



Committee: Directly to Council
Committee Review: N/A
Staff: Christine Wellons, Legislative Attorney
Purpose: Final action – vote expected
Keywords: #NoRentIncreases
 #RentStability

AGENDA ITEM #7
 April 23, 2020
Action

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

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- Final vote on Bill

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

- Consideration of proposed amendments. See Staff Memorandum, pages 3-6.
- Final vote on bill (as amended, if applicable).

This report contains:

Staff Memorandum	1
Expedited Bill 18-20	©1
Legislative Request Report	©4
Sponsor’s Memorandum	©5
Fiscal Impact statement	©6
Economic Impact statement	©8
Representative testimony	©17

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MEMORANDUM

April 21, 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: Action – Council votes expected

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 public hearing was held on April 21, at which nine speakers testified regarding the bill.

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

¹ #NoRentIncreases
#RentStability

under Section 29-54 of the Code, then the landlord would be required to instruct the tenant to 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. As a result, the earliest that a rent increase would occur would be 120 days following the expiration of the emergency.

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.

SUMMARY OF TESTIMONY

Bill 18-20 has generated extensive comments from businesses, non-profit organizations, and other members of the public (beginning at ©17). Highlights of the comments include the following.

- “The County Executive views this bill as an appropriate measure to provide critical stability to residents during this state of emergency and time of financial uncertainty.” (©31)
- According to the Office of Legislative Oversight’s Economic Impact Statement: “Importantly, only landlords who plan to increase rents would be directly impacted by the bill. If the experience of the Great Recession is any indication, we should expect that a significant portion of landlords would increase rents during the current crisis. As indicated in the 2019 Montgomery County Trends report, asking rents per square foot (inflation adjusted) steadily increased throughout the recession.” (©12).
- Several individuals shared the following perspective: “I’m calling on you, as a short-term solution, to alleviate some of the stress, fear, and anxiety many renters are feeling by prohibiting rent increases during, and for a period after, a state of emergency. As a long-term solution, we need universal housing for all.” (©43).
- According to the Community Action Partnership: “With the cost of housing already so high in Montgomery County, the Community Action Board believes this step is an absolute necessity. Even before the current emergency, 44.7% of white renters, 42.7% of Asian renters, 54.5% of Black renters, and 62.2% of Latino renters were housing burdened.” (©44)
- The Apartment and Office Building Association of Metropolitan Washington (AOBA) has requested several amendments to the bill (©38 – 41) and has noted: “Housing providers are struggling to keep their own employees and maintain and operate their communities while facing steep declines in rents, their primary source of income, for the foreseeable future. Housing providers’ financial obligations include, for example, mortgage payments, rising utility costs (including from the spike in usage by residents),

insurance expenses, and other operating costs all while also facing new costs associated with protecting their communities from COVID-19.” (©34).

- Several landlords and their representatives have expressed concern that the County should not cause undue burden to landlords. For example, a real estate executive stated: “This bill unless it is in concert with a stay on foreclosures or forbearance with mortgage lenders who secure commercial and residential properties is not fair to property owners. Let’s make sure that any restrictions to businesses have relief valves in some form not to inflict undue pressure in light of the crisis that all of us face.” (©22)
- Some landlords have spoken in favor of the Friedson-Glass amendment regarding Voluntary Rent Guidelines (described below in Section 2 of Potential Amendments), pointing out that “a correction for inflation really is, technically and accurately, an actual freeze, one that correctly accounts for the time-stamped value of a dollar.” (©24).
- The Montgomery Housing Alliance has asked the Council to exempt from the bill units covered by income-determined rental assistance contracts, such as federal Housing Assistance Payment (HAP) contracts. (©26).
- The Greater Silver Spring Chamber of Commerce has questioned the need for the bill and stated: “[W]hen we reached out to the many residential property owners among our Chamber’s members, we confirmed that they are deeply committed to working with the many residents affected by the COVID-19 crisis and are doing everything they can to help these tenants stay in their homes.” (©28).

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.

5. Clarifying Amendment – Bill Title

Councilmembers have referred to the bill as the “COVID-19 Renter Relief Act”. To formalize this title, the Council might wish to adopt the following amendment.

Add a new Section 4 of the Bill as follows.

Sec. 4. Short title. This Act may be cited as the “COVID-19 Renter Relief Act”.

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

STAFF RECOMMENDATION

If the Council decides to enact Bill 18-20, then Council staff recommends the adoption of: (1) the amendment described above (under Section 1 of Potential Amendments), which would clarify that the bill applies to lease renewals, not to new leases; and (2) the amendment described above (under Section 5 of Potential Amendments) to clarify and formalize the bill’s short title as the “COVID-19 Renter Relief Act”.

This packet contains:

Expedited Bill 18-20
Legislative Request Report
Sponsor’s Memorandum
Fiscal Impact statement
Economic Impact statement
Representative testimony

Circle #

©1
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©17

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.

Fiscal Impact Statement

Expedited Bill 18-20, Landlord-Tenant Relations – Rent Stabilization During Emergencies

1. Legislative Summary

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

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

The Bill is not expected to have an impact on expenditures or revenue. In terms of new responsibilities, this Bill requires the Department of Housing and Community Affairs (DHCA) to post pertinent information on its website regarding the prohibition against rent increases during emergencies. The website would have to include information about each emergency, including its expiration date and the date that occurs 30 days after the expiration. This is expected to have minimal impact on staff time.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

See Question #2; this Bill is not expected to have an impact on expenditures or revenues.

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

Not applicable.

5. An estimate of expenditures related to County’s information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.

Not applicable.

6. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

Not applicable.

7. An estimate of the staff time needed to implement the bill.

The implementation of this Bill is expected to have a minimal impact on staff time.

8. An explanation of how the addition of new staff responsibilities would affect other duties.

Per Question #2, implementing this Bill will have a minimal impact on staff time and responsibilities.

9. An estimate of costs when an additional appropriation is needed.

Not applicable.

10. A description of any variable that could affect revenue and cost estimates.

Not applicable.

11. Ranges of revenue or expenditures that are uncertain or difficult to project.

Not applicable.

12. If a bill is likely to have no fiscal impact, why that is the case.

See Question #2.

13. Other fiscal impacts or comments.

Not applicable.

14. The following contributed to and concurred with this analysis:

Aseem Nigam, Director, DHCA

Frank Demarais, Deputy Director, DHCA

Tim Goetzinger, Chief, Finance and Administration, DHCA

Pofen Salem, Budget Analyst, Office of Management and Budget



Richard S. Madaleno, Director
Office of Management and Budget

4-16-20

Date

Economic Impact Statement

Office of Legislative Oversight

Expedited Bill 18-20

Landlord-Tenant Relations – Rent Stabilization During Emergencies

SUMMARY

On April 14, 2020, the Montgomery County Council introduced Expedited Bill 18-20. Although economic impact statements are not required for expedited bills due to time limitations,¹ the Office of Legislative Oversight (OLO) wants to offer a preliminary analysis of the economic impacts of Expedited Bill 18-20. Overall, we expect the bill to have a net positive impact on the economy in Montgomery County, Maryland, although it would not impact all groups the same and may have a negative impact on local landlords that would need to be monitored.

BACKGROUND

The novel coronavirus pandemic has triggered a global recession that many economists believe will be worse than the Great Recession during the 2000s.² With the highest number of coronavirus cases and deaths in the world, the United States is the epicenter of the pandemic.³ The emergency mitigation measures taken at the state and local levels to slow the spread of the disease (closure of nonessential businesses and schools, stay-at-home orders, etc.) have severely restricted economic activity. These measures, combined with falling oil/commodity prices, financial market volatility and supply-chain disruptions,⁴ have caused a rapid and massive economic contraction in the U.S., which many economists expect to reach its nadir in the second quarter.⁵ Having lost more than 700,000 jobs in March,⁶ economists expect the U.S. to shed millions more in the

¹ County Council, Bill No. 10-19 Legislative Branch – Economic Impact Statements - Amendments, Montgomery County Maryland, 3.

² See, for example, Gita Gopinath, “The Great Lockdown: Worst Economic Downturn Since the Great Depression,” *IMF*, April 14, 2020, <https://blogs.imf.org/2020/04/14/the-great-lockdown-worst-economic-downturn-since-the-great-depression/> (accessed April 18, 2020); and Elisabeth Waelbroeck-Rocha and Nariman Behraves, “COVID-19 Recession to Be Deeper Than That of 2008-2009,” *IHS Markit*, March 30, 2020 <https://ihsmarkit.com/research-analysis/covid19-recession-to-be-deeper-than-that-of-20082009.html> (accessed April 5, 2020).

³ FT.com. “Coronavirus Tracked: The Latest Figures as the Pandemic Spreads,” *Financial Times*, <https://www.ft.com/coronavirus-latest> (accessed April 18, 2020).

⁴ For a depiction of the channels through which the coronavirus is impacting the economy, see Coronavirus and the Economy: Alternative Data Monitor, Sector In-Depth, Moody’s, April 14, 2020, 5, https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1223320 (accessed April 17, 2020).

