have identified several potential amendments to Bill 18-20, which are described below. Additional or different amendments might be proposed at final action on the bill, scheduled for April 23, 2020.

1. Amendment to Clarify that the Bill applies to Lease Renewals, Not New Leases

During the bill's introduction, several Councilmembers indicated that the bill should apply to residential lease renewals only, not to new leases. To clarify this point in the bill, the Council might wish to adopt the following amendment.

Amend lines 3-6 as follows:

- (a) Definitions. In this Section, the following terms have the meanings indicated.
[[*emergency*]] *Emergency* means the catastrophic health emergency declared by the Governor of Maryland on March 5, 2020, as amended or extended by the Governor, under Section 14-3A-02 of the Public Safety Article of the Maryland Code.
Tenant has the meaning stated in Section 29-1. *Tenant* includes an existing tenant.
Tenant does not include a prospective tenant.

2. Amendment to Permit Rent Increases under the Voluntary Rent Guidelines

Councilmembers Friedson and Glass have proposed permitting rent increases that are consistent with the Voluntary Rent Guidelines during the emergency, as opposed to prohibiting rent increases altogether during the emergency.

Under the Code, Voluntary Rent Guidelines are set annually by the Executive on March 1 and "must be based on the increase or decrease in the residential rent component of the Consumer Price Index for All Urban Consumers (CPI-U) for the Washington-Arlington-Alexandria Core Based Statistical Area (CBSA) as published by the United States Department of Labor, Bureau of Labor Statistics, or any successor index, for the preceding calendar year, unless an alternative standard better reflecting the costs of rental housing in the County is established by regulation." (Section 29-53). The current rent guideline for 2020 is 2.6%. See

https://www.montgomerycountymd.gov/DHCA/housing/landlordtenant/voluntary_rent_guideline.html.

The potential amendment proposed by Councilmembers Friedson and Glass would be as follows.

Amend lines 7-20 as follows:

- (b) Rent increases above guidelines – when prohibited. A landlord must not increase a tenant’s rent to an amount that exceeds the voluntary rent guidelines under Section 29-53 if:
 - (1) the rent increase would take effect during an emergency; or
 - (2) notice of the rent increase does not comply with subsection (c) and Section 29-54.
- (c) Notices of rent adjustments.
 - (1) During an emergency and within 30 days after the expiration of an emergency, a landlord must not notify a tenant of a rent increase if the increase would exceed the voluntary rent guidelines under Section 29-53.

3. Amendment to Allow the Department of Housing and Community Affairs (DHCA) to Permit Rent Increases or Fees in Certain Circumstances

Councilmember Friedson has proposed the following amendments for the Council’s consideration. These amendments would be in addition to the Friedson/Glass amendments described above.

The additional amendments would permit rents to be raised up to 5% above current rent – on a case-by-case basis – if DHCA finds that the increase is justified by financial hardship or increased costs to the landlord. The amendments also would allow a landlord to issue a one-time fee under certain circumstances to recoup increased operational costs, if the landlord has an existing agreement with DHCA to follow the Voluntary Rent Guidelines.

Amend lines 7 through 20 as follows.

- (b) Rent increases – when prohibited. [[A]] Except as provided in subsection (e), a landlord must not increase a tenant’s rent if:
 - (1) the rent increase would take effect during an emergency; or
 - (2) notice of the rent increase does not comply with subsection (c) and Section 29-54.
- (c) Notices of rent adjustments. Except as provided in subsection (e):

- (1) During an emergency and within 30 days after the expiration of an emergency, a landlord must not notify a tenant of a rent increase.
- (2) A landlord must inform a tenant in writing to disregard any notice of a rent increase if:
 - (A) the landlord provided the notice to the tenant prior to an emergency;
and
 - (B) the effective date of the increase would occur on or after the date the emergency began.

After line 24, add:

(e) Exceptions.

- (1) The Director may grant an exemption from the requirements of subsections (b) and (c) to a landlord if the Director finds that:
 - (A) the landlord demonstrates financial hardship;
 - (B) the rent increase proposed by the landlord reasonably reflects increased costs to the landlord; and
 - (C) the rent increase proposed by the landlord does not exceed 5% above the current rent.
- (2) If a landlord has an agreement with the County to follow Voluntary Rent Guidelines under Section 29-53, the Director may permit the landlord to issue a one-time fee that reasonably reflects increased operational costs to the landlord.

4. Amendment to Prohibit Late Fees During and After the Emergency

Councilmember Jawando has proposed the following amendment to prohibit the imposition of late fees for the nonpayment or late payment of rent during and after an emergency.

After line 20, insert a new section:

- (d) Prohibition against late fees. A landlord must not charge a late fee to a tenant for the nonpayment or late payment of rent due during an emergency, or within 30 days after the expiration of an emergency.