⁵ See, for example, Jeff Cox, “Goldman Says Downturn Will Be 4 Times Worse Than Housing Crisis, Then An ‘Unprecedented’ Recover,” *CNBC*, April 14, 2020, <https://www.cnbc.com/2020/04/14/goldman-downturn-will-be-four-times-worse-than-the-financial-crisis.html> (accessed April 19, 2020); Patti Domm, “JPMorgan Now Sees Economy Contracting By 40% in Second Quarter, and unemployment reaching 20%,” *CNBC*, April 9, 2020, <https://www.cnbc.com/2020/04/09/jpmorgan-now-sees-economy-contracting-by-40percent-and-unemployment-reaching-20percent.html> (accessed April 19, 2020); and Waelbroeck-Rocha and Behraves, “COVID-19 Recession.”

⁶ BLS.gov. The Employment Situation – March 2020. U.S. Bureau of Labor Statistics. April 3, 2020. <https://www.bls.gov/news.release/empsit.nr0.htm?via=webuproar> (accessed April 6, 2020).

Economic Impact Statement

Office of Legislative Oversight

coming months.⁷ Meanwhile, millions of more Americans who are currently furloughed (i.e. on leave without pay) eagerly await their return to work.

Like the nation at large, Montgomery County and all jurisdictions in the surrounding region are in an economic tailspin. With the entire Washington metropolitan area under stay-at-home orders and nonessential businesses closed, economic activity has been reduced to a trickle. Crucially, unlike previous recessions, the presence of the federal government will offer little insulation from the immediate economic effects of the coronavirus pandemic. As Jeannette Chapman, director of the Stephen S. Fuller Institute, explains,

In a typical recession, the federal government is a stabilizer for the region by being a consistent, or growing, source of income for a significant share of local businesses and households. In turn, these federally dependent businesses and households spend money at other local businesses, supporting secondary activities even during a business cycle downturn. In this downturn, households and businesses will reduce expenditures at local businesses *even if their incomes are unchanged as households, businesses, and governments implement strategies to flatten the curve of the pandemic* [emphasis added].⁸

The inability of the federal government to insulate the region from the recession is illustrated by recent unemployment claims. The sharp increase in unemployment claims in Montgomery County from early-March to mid-April is consistent with the trajectory of unemployment claims in the country.⁹ In contrast to the economic decline phase, the presence of the federal government should strengthen the region's economy during the recovery phase. "The source of funding and the workforce of the federal government and federal contractors," Chapman writes, "will be less affected by the disruption, making it easier for both the businesses and the associated households to resume normal operations."¹⁰

To mitigate the consequences of the economic tailspin, the Montgomery County Council has introduced Expedited Bill 18-20, which would temporarily establish the only County-wide rent control regulation for residential properties. Under current law, landlords possess the legal discretion to change rental rates for residential properties in the County.¹¹ Putting aside the issue of Moderately Priced Dwelling Units (MPDU),

⁷ See, for example, Josh Bivens, "Even With Already-Passed Relief and Recovery Measures, Job Losses From the Coronavirus Shock Could Easily Exceed 20 million," Economic Policy Institute, April 6, 2020 <https://www.epi.org/blog/even-with-already-passed-relief-and-recovery-measures-job-losses-from-the-coronavirus-shock-could-easily-exceed-20-million/> (accessed April 6, 2020); and Domm, "JPMorgan Now Sees."

⁸ "The Effect of the Coronavirus Pandemic on the Washington Region's Economy," Stephen S. Fuller Institute, March 18, 2020 https://sfullerstitute.gmu.edu/2020/03/18/coronavirus/#_ftn1 (accessed April 2, 2020).

⁹ Stephanie Bryant and Leslie Rubin, COVID-19: Unemployment Update, Office of Legislative Oversight, Montgomery County Council, April 16, 2020, <https://www.montgomerycountymd.gov/OLO/Resources/Files/2020%20Reports/UnemploymentOverviewOLO6.pdf> (accessed April 16, 2020).

¹⁰ Chapman, "Effect of the Coronavirus Pandemic."

¹¹ Montgomerycountymd.gov, Amount of Allowable Landlord Rent Increase, Montgomery County, Maryland, <https://www3.montgomerycountymd.gov/311/Solutions.aspx?SolutionId=1-TYH51> (accessed April 18, 2020).

Economic Impact Statement

Office of Legislative Oversight

the sole exception is the incorporated City of Takoma Park, where landlords are prohibited from increasing rents above certain limits.¹² Expedited Bill 18-20 would prohibit landlords from increasing residential rents until 120 days after the Governor ends the state of emergency,¹³ which he declared on March 5, 2020.¹⁴ For landlords who have already notified tenants of rate increases that would occur during the duration of the policy, they would need to inform their tenants “in writing to disregard any notice of a rent increase.”¹⁵ The bill includes a sunset provision, stipulating that the temporary freeze on rent increases “must expire, and must have no further force or effect, upon the 121st day following the expiration of the catastrophic health emergency.”¹⁶

INFORMATION, ASSUMPTIONS and METHODOLOGIES

No one can be certain about the *depth* or *duration* of the unfolding economic recession. This uncertainty is evidenced by the wide variation in forecasts on GDP, unemployment and other key indicators, as well as varying expert opinion on when the eventual recovery will take place. For example, Goldman Sachs economists predict a “V”-shaped recovery, in which the economy quickly rebounds in the third quarter.¹⁷ Meanwhile, other economists predict a much longer “U”-shaped recovery, especially if the current pandemic triggers a financial crisis.¹⁸

Given the great uncertainty about the depth and duration of the pandemic and related recession, OLO believes it is unwise to quantify the impacts of Expedited Bill 18-20 on the County economy by using multipliers or other methods. Instead, OLO bases its expectations on staff judgment and, more importantly, draws attention to variables that the Council should monitor in order to assess the impacts of the bill and the overall state of the economy in the County and broader region.

VARIABLES

The variables that could affect the economic impacts of the temporary freeze on rent increases in the County are the following:

- Duration of the state of emergency in Maryland

¹² Takomaparkmd.gov, Rent Stabilization, City of Takoma Park, Maryland, <https://takomaparkmd.gov/government/housing-and-community-development/rental-housing/rent-stabilization/> (accessed April 18, 2020).

¹³ County Council, Expedited Bill No. 18-20 Landlord-Tenant Relations – Rent Stabilization During Emergencies, Montgomery County Maryland, 2.

¹⁴ Governor Lawrence J. Hogan, Declaration of State of Emergency and Existence of Catastrophic Health Emergency – COVID 19, State of Maryland. March 5, 2020, <https://governor.maryland.gov/wp-content/uploads/2020/03/Proclamation-COVID-19.pdf> (accessed April 18, 2020).

¹⁵ Ibid.

¹⁶ Ibid, 3.

¹⁷ Cox, “Goldman Says.”

¹⁸ Carmen M. Reinhart and Kenneth Rogoff, “The Coronavirus Debt Threat,” *Wall Street Journal*, March 26, 2020 <https://www.wsj.com/articles/the-coronavirus-debt-threat-11585262515> (accessed April 3, 2020).

Economic Impact Statement

Office of Legislative Oversight

- Unemployment and wage rates for renters, especially those most impacted by COVID-19 and the economic downturn—namely, elderly, low-income, minority, and immigrant residents, owners of small nonessential businesses, and workers in leisure & hospitality, retail, and other industries that rely heavily on discretionary spending¹⁹
- Number of renters and landlords who reside in the County
- Proportion of cost-burdened renters (i.e. proportion of households that spend 35% or more of their income on housing²⁰)
- Supply of rental housing for low-income households
- Vacancy rates
- Profit margins for landlords who reside in the County

To monitor the overall state of the County economy, the Council should concentrate on indicators that are released in a timely manner. OLO recommends that the Council monitor the following indicators:

- **Quarterly changes in GDP for Maryland, Virginia, and the District of Columbia.**²¹ While County GDP would be an appropriate measure of the overall strength of the economy, the most recent county-level data from the Bureau of Economic Analysis (BEA) is for 2018.²² A more timely option is the state-level GDP data BEA releases much closer to real time.
- **Washington Coincident Index and Washington Leading Index.** These indices are prepared by the Stephen S. Fuller Institute, which is a leading source of expert analysis on the Washington metropolitan area economy. The Coincident Index measures “the current state of the metropolitan area economy based on a combination of regional indicators, including wage and salary employment, consumer confidence, retail sales, and domestic passenger volume.” The Leading Index “forecasts the performance of the metropolitan area economy six to eight months in advance based on a combination of regional indicators, including unemployment, consumer expectations, retail spending, and residential building permits.”²³ The Institute updates and reports these indices monthly.
- **Monthly Unemployment Rates for the County**²⁴ and **Weekly Unemployment Insurance Claims for the County.**²⁵

¹⁹ Chapman, “Effect of Coronavirus Pandemic.”

²⁰ Montgomery County Planning Department, 2019 Montgomery County Trends: A Look at People, Housing and Jobs Since 1990, January 2019, 64.

²¹ BEA.gov, GDP By State, U.S. Bureau of Economic Analysis, <https://www.bea.gov/data/gdp/gdp-state> (accessed April 7, 2020).

²² BEA.gov, Local Area Gross Domestic Product, 2018, U.S. Bureau of Economic Analysis, <https://www.bea.gov/data/gdp/gdp-county-metro-and-other-areas> (accessed April 7, 2020).

²³ Sfullerinstitute.gmu.edu, Economy Watch, <https://sfullerinstitute.gmu.edu/economy-watch/> (accessed on April 7, 2020).

²⁴ DLLR.state.md.us, Local Area Unemployment Statistics, Maryland Department of Labor, <https://www.dllr.state.md.us/lmi/laus/> (accessed April 20, 2020).

²⁵ DLLR.state.md.us, Unemployment Insurance Initial Claims by County, Maryland Department of Labor, <https://www.dllr.state.md.us/employment/uicounty.shtml> (accessed April 20, 2020).

Economic Impact Statement

Office of Legislative Oversight

- **Wage Rates for the Region.**²⁶
- **Number of Businesses in the County.**²⁷
- **Sales and Use Tax Receipts in the County.**²⁸ To our knowledge, the best way to capture changes in sales in the County is tax receipt data.
- **Human Mobility in the County and Change in Seated Diners in the Region.**²⁹ Economists are concerned that the economic recovery could be undercut by the residual fear and anxiety that reduces consumer demand even after “social distancing” measures have been lifted.³⁰ Using human mobility data, Unacast has created a publicly available scorecard for social distancing. Tracking changes in mobility in the County will indicate whether residents continue to engage in social distancing due to residual fears after the pandemic passes. Another way to monitor residual fears would be to track year-over-year changes in seated diners at restaurants in DC and Maryland. This data is made publicly available by OpenTable.³¹

IMPACTS

Businesses, Non-Profits, Other Private Organizations

Workforce, operating costs, property values, capital investment, taxation policy, economic development, competitiveness, etc.

Overall, OLO believes that Expedited Bill 18-20 would have a mixed impact on private organizations in the County. Landlords would be the primary private actors impacted by the temporary freeze on rent increases because they would bear the cost of the policy in the form of lower profit margins. Lower profits would result in relative increases in operating costs for landlords and perhaps reduce capital investments in their residential properties. These costs would likely be most impactful for individual landlords with no other sources of income.

Importantly, only landlords who plan to increase rents would be directly impacted by the bill. If the experience of the Great Recession is any indication, we should expect that a significant portion of landlords would increase rents during the current crisis. As indicated in the 2019 Montgomery County Trends report, asking rents per square foot (inflation adjusted) steadily increased throughout the recession.³² However, compared to the Great Recession, the current crisis has resulted in sharper reductions in income for a broader segment of the County

²⁶ BLS.gov, U.S. Bureau of Labor Statistics, https://www.bls.gov/oes/current/oes_47900.htm (accessed April 20, 2020).

²⁷ Quarterly Census of Employment and Wages (QCEW) data for Maryland, Maryland Department of Labor.

²⁸ Marylandtaxes.gov, Sales and Use Tax Comparative Revenue, Maryland Office of the Comptroller <https://www.marylandtaxes.gov/reports/sales-and-use.php> (accessed April 20, 2020).

²⁹ Unacast.com, Social Distancing Scoreboard, Unacast, <https://www.unacast.com/covid19/social-distancing-scoreboard> (accessed April 18, 2020).

³⁰ Peter S. Goodman, “Why the Global Recession Could Last a Long Time,” *New York Times*, April 1, 2020, <https://www.nytimes.com/2020/04/01/business/economy/coronavirus-recession.html> (accessed April 2, 2020).

³¹ OpenTable.com, The State of the Restaurant Industry, OpenTable, <https://www.opentable.com/state-of-industry> (accessed April 2, 2020).

³² Montgomery County Planning, Department, 2019 Montgomery County Trends, 62.

Economic Impact Statement

Office of Legislative Oversight

population, given the higher rates of permanent and temporary job loss.³³ For this reason, more landlords may plan to maintain, or even reduce, rents for their tenants during the current recession. For these landlords, the bill would not change their behavior; it would legally require actions that they will take of their own volition. Thus, the policy would not directly impact their profit margins, operating costs, and capital investments. At most, it could require them to extend the rent freeze for a longer period than they would otherwise.

Another important consideration is the degree to which the bill impacts landlords *who reside in the County*. Some proportion of landlords who would be impacted by the bill reside outside the County. In these cases, the bill would, in effect, shift the direct costs to other jurisdictions. However, to the knowledge of OLO staff, there is no data on the home jurisdictions for all owners of rental properties in the County. Therefore, we are unable to estimate this cost leakage.

Finally, it is possible that the temporary freeze on rents could benefit businesses in the County. Unlike landlords, the renters who would be impacted by the bill *all reside in the County*. For this reason, it is possible that the temporary freeze on rent hikes would result in a net increase in disposable income for County residents, in which case some portion of the income would be spent on local businesses once social distancing measures are relaxed.

In terms of the other indicators prioritized by the Council, OLO does not expect that the bill would have a meaningful impact. Economic development, competitiveness, property values, and taxation policy will be influenced by the trajectory of the recession and federal relief measures far more than the temporary freeze on rent increases.

Residents

Employment, property values, taxes paid, etc.

OLO believes that Expedited Bill 18-20 would have a positive impact on County residents. Renters who will suffer *temporary* losses of income, such as furloughed employees who return to work, would benefit the most from the bill. For these households, the temporary freeze on rent hikes would prevent them from falling deeper in arrears. Once their income rebounds, they would be able to more rapidly pay off their debts to landlords. OLO has no way of estimating the number of households that would fall into this category. Nevertheless, there are theoretical reasons to expect that a lower debt burden for renters could stimulate the local economy, mainly by increasing disposable spending for these renters.

However, the temporary freeze on rent increases would not provide enough financial support to prevent eviction for households that sustain deep and enduring losses of income, particularly low-income households. OLO is unable to accurately estimate the number of households that will fall in this category. However, skyrocketing unemployment and the high rates of cost-burdened rental

³³ Bryant and Rubin, Unemployment Update.

Economic Impact Statement

Office of Legislative Oversight

households (i.e. households that spend 35 percent or more of their income on rent) indicate that the number will be substantial.³⁴ These households will fall deep in arrears, which will incentivize landlords to assume the time and monetary costs associated with pursuing evictions and finding new renters, once the Sheriff's Office rescinds the stay on evictions.

Importantly, many landlords may not be deterred from taking on these costs out of fear that they will be unable to replace tenants, particularly low-income tenants. The insufficient supply of affordable housing, low vacancy rates, and increase in low-income households over decades indicate that demand for rental properties will remain high relative to supply, which will tempt landlords to shop for tenants that will be able to pay higher rates (even if below asking).³⁵ This said, the largest deterrent for pursuing eviction may end being the backlog in the Courts. This backlog will dramatically slow down the writ of resolution and eviction process, thereby giving tenants more time to attain adequate employment and/or find a mutually aggregable settlement with their landlords.

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³⁴ Montgomery County Planning, Department, 2019 Montgomery County Trends, 64.

³⁵ Ibid, 63, 65.

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CAVEATS

Two caveats to the economic analysis performed 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 (OLO) drafted this economic impact statement.

From: Avi Halpert <ahalpert@unither.com>

Sent: Monday, April 13, 2020 7:05 PM

To: Katz's Office, Councilmember <Councilmember.Katz@montgomerycountymd.gov>

Subject: Bill 18-20

[EXTERNAL EMAIL]

Commercial rent control?

A slippery slope.

I am negotiating in good faith with our few commercial tenants - the county should not be playing commercial landlord.

20-30-40% increases in residential - I doubt it.

Avi Halpert

United Therapeutics Corporation

VP Corporate Real Estate

1040 Spring Street

Silver Spring, Maryland 20910

301-608-9292

www.unither.com

From: Seth Grimes <seth.grimes@gmail.com>

Sent: Thursday, April 16, 2020 1:34 PM

To: Jawando's Office, Councilmember <Councilmember.Jawando@montgomerycountymd.gov>; Glass's Office, Councilmember <Councilmember.Glass@montgomerycountymd.gov>; Riemer's Office, Councilmember <Councilmember.Riemer@montgomerycountymd.gov>; Albornoz's Office, Councilmember <Councilmember.Albornoz@montgomerycountymd.gov>; Hucker's Office, Councilmember <Councilmember.Hucker@montgomerycountymd.gov>; Friedson's Office, Councilmember <Councilmember.Friedson@montgomerycountymd.gov>; Katz's Office, Councilmember <Councilmember.Katz@montgomerycountymd.gov>; Navarro's Office, Councilmember <Councilmember.Navarro@montgomerycountymd.gov>; Rice's Office, Councilmember <Councilmember.Rice@montgomerycountymd.gov>

Subject: I support Expedited Bill 18-20, Rent Stabilization

[EXTERNAL EMAIL]

Councilmembers,

Allow me to express my support for Expedited Bill 18-20, the "COVID-19 Renter Relief Act."

I support the aim of protecting vulnerable county residents. The COVID-19 crisis has made their situations markedly more challenging. Montgomery County must take whatever sensible, reasonable, and fair steps it can to to protect these individuals and families. Expedited Bill 18-20 would put in place one such step, by creating temporary residential rent stabilization with a defined sunset date.

The bill's financial impact on landlords would be modest, however the bill could make a huge difference to residents living on the edge, who have lost employment and who maybe now have to educate their kids at home and deal with the pandemic's health impact. The bill will also benefit the county as a whole, by helping residents who then won't have to seek support from the county because of an unstable housing situation.

I'll further observe that the City of Takoma Park has had residential rent stabilization for many years. Our rental housing stock is in good shape; it's outside the city that the most glaring landlord neglect in recent years has occurred. Rent stabilization -- noting that the proposed county rule is temporary -- will not lead to degraded housing conditions.

My thanks to Councilmember Jawando for introducing the bill and to Council President Katz and Councilmembers Rice and Navarro for co-sponsoring. I hope the other councilmembers will sign on as co-sponsors and that the council as a whole will enact the legislation.

Best wishes,

Seth Grimes

7300 Willow Avenue
Takoma Park, MD

From: Kelly Price <kmprice1904@gmail.com>

Sent: Monday, April 13, 2020 9:19 AM

To: Friedson's Office, Councilmember <Councilmember.Friedson@montgomerycountymd.gov>

Cc: councilmember.hucker@montgomerycountymd.gov

<councilmember.hucker@montgomerycountymd.gov>; Riemer's Office, Councilmember <Councilmember.Riemer@montgomerycountymd.gov>; Albornoz's Office, Councilmember <Councilmember.Albornoz@montgomerycountymd.gov>; Glass's Office, Councilmember <Councilmember.Glass@montgomerycountymd.gov>; Jawando's Office, Councilmember <Councilmember.Jawando@montgomerycountymd.gov>; Katz's Office, Councilmember <Councilmember.Katz@montgomerycountymd.gov>; Rice's Office, Councilmember <Councilmember.Rice@montgomerycountymd.gov>

Subject: Councilmember Jawando's claims

[EXTERNAL EMAIL]

My company will respond accordingly to Councilmember Jawando's claims and ill advised legislation but I wanted to weigh in as your constituent. I am a lifelong Democrat and Montgomery County resident. I am offended that he paints landlords as mustache twirling villains. I don't know a single landlord raising rents during this crisis. In fact, everyone I know is working with struggling tenants, trying to assist their small businesses survive. The employers I talk to are concerned about the safety of their employees and doing what we can to keep all of us safe. The last thing this County needs at this critical time is to spread this false narrative. I urge you to vote against this legislation and to publicly acknowledge the efforts that the Montgomery County business community is doing to help us get through this crisis.

Respectfully,
Kelly M Price
9628 Byeforde Road
Kensington, MD 20895

From: "chris" <cabruch@msn.com>

Date: 4/12/2020 7:17:29 PM

To: "county.council@montgomerycountymd.gov" <county.council@montgomerycountymd.gov>

Cc:

Subject: Bill 18-20 Fact Check

Dear Council-members:

On April 8th your colleague Council-member Jawando was interviewed on "Rising":
<https://youtu.be/sj58QJvPxo0><https://url.emailprotection.link/?bGFWIxJwEA0kakgwyYhXLyLP4bCtqMR_VII57e2zKbg_MGhIXI2EWn78NgwzO7zC0h237Nqdn7Szf5INEGpIq0A~~>

In the interview he said "we've received multiple reports of rent going up 20, 30 40% percent", presumably that is what motivated him to sponsor Bill 18-20.

I urge you to have Council-member Jawando share copies of those "multiple" letters, with the tenants name redacted. Then I urge you to publicly name and call out those landlords, property management firms and the properties.

I find it hard to believe there are multiple reports of rent being increased 20, 30 or 40% during this state of emergency/crisis. For any landlord to do that is unconscionable. Transparency and public shaming solves improper behaviors.

Please confirm there is a problem that warrants this legislation - otherwise, you are legislating for the 1% or exceptions.

Chris Bruch
Chevy Chase, MD

From: "Rosemary Ferreira" <rosemaryferreira77@gmail.com>
Date: 4/20/2020 10:06:13 AM
To: "county.council@montgomerycountymd.gov" <county.council@montgomerycountymd.gov>
Cc:
Subject: Public Hearing Testimony

Hello, my name is Rosemary Ferreira and I am a Takoma Park, MD resident. We need the Council to take unprecedented steps to protect Montgomery County residents against the long-term effects of the COVID-19 crisis.

While an eviction moratorium prevents evictions during this crisis, it may not protect tenants once the state of emergency is lifted. Councilmember Jawando's Bill 18-20, Landlord-Tenant Relations – Rent Stabilization During Emergencies is also a good first step to protecting tenants, but it still does not address the fact that many tenants are struggling to pay their rent and should not be expected to choose between paying rent and buying food for their families. The Council must respond immediately by taking drastic action to pressure Governor Hogan to *suspend* rent and mortgage payments for the duration of the state of emergency.

Furthermore, the Governor's stay-at-home order poses a risk for homeless people who may be arrested or fined for not having a place to go. We must house the homeless in vacant hotel and motel rooms throughout the county.

I strongly urge the Council to put pressure on Governor Hogan to suspend rent and mortgage payments and house the homeless.

Councilmember Albernoz:

It has come to my attention that your fellow councilman, Will Jawando, has introduced an amendment to the rent control bill to limit rent increases during the pandemic. This bill unless it is in concert with a stay on foreclosures or forbearance with mortgage lenders who secure commercial and residential properties is not fair to property owners. Let's make sure that any restrictions to businesses have relief valves in some form not to inflict undue pressure in light of the crisis that all of us face. I would be happy to testify as I am a 40+ year real estate finance and investment executive.

Thank you for your attention,

John C. Coe,
Principal
Coe Enterprises, LLC
(202) 642-1670 (o)
(202) 731-1088 (m)
www.coeenterprises.com

From: Katz's Office, Councilmember [Councilmember.Katz@montgomerycountymd.gov]
Sent: Monday, April 20, 2020 10:42:46 AM
To: Council President
Subject: Fw: Expedited Bill 18-20, COVID 19 Renter Relief Act

From: Suzanna Banwell <suzannabanwell@gmail.com>
Sent: Saturday, April 18, 2020 10:53 AM
To: Albornoz's Office, Councilmember <Councilmember.Albornoz@montgomerycountymd.gov>; Friedson's Office, Councilmember <Councilmember.Friedson@montgomerycountymd.gov>; Glass's Office, Councilmember <Councilmember.Glass@montgomerycountymd.gov>; Hucker's Office, Councilmember <Councilmember.Hucker@montgomerycountymd.gov>; Jawando's Office, Councilmember <Councilmember.Jawando@montgomerycountymd.gov>; Katz's Office, Councilmember <Councilmember.Katz@montgomerycountymd.gov>; Navarro's Office, Councilmember <Councilmember.Navarro@montgomerycountymd.gov>; Riemer's Office, Councilmember <Councilmember.Riemer@montgomerycountymd.gov>; Rice's Office, Councilmember <Councilmember.Rice@montgomerycountymd.gov>; Marc Elrich <Marc.Elrich@montgomerycountymd.gov>
Subject: Expedited Bill 18-20, COVID 19 Renter Relief Act

[EXTERNAL EMAIL]

Dear Councilmembers and Executive Elrich,

I hope you are all well in these trying times. These trying times, and how they impact ALL of us, is at the heart of this appeal to fairness we send to you. We note that in coverage of Bill 18-20 you seem to have decided to leave commercial landlords out because you have found they are doing what they can to accommodate their tenants. As you will see, as a very, very small landlord, we have gone above and beyond to accommodate our tenants, and we have the unfortunate luck that our first lease renewal with our first tenants is due June 1, putting us right in the middle of the scope of 18-20.

In late 2017 we purchased a totally dilapidated "tear down" house in close-in SS and thoroughly rehabbed it ourselves, turning it into a lovely 3-4 bedroom/2 full bath rental we brought on the market in June, 2018. We own just this one rental property. Knowing how challenging the real estate market is for many hardworking people, our goal was to try to charge a FMV rent set at a level to accommodate a couple/family who might not otherwise be able to live here. We found such a couple right away, and they made it clear one of them had an uncertain job situation in 2018 when our low end of the FMV asking price for our house was \$2700/month. Because of her uncertain job situation, we lowered the rent to \$2500 for the duration of the two year lease, just for them. We had other people interested in the house, but we wanted to do right by the first people who came to us. We had a no pet policy, but they really wanted a dog, so we waived that for them. We also asked for only a half month security deposit, all in an effort to be good, fair and caring landlords. Soon thereafter, our tenant secured professional-level, permanent, full-time employment with the US government. Further, we are

delighted for both of them that, by their own admission, COVID 19 has not impacted their jobs and income. On the other hand, I have lost part-time employment because of it.

Our proposal to them re: the lease renewal, which is up June 1, 2020, was to raise the rent by \$100/month, which is a bit *less* than the rate of inflation from 2018 until today, and then in the second year of the renewed two-year lease, to \$2700, back to our original 2018 asking price, by 2021. Note that by 2021, \$2700 will be right where inflation will have taken the \$2500 of 2018. Unfortunately, our tenants have balked at any change whatsoever, anticipating, we think, that Bill 20-18 will force us to stay at the 2018 discounted rate of \$2500 indefinitely, since none of us know when this virus threat will end.

We take note of Councilmembers Friedson and Glass's amendment to Bill 18-20 to allow for rent increases that are consistent with the Voluntary Rent Guidelines, which is basically the rate of inflation. We strongly support this amendment, but with an additional clarification. We hope you will make clear that a VRG limited adjustment allowed under 18-20, would NOT then count as the one allowed increase in a 12 month period. In our case, a one time crisis adjustment of 2.6% would come to just \$65/month. That would help and we support it, but only if you also make clear that we could adjust the rent a second time, for the balance of the twelve month period, once the COVID emergency plus 30 days expires.

We hope that, with the adjustment we highlight here to make sure this emergency adjustment doesn't lock us in beyond the emergency, Councilmembers Glass and Friedson's amendment to make a reasonable accommodation for inflation will be included in the legislation, as a correction for inflation really is, technically and accurately, an actual freeze, one that correctly accounts for the time-stamped value of a dollar.

Please feel free to contact me if I can be of any further assistance.

Sincerely,

Suzanna Banwell
301-587-2375

**Bill 18-20, The Covid-19 Rent Relief Act
Testimony
April 21, 2020**

The League of Women Voters of Montgomery County supports proposed Bill 18-20, the Covid-19 Rent Relief Act.

- We support programs and policies to maintain and increase the supply of affordable housing. We believe that rent increases during this extraordinary and difficult Covid-19 pandemic have the clear potential to lead to increased homelessness.
- The unemployment rate is growing rapidly.
- Many of our families are dealing with life threatening illness.
- A large number of our low-income families live in rental housing.
- Approximately half of them are considered cost burdened, meaning that they spend more than 30 percent of their incomes for housing.

According to a 2017 report, 23 percent are spending more than 50 percent of income for housing. A rent increase or a notice of one before these families have a chance to start to recover from the economic effects of the pandemic seems certain to lead to homelessness for many.

Thank you for considering our testimony.

Diane Hibino & Kathy McGuire, co-presidents
Sally Roman, Housing Committee chair



MONTGOMERY HOUSING ALLIANCE

www.montgomeryhousingalliance.org

A coalition of organizations focused on increasing the rate of preservation and development of affordable housing in Montgomery County

TESTIMONY ON EXPEDITED BILL 18-20, RENT STABILIZATION DURING EMERGENCIES BY MARY KOLAR OF MONTGOMERY HOUSING ALLIANCE

April 21, 2020

Good afternoon Council President Katz and members of the Council. My name is Mary Kolar, and I am testifying on behalf of Montgomery Housing Alliance. MHA is a coalition of organizations focused on increasing the rate of affordable housing preservation and development in Montgomery County. MHA members include non-profit developers, organizations that serve people in need of affordable housing, and other groups who count affordable housing as one of their policy goals.

MHA applauds Councilmembers Jawando, Katz, Rice, and Navarro for sponsoring Expedited Bill 18-20, and we support efforts to protect tenants, especially during our ongoing public health and economic crises. The COVID-19 crisis will have deep and long-lasting effects on the health and well being of Montgomery County residents. As you know, low-income renters, in particular, are especially vulnerable to the economic shocks resulting from the crisis. In addition to the measures included in Bill 18-20, we urge the Council to allocate \$10 million in funding for emergency rental assistance.

Even with limits to rent increases, many households will struggle to meet housing costs during and after the state of emergency. Additionally, once the State's moratorium on evictions is lifted, many households will effectively be hit with balloon rent payments, but, even with limits to rent increases, will not have the income to pay them. In order to avoid mass evictions and displacement, we urge the Council to allocate substantial funds for emergency rental assistance. In addition to protecting tenants, increased rental assistance will help property owners meet operating expenses, therefore preventing default and allowing for adequate maintenance of properties.

We also urge the Council to include an exemption for units covered by income-determined rental assistance contracts. In these properties, such as buildings with federal Housing Assistance Payment (HAP) contracts, tenants pay a portion of a "contract rent," consistent with their incomes (usually 30% of adjusted income), while the administering agency pays the remainder. In these situations, a marginal increase in rent will not be paid by the tenant;

 COMMUNITY DEVELOPMENT
NETWORK OF MARYLAND

*The Montgomery Housing Alliance is a coalition of
the Community Development Network of Maryland*



MONTGOMERY HOUSING ALLIANCE

www.montgomeryhousingalliance.org

A coalition of organizations focused on increasing the rate of preservation and development of affordable housing in Montgomery County

instead, it will be paid by the administering agency. Annual increases are an important part of long-term asset management plans of these income-restricted properties.

Again, we support the Council's efforts to protect tenants, but urge that in addition to regulatory measures such as rent stabilization and eviction moratorium, you also allocate supplemental resources for rental assistance in order to ensure two things: 1. That while regulatory protections are in place, affordable housing property owners have the cash flow they need in order to avoid default and properly maintain buildings; 2. That after regulatory measures expire, renter households can access resources to pay rent and stay in their homes despite the longer-term economic impacts they may face.

Thank you for the opportunity to provide input as you consider Expedited Bill 18-20.

 COMMUNITY DEVELOPMENT
NETWORK OF MARYLAND

*The Montgomery Housing Alliance is a coalition of
the Community Development Network of Maryland*



April 20, 2020

The Honorable Sidney Katz
and Members of the Montgomery County Council
100 Maryland Avenue, Sixth Floor
Rockville, Maryland 20850

Dear Council President Katz and Members of the Council:

On behalf of the Greater Silver Spring Chamber of Commerce, I am writing to question the need for Expedited Bill 18-20 that would suspend residential rent increases and certain notices to tenants during the COVID-19 Public Health Emergency declared by Governor Hogan on March 5, 2020.

Prior to introducing this bill, the primary sponsor claimed receiving “multiple reports” of rent going up “20, 30, 40 percent,” and implied that this practice was widespread. Nothing could be further from the truth, as Councilmembers pointed out during the session in which this bill was introduced.

In fact, when we reached out to the many residential property owners among our Chamber’s members, we confirmed that they are deeply committed to working with the many residents affected by the COVID-19 crisis and are doing everything they can to help these tenants stay in their homes. The sample of comments below echo what we heard from property owner after property owner.

- “At our residential properties, we put together an internal memo stating we would charge no rent increases at the present time and until things got back to normal, let people go on month to month without penalty and help those who needed relief with some type of payment in exchange for relief. At this point we are just trying to collect our rent without hurting our tenants. We need our tenants and are trying to help in any manner possible.”
- “. . .we are working with our residents to provide them with resources to obtain assistance, setting up payment plans, waiving late fees, suspending transaction fees to pay on line along with not increasing rents, so to maintain occupancy and have as much income as possible.”
- “We have been working with tenants to defer rental payments, in whole or in part, for April and May, with repayment over the balance of the lease term.”
- “We are working with our residents to help them with payment plans. Additionally, we are making sure they have all of the information for aid from the various governmental agencies. We are also providing them with constant updates on the recommended strategies to protect them from this virus. We are doing this for all our commercial and residential customers. We are not trying to evict anyone with shady tactics like exorbitant rent increases. We are doing quite the opposite and trying to keep our building and properties fully occupied or as close as possible.”

As they have noted in their comments, the housing providers among our members want to keep their residents now and when this crisis is over. They need them. Owners are struggling to keep their own employees and meet their own financial obligations (utilities, loan payments, insurance expenses, and more). Working with their tenants to make sure they keep their tenants just makes good business sense.

Clearly, the experiences described by the primary bill sponsor are the exception rather than the rule. And, exceptions could be dealt with much more effectively and efficiently on a case-by-case basis by our County's Department of Housing and Community Affairs. That's why we see no need for this bill and would recommend that Council take no action.

However, if Council decides to move forward with this legislation, we urge you to follow the recommendations of the Apartment and Office Building Association to narrowly define its scope, limit its application to residential rentals only, and guarantee a sunset. Specifically:

Per the Council's amendments:

- The definition of "Emergency" must be limited to "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."
- The definition of "Tenant" means "existing tenant," and does not include a "prospective tenant."

Per the amendment being offered by the Apartment & Office Building Association:

- The Act must sunset on the 90th day following the expiration of the public health emergency declared by the Governor of Maryland on March 5.

And finally:

- Per the statements made by the proponents when the bill was introduced, its application must be limited to residential properties. (It's worth noting that when we reached out to our members, commercial property owners told us that they are undertaking similar efforts to maintain their tenant businesses. They need their tenant businesses to succeed.)

Further, we ask the Council to join us in calling upon Congress now to pass additional relief and stimulus legislation to assist those struggling with housing and to re-fund and expand the Small Business Administration's Paycheck Protection Program. This effort can help business owners stay in business and keep their employees so that these owners and employees can continue to meet their personal financial obligations, like rent.

Thank you for your consideration of our concerns.


Jane Redicker
President & CEO



April 20, 2020

Via email to: County.Council@MontgomeryCountyMD.gov

The Honorable Sydney Katz, Council President
Montgomery County Council
100 Maryland Avenue, 6th Floor
Rockville, MD 20850

RE: Bill 18-20 and The Gallery Bethesda

Dear Councilmember Katz,

On April 14, 2020 during the introduction of Expedited Bill 18-20 (Landlord-Tenant Relations Rent Stabilization During Emergencies), Councilmember Jawando reported that DHCA was in negotiations with the Gallery Bethesda concerning a proposed 35% rent increase complaint.

My firm manages the Gallery Bethesda and we are not aware of any DHCA or Office of Landlord-Tenant Affairs complaints, especially any claim of a 35% rental rate increase concerning a one- or two-year lease renewal. Furthermore, since March 1st, ten days before the WHO declared the COVID19 pandemic, only two renewal letters were issued, each for no more than a 5.5% increase. However, we have updated the renewal percentage to 0% for all June and July renewals which is below the DHCA recommended increase of 2.6%.

Since March 1st we have been following AOBA's guidance on renewals, that is to temporarily hold rent increases to 0% until otherwise directed. In the interim, we have been waiving late fees on any rents received after the 10th of the calendar month, we have reduced the transaction fees for residents remitting credit card payments, and we have provided long-term repayment plans for residents unable to make their rental payment during State of Emergency period. Additionally, we have assembled a list of resources for residents who need financial, medical, or mental health assistance. We place regular wellness calls to our residents, seeking to facilitate grocery, mail and package deliveries, and our staff has remained onsite during regular business hours and is available to our residents. We are consistently looking for new ways to assist our tenants to help them through these difficult times.

Lastly, our leadership recognizes the value in the recommendations made by your draft bill, and to this end, we have instituted 0% renewal increases renewals through the end of the pandemic and will observe any new legislation that is passed by the County Council.

Should you have any additional questions, please don't hesitate to reach out. I can be reached at csanquist@emcmgmt.com. Thank you for your service to our community!

Sincerely,

Cindy Sanquist, President
Vantage Management, Inc.

**TESTIMONY ON BEHALF OF COUNTY EXECUTIVE MARC ELRICH ON
BILL 18-20, LANDLORD-TENANT RELATIONS – RENT STABILIZATION
DURING EMERGENCIES**

April 21, 2020

Good afternoon Council President and Councilmembers, my name is Aseem Nigam, Director of the Department of Housing and Community Affairs. I am here on behalf of the County Executive in support of Bill 18-20 as initially presented, which amends Chapter 29 – Landlord-Tenant Relations of the Montgomery County Code.

The County Executive views this bill as an appropriate measure to provide critical stability to residents during this state of emergency and time of financial uncertainty.

DHCA has heard from residents concerning the impact of recent rent increases which were implemented prior to the current emergency, and from residents expressing economic hardship and uncertainty caused by the emergency. The County prioritizes support for our most at risk residents and this Bill will complement the support of residents provided through the County's supplemental appropriation of resident support services.

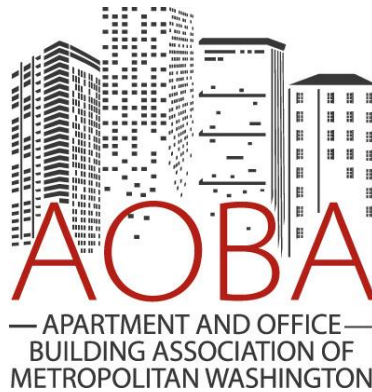
In the public hearing packet, the County Executive supports proposed Amendment One, clarifying the application of the Bill to apply only to lease renewal, and Amendment Four, to prohibit late fees during and thirty days after the emergency. The County Executive does not support proposed Amendment Two, permitting rent increases under the Voluntary Rent Guideline, as it is inconsistent with the needs of residents during this emergency when incomes have been severely reduced and any increase in rent can

Testimony

Bill 18-20, Landlord-Tenant Relations – Rent Stabilization During Emergencies

impact the ability of households to manage. The County Executive does not support Amendment Three, authorizing DHCA to review and permit rent increases up to 5% or one time fees in circumstances justified by financial hardship. The adverse impacts such increases or costs would have on residents is inconsistent with the goal of the bill to maintain housing stability during and following the emergency. Also, DHCA would have difficulty determining and evaluating justification of increases based on undefined standards of financial hardship is untenable. DHCA staff has reviewed the Bill and recommended Amendments One and Four, and stands ready to implement the required notices to the Department's website, and to update the notices when the emergency expires. The Department has the staffing and resources necessary to successfully support landlords and tenants affected by the proposed requirements. The Department does not have the staff and resources necessary to support Amendment Three.

Thank you.



APRIL 17, 2020

WRITTEN STATEMENT OF THE APARTMENT AND OFFICE BUILDING ASSOCIATION OF METROPOLITAN WASHINGTON FOR THE APRIL 21, 2020 PUBLIC HEARING ON EXPEDITED BILL 18-20, LANDLORD-TENANT RELATIONS - RENT STABILIZATION DURING EMERGENCIES

The Apartment and Office Building Association of Metropolitan Washington (AOBA) is a non-profit trade association representing more than 133,000 apartment units and over 23 million square feet of office space in suburban Maryland. Here, in the County, AOBA members own/manage over 60,000 of the [County's estimated 83,769 rental units](#) and 20,00,000 square feet of office space. *AOBA is pleased to submit this statement on B18-20.*

AOBA members are deeply committed to working with the many residents impacted by COVID-19 as we work together to get through this crisis. Already, our data shows that a significant percentage of residents across our Maryland member portfolio are unable to pay their rent, numbers we sadly expect to increase significantly beginning in May. Data from the National Multifamily Housing Council also demonstrates that housing providers are facing alarming numbers with regards to the number of tenants affected by this crisis. [Nearly a Third of U.S. Apartment Renters Didn't Pay April Rent.](#)

How are AOBA members responding to this crisis? Importantly, **Borger Management, Bozzuto, E&G Group, Equity Residential, Foulger-Pratt, Grady Management, Inc., Kay Management, Southern Management Corporation, and many more member companies** collectively representing a majority of the Montgomery County rental housing stock have already proactively and voluntarily committed to their residents that they are:

- **Suspending rent increases;**
- **Creating** payment plans for residents who are unable to pay their rent because of the outbreak and **waiving late fees** for those residents;

- **Suspending initiating eviction proceedings:** While we understand the state and courts have suspended evictions, housing providers are mindful of how filing an action could cause additional stress for the many residents and families who reside in our communities; and
- **Encouraging residents to contact their property manager if they are unable to pay rent or are in need of a payment plan.**

Together, we are also working to identify government resources to further assist those residents financially impacted by COVID-19. Most recently, after a request to the County Executive, AOBA received information on food sources for those residents in need. See [Montgomery Co. Food Council - Local Food System Resources](#) and [Montgomery County Food Council-Food Assistance Resource Map](#). Our ongoing partnership and communication with the County is critical to us working together to support our residents, communities and economy during these challenging times.

As noted in our April 1 letter, the ability of housing providers to collect and residents to pay rent remains *uncertain* for the indefinite *future*. Housing providers are struggling to keep their own employees and maintain and operate their communities while facing steep declines in rents, their primary source of income, for the foreseeable future. Housing providers' financial obligations include, for example, mortgage payments, rising utility costs (including from the spike in usage by residents), insurance expenses, and other operating costs all while also facing *new costs* associated with protecting their communities from COVID-19. While utilities will not disconnect service and are waiving late fees, customers, including AOBA members, must still pay their utility bills. Notably, as our residents stay at home in response to health directives, many properties are experiencing a staggering spike in water bills. Thankfully, WSSC has a payment plan that is available to residential and commercial customers and AOBA is encouraging water and sewer authorities in neighboring jurisdictions to also make such relief available to building owners.

Despite an uncertain future, we know than ever, we are one community and AOBA and its members will continue actively working with our public sector partners to get through this unprecedented crisis.

COMMENTS ON BILL 18-20

- **Relief from rent increases:** The bill reflects action by most housing providers to suspend rent increases to help ease the burden on our residents, your constituents, of the financial impact of this unprecedented crisis. AOBA recommends the following language which reflects our collective intent that this measure is in response to the Governor's March 5, 2020 state of emergency declaration in response to the COVID-19 public health

emergency. The measure both protects residents from rent increases and clarifies the effective date of any increase following expiration of the emergency.

- **AOBA Amendment – deferral of rent increases:** Any rent increases that would take effect beginning on May 1, 2020, and during the Emergency are deferred and will not take effect until the first (1st) day of the first (1st) calendar month following expiration of the Emergency.
- **AOBA amendment- Required landlord notice of deferral:** Landlords must notify tenants in writing of the deferral and the notice must include:
 - The amount of monthly rent immediately preceding the effective date of the proposed increase (old rent), the amount of monthly rent proposed immediately after the rent increase takes effect (new rent), and the percentage increase of monthly rent; and
 - The applicable rent increase guideline issued under Section 29-53; and
 - A statement regarding the deferral of the effective date of the rent increase which tracks the language of subparagraph (b).
- **DHCA Requirements:**
 - **Posting/Notification/Outreach Requirements:** In addition to posting information about the new requirements, DHCA must also: (1) provide notice to landlords and tenants; and (2) issue public announcements about the requirements.
 - **Outreach to small housing providers:** DHCA must also conduct a public outreach campaign to inform and assist small housing providers with: (1) the requirements of and compliance with this Section; and (2) identifying resources available from Federal, State and County agencies for businesses affected by the COVID-19 public health emergency. **Rationale:** Such outreach is necessary to provide information and resources to small housing providers which in turn benefits their residents and could help stabilize these communities during and after the current public health crisis.
- **Emergency rental assistance for families impacted by COVID-19:** Those residents impacted by COVID-19 need *immediate* rental assistance. **AOBA calls upon the County to significantly increase funding for emergency rental assistance.** AOBA understands that the Montgomery County Housing Partnership has called upon the County to authorize \$20 million for rental assistance. ***Boosting financial assistance to renter households enables individuals and families to overcome temporary financial challenges and help stabilize communities facing low rent collections.*** Rental housing communities play a critical role during this crisis as residents stay at home to slow the spread of COVID-19. Note, that AOBA and its members are actively advocating with our national associations, the National Apartment Association and National Multifamily Housing Council, ***for Congress to fund \$100 billion in direct rental assistance.***

- **AOBA Amendment:** Any freeze on rent increases must be accompanied by meaningful action to address the need for emergency rental assistance. The amendment will require the County Executive to report to the Council on:
 - The specific amount of funds authorized by the Covid-19 Economic Relief Act (Expedited Bill 16-20, Economic Development Fund - Public Health Emergency Grant Program - Established) and the accompanying special appropriations for the County’s Rental Assistance Program for tenants financially affected by the COVID-19 emergency; and
 - plans to further increase available funding for Rental Assistance Program and other financial emergency rental assistance for tenants financially affected by COVID-19.
- **Sunset:** AOBA recommends a 90-day sunset which could also allow the Council review if given health and economic conditions, whether an extension of the effective period is warranted. Similarly, we have seen the Governor extend the current state of emergency based on similar considerations.

ADDITONAL RELIEF

The enormity of the ongoing impact of the COVID-19 on both residents and housing providers requires substantial federal assistance. **AOBA asks you to join us in calling upon Congress to pass additional relief and stimulus legislation. Contact the Maryland congressional delegation and tell them to provide assistance to tenants and housing providers. Congress needs to:**

1. Create an emergency rental assistance program for those residents who are impacted by the COVID-19 crisis and struggle to cover housing expenses.
2. Allow more housing providers access to mortgage forbearance and ensure fairness and flexibility in its terms.
3. Expand the Small Business Administration’s Paycheck Protection Program to include all multifamily businesses. (See [Apartment Industry Urges SBA and Treasury to Amend Paycheck Protection Program to Enable Multifamily Participation](#))

BACKGROUND:

Emergency rental assistance: The Loudoun County Board of Supervisors has reallocated **\$200,000** from its Eastern Loudoun County Home Revitalization Program to form a rental assistance program to ensure housing stability for low-income workers who have been furloughed, become unemployed, or had work hours reduced due to COVID-19. Members with residential properties in Loudoun County are encouraged to refer struggling tenants to the County for assistance.

Tenants who are current in their rent payments as of March 30 may qualify. Assistance of up to

three months' rent is available to households earning up to 70% of the state median income (\$60,332 for a family of 4). Direct payments are made by the County to property management companies on behalf of residents who qualify for the program. Applicants will need to verify income eligibility, conduct a case assessment, verify rent need and job impacts related to COVID-19. Additionally, they will be asked to submit related documents, including a current lease and paperwork showing job loss or reduced income. Click [here](#) for more information on the County's rental assistance program for households impacted by COVID-19.

Mortgage and Financial Forbearance: Call for Congress to provide protection limited to owners with federally backed mortgages, such as those through the Federal Housing Administration (FHA), Fannie Mae and Freddie Mac to all types of mortgages. See [Joint Letter by NAA and NMHC with Phase 4 Requests for Relief](#) and [Real Estate Coalition Letter](#) also signed by our partners at the National Association of Realtors and National Association of Home Builders.

Transportation/child care assistance for employees still working especially essential personnel: With reduced transit options and closed schools, the many dedicated employees who continue working to help maintain and operate rental communities are facing their own challenges commuting to work and accessing and financing available quality child care. AOBA calls upon the County to create or expand existing programs that (1) help eligible working families impacted by COVID-19 pay for child care; and (2) provide transportation reimbursement to employers facing increased rideshare costs for the many employees still needed to work at apartment communities.

- **BEST PRACTICES:** On April 15, 2020 [Governor Ralph Northam announced](#) an additional \$70 million in Child Care and Development Block Grant (CCDBG) funding through the federal CARES Act to further support the provision of child care for essential personnel.

Expedited Bill No. 18-20
Concerning: Landlord-Tenant Relations
- Rent Stabilization-COVID 19 Public
Health Emergency-Rent Increase
Freeze - During Emergencies
Revised: 04/13/2020 Draft No. 3
Introduced: April 14, 2020
Expires: October 14, 2021
Enacted: [date]
Executive: [date signed]
Effective:
Sunset Date: None
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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

AN EXPEDITED ACT to:

- (1) ~~prohibit defer the effective date of rent the increases of rent during and after during certain the declared states of emergency~~COVID-19 Public Health ;Emergency declared by the Governor on March 5, 2020;
- ~~(2) prohibit certain notices to tenants;~~
- ~~(23) require certain notices to tenants regarding deferral;~~
- ~~(3) require the Department to conduct a public outreach campaign to inform and assist small housing providers affected by the COVID-19 public health emergency;~~
- ~~(4) require the County Executive to report to the Council on funding of the Rent Assistance Program and other available financial emergency rental assistance for tenants affected by COVID-19; and~~
- (5) 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 during the eEmergency when prohibited.* A landlord
 8 must not increase an tenant’s rent if: Any rent increases that would take
 9 effect beginning on May 1, 2020, and during the Eemergency is–are
 10 hereby deferred and will not take effect until the first (1st) day of the first
 11 (1st) calendar month after following expiration of the eEmergency.

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

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

15 (c) *Landlord Notices of deferral of rent adjustments.*

16 (1) — During the emergency and within 30 days after the expiration of
 17 an emergency, a landlord must not notify a tenant of a rent increase
 18 that would take effect during the emergency.

19 (2) A landlord must inform a tenant in writing to disregard of the
 20 deferral mandated by subparagraph (b). The notice must include:

21 (1) The amount of monthly rent immediately preceding the effective date
 22 of the proposed increase (old rent), the amount of monthly rent proposed
 23 immediately after the rent increase takes effect (new rent), and the
 24 percentage increase of monthly rent;

25 (2) The applicable rent increase guideline issued under Section 29-53;

26 and

27 (3) A statement regarding the deferral of the effective date of the rent
 28 increase which tracks the language of subparagraph (b).

29
30

31
32 ~~(A) the landlord provided the notice to the tenant prior to an~~
33 ~~emergency; and~~

34 ~~(B) the effective date of the increase would occur on or after.~~

35 (d) *Notice of expiration of emergency.* The Department must (1) post on its
36 website information about: (A) the requirements of this Section; and (B)
37 upon expiration of the Governor's State of Emergency, including the
38 date that eachon which the emergency expires, and the date that is 30 days
39 after the expiration of the emergency. (2) Provide notice as follows:
40 (A) Notify landlords of the requirements of this Section in writing and by
41 electronic means;
42 (B) Notify tenants in writing of the requirements of the requirements of
43 this Section in writing; and
44 (C) Issue public announcements regarding the requirements of this
45 Section and expiration of the emergency.

46 (e) The Department must conduct a public outreach campaign to inform and
47 assist small housing providers with: (1) the requirements of and compliance with this
48 Section; and (2) identifying resources available from Federal, State and County
49 agencies for businesses affected by the COVID-19 public health emergency.

50
51 Section 1A. Emergency rental assistance for tenants affected by COVID-19:
52 Within 15 days of passage of this law, the County Executive must provide the Council,
53 a written update on:

54 (a) The specific amount of funds authorized by the Covid-19 Economic Relief
55 Act (Expedited Bill 16-20, Economic Development Fund - Public Health
56 Emergency Grant Program - Established) and the accompanying special

57 appropriations for the County's Rental Assistance Program for tenants
58 financially affected by the COVID-19 emergency; and
59 (b) plans to further increase available funding for Rental Assistance Program
60 and other financial emergency rental assistance for tenants financially
61 affected by COVID-19.

62

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

66 **Sec. 3. Sunset date.** This Act must expire, and must have no further force or
67 upon the ~~90th~~^{21st} day following the expiration of the catastrophic health emergency
68 declared by the Governor of Maryland on March 5, 2020, as amended or extended by
69 the Governor.

70 *Approved:*

71

Sidney Katz, President, County Council

Date

72 *Approved:*

73

Marc Elrich, County Executive

Date

74 *This is a correct copy of Council action.*

75

Selena Mendy Singleton, Esq., Clerk of the Council

Date

Greetings Councilmembers,

I am a renter in Montgomery County writing to request your support for Expedited Bill 18-20, Landlord-Tenant Relations – Rent Stabilization During Emergencies.

Covid-19 has had a tremendous impact on renters in Montgomery County. Residents have lost hours, wages, and their jobs. Other workers are on the front lines in hospitals, grocery stores, and in essential community services.

An increase in rent during an emergency only adds to the mental and physical stress renters are experiencing right now.

I'm calling on you, as a short-term solution, to alleviate some of the stress, fear, and anxiety many renters are feeling by prohibiting rent increases during, and for a period after, a state of emergency. As a long-term solution, we need universal housing for all.

Sincerely,
Jason Sarkozi-Forfinski



Montgomery County Community Action Board Testimony
County Council Bill 18-20 – Covid-19 Renter Relief Act
Tuesday, April 21, 2020

As advocates for the low-income community, the Community Action Board strongly supports Bill 18-20. In Montgomery County, where the Self-Sufficiency Standard for a family of four with two adults, one preschooler, and one school-age child is \$91,252 – nearly three and a half times the Federal Poverty Level – the current public health emergency has exacerbated so many of the challenges already facing our lower-income neighbors.¹ Many people who work in low-wage jobs without benefits are struggling to pay for basic necessities. Prosperity Now notes that 24.5% of County households do not have enough money readily available (liquid assets) to live at the Federal Poverty Level for just three months in the absence of income.² These community members are struggling the most right now and they are also the people who will benefit the most from the emergency assistance the Council has already allocated, something our Board greatly appreciates.

Bill 18-20 takes the important step of preventing rent increases during the Covid-19 emergency. With the cost of housing already so high in Montgomery County, the Community Action Board believes this step is an absolute necessity. Even before the current emergency, 44.7% of white renters, 42.7% of Asian renters, 54.5% of Black renters, and 62.2% of Latino renters were housing burdened.³ With unemployment hitting record levels, these shocking numbers are even higher right now during the emergency. As the governing body for Head Start in the County, it is important to note that this bill would support lower-income parents in particular who are struggling the most right now to cover their basic expenses. It is unfeasible to expect

¹ Montgomery County Self-Sufficiency Standard <http://www.selfsufficiencystandard.org/>

² Prosperity Now <https://prosperitynow.org/>

³ Office of Legislative Oversight Racial Equity Profile Montgomery County
<https://www.montgomerycountymd.gov/OLO/Resources/Files/2019%20Reports/RevisedOLO2019-7.pdf>

these families to be able to contend with a rent increase during these uncertain times. Stabilizing rents until the Covid-19 emergency subsidies is a critical step in the effort to support vulnerable residents at this difficult time. We encourage the Council to pass this bill and to continue to explore policies and programs that will provide necessary support to residents.

From: "James P. Martinko" <James.Martinko@CohnReznick.com>
Date: 4/14/2020 7:23:49 AM
To: "county.council@montgomerycountymd.gov" <county.council@montgomerycountymd.gov>
Cc:
Subject: Bill 18-20

Good morning.

I'm the Managing Partner of the Bethesda office at CohnReznick LLP. We represent many landlords in Montgomery County.

First, I'd like to thank you for representing our great County, especially during these unprecedented times.

I'm contacting you this morning to urge you to vote against Bill 18-20.

I don't believe any kind rent control is effective policy nor does it provide the intended solutions. In my experience, it makes it worse.

I'm also concerned about the accuracy of information provided in support of this bill including broad statements about all landlords passing large rent increases of up to 40% to all of their tenants. We're just not seeing this within the client base of landlords that we represent.

I believe this is a time when the government and businesses should be working together to protect everyone and every business in our community.

Just like the small businesses that government is right to protect, the real estate industry is also struggling to stay afloat and survive and deserves similar protections.

Thank you for providing me the opportunity to express my opinion. I urge you to say NO to the proposed Bill.

Thank you.

Jim

James P. Martinko, CPA
Office Managing Partner- Bethesda
Tel: 301-657-7767
Mobile: 301-648-2516
Fax: 301-280-3734
James.Martinko@CohnReznick.com
VCard | Bio

April 20, 2020

Re: Resident Testimony for Expedited Bill 18-20, Landlord-Tenant Relations – Rent Stabilization During Emergencies AKA COVID-19 Renter Relief Act

To Whom It May Concern:

I, Ashley Johnson, would like to share my testimony regarding the excessive lease renewal increase notice received by my new apartment complex management company, JRK Management/Property Holdings. As a resident of Inigo's Crossing under former management, The Bainbridge Companies, for three years, I had done two lease renewals. I initially signed a 2yr lease upon move-in, and then a 1yr lease in 2019. JRK purchased our property in mid-February 2020 and less than a month after their purchase, I received a notice stating that my rent would be increased upon my lease renewal date in June 2020 by an astonishing 21%! After one month of attempting to negotiate this incredulously high amount through liaison communication between the on-site leasing office and their elusive LA corporate office, JRK stated that their best and final offer would be an increase of 15.25%. I am appalled at the apparent greediness of our new management company and have spoken to multiple other residents who have received similar lease renewal notices with increases averaging about 20% per residential unit. Even after sending written communication to management explaining my unique financial impact that COVID-19 has had on my single-parent household, JRK has firmly stated that they are not willing to negotiate any further and that my 15.25% lease renewal increase is final.

I fully support the Expedited Bill 18-20 as it will provide my family with the assurance we need during these uncertain times that my rent will not increase by \$325 per month for the next full year. Please pass this bill as soon as possible so that I can continue to pay my previously agreed upon amount until this COVID-19 state of emergency is over and we can return to a different sense of normalcy.

Thank you,
Ashley Johnson



Gaithersburg-Germantown Chamber of Commerce, Inc.

910 Clopper Road, Suite 205N, Gaithersburg, Maryland 20878 (301) 840-1400, Fax (301) 963-3918

Expedited Bill 18-20, Landlord-Tenant Relations - Rent Stabilization During Emergencies PUBLIC HEARING - April 21, 2020 SUPPORT AMENDMENTS

The Gaithersburg-Germantown Chamber of Commerce (GGCC) is on the front lines of the economic crisis created by the COVID-19 emergency. We are interacting with business owners every day and doing what we can to help them get the financial support they need. When concerns over unreasonable rent increases were made in the media, I reached out to our residential landlords and asked about their intentions to raise rents. Not only were they not planning any significant rent increases, they are stepping up to do whatever they can to help tenants make it through this crisis. Like my Chamber colleagues, I was surprised and disappointed by the reports of 20-40% increases. It does not match the reality of what is happening in the broader multi-family rental industry. Placing a global rent freeze on the entire County may not be the most equitable way to protect a handful of residents from what appears to be a few unscrupulous property owners.

Assuming this Bill is moving forward, the GGCC supports the following amendments:

Support the Amendment that restricts this Bill to only this Covid19 related health emergency.

- I'm assuming the intention of this bill was not wide-spread rent control. Many emergencies do not impact one's ability to pay rent. It makes sense that this Bill be confined to the current health emergency and the economic crisis it has created.

Support the Amendment that the Bill only relate to existing tenants and not prospective new tenants.

- The goal is to protect existing residents from unforeseen rent increases. Prospective tenants would have a clear understanding of their financial obligations before they sign a new lease.

We also agree that this Bill should pertain only to residential properties and not commercial leases.

In addition to the amendments presented by Councilmembers, the GGCC supports the amendments outlined in the AOBA testimony. We rely on AOBA for providing detailed information on the multi-family residential rental industry.

Thank you for your efforts in helping the business community remain whole. After we come through this health emergency, we need to make sure that jobs remain intact to help all residents survive the economic crisis.

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Montgomery County Council Public Hearing - April 21, 2020
Expedited Bill 18-20, Landlord-Tenant Relations -
Rent Stabilization During Emergencies

This testimony is submitted in support of expedited bill, **Bill 18-20E - Landlord-Tenant Relations - Rent Stabilization During Emergencies** by Marilyn Kresky-Wolff and Anna T. Levy, both residents of Montgomery County and on behalf of Jews United for Justice. JUFJ draws on the Jewish tradition of a commitment to justice to advance campaigns to improve the lives