Additional amendments might be presented at final action on April 23, 2020.

This packet contains:

Expedited Bill 18-20
Legislative Request Report
Sponsor's Memorandum

Circle #

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Expedited Bill No. 18-20
Concerning: Landlord-Tenant Relations
- Rent Stabilization During
Emergencies
Revised: 04/14/2020 Draft No. 4
Introduced: April 14, 2020
Expires: October 14, 2021
Enacted: [date]
Executive: [date signed]
Effective: [date takes effect]
Sunset Date: None
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Jawando
Co-Sponsors: Council President Katz, Councilmember Rice, and Councilmember Navarro

AN EXPEDITED ACT to:

- (1) prohibit the increase of rent during and after certain declared emergencies;
- (2) prohibit certain notices to tenants;
- (3) require certain notices to tenants; and
- (4) generally amend County law concerning landlord-tenant relations.

By adding

Montgomery County Code
Chapter 29, Landlord-Tenant Relations
Section 29-55

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

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

1 **Sec. 1. Section 29-55 is added as follows:**

2 **29-55. Rent increases during states of emergency – prohibited.**

3 (a) *Definitions.* In this Section, *emergency* means the catastrophic health
 4 emergency declared by the Governor of Maryland on March 5, 2020, as
 5 amended or extended by the Governor, under Section 14-3A-02 of the
 6 Public Safety Article of the Maryland Code.

7 (b) *Rent increases – when prohibited.* A landlord must not increase a
 8 tenant’s rent if:

9 (1) the rent increase would take effect during an emergency; or

10 (2) notice of the rent increase does not comply with subsection (c) and
 11 Section 29-54.

12 (c) *Notices of rent adjustments.*

13 (1) During an emergency and within 30 days after the expiration of an
 14 emergency, a landlord must not notify a tenant of a rent increase.

15 (2) A landlord must inform a tenant in writing to disregard any notice
 16 of a rent increase if:

17 (A) the landlord provided the notice to the tenant prior to an
 18 emergency; and

19 (B) the effective date of the increase would occur on or after the
 20 date the emergency began.

21 (d) *Notice of expiration of emergency.* The Department must post on its
 22 website information about the requirements of this Section, including the
 23 date that an emergency expires, and the date that is 30 days after the
 24 expiration of the emergency.

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

28 **Sec. 3. Sunset date.** This Act must expire, and must have no further force or
29 effect, upon the 121st day following the expiration of the catastrophic health
30 emergency declared by the Governor of Maryland on March 5, 2020, as amended or
31 extended by the Governor.

LEGISLATIVE REQUEST REPORT

Expedited Bill 18-20

Landlord-Tenant Relations – Rent Stabilization During Emergencies

DESCRIPTION: Expedited Bill 18-20 would prohibit the increase of rent during and after certain declared states of emergency, prohibit certain notices to tenants, and require certain notices to tenants.

PROBLEM: The burden of rent increases for tenants during public emergencies.

GOALS AND OBJECTIVES: Prevent landlords from increasing a tenant's rent during an emergency. Prohibit notices of rent increases during, and within a certain time period after, an emergency.

COORDINATION: Department of Housing and Community Affairs

FISCAL IMPACT: OMB

ECONOMIC IMPACT: OLO

EVALUATION: To be done.

EXPERIENCE ELSEWHERE: Similar legislation pending in the District of Columbia

SOURCE OF INFORMATION: Christine Wellons, Legislative Attorney

APPLICATION WITHIN MUNICIPALITIES: N/A

PENALTIES: Class A violation under Section 29-8

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MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

WILL JAWANDO
COUNCILMEMBER
AT-LARGE

TO: Councilmembers, Chiefs of Staff
FROM: Councilmember Will Jawando
DATE: April 9, 2020
SUBJECT: Bill 18-20, Landlord-Tenant Relations-Rent Stabilization
During Emergencies

Covid-19 has caused many Montgomery County residents to lose their jobs or suffer from loss of work hours and reduced income. An increase in expenses during this time adds even more anxiety to the stress people are already facing.

Next week, I am introducing Bill 18-20, Landlord-Tenant Relations – Rent Stabilization During Emergencies. Bill 18-20 prohibits the increase of rent during and after certain declared states of emergency such as Covid-19. Our office has been contacted by residents who have received notices of rent increases during the pandemic. DHCA and The Renter’s Alliance also report that they have received similar complaints.

Certain landlords have already decided not to impose the burden of a rent increase on their tenants during this time. AOBA reports that a number of their members have proactively committed to their residents that they are suspending rent increases. Bill 18-20 supports the action of these landlords while protecting other tenants whose landlords have not made a similar decision.

During the Covid-19 pandemic, we must continue to provide protections and solutions for Montgomery County residents that we have not had to consider in the past. I hope each of my Council colleagues will join me in support of Bill 18-20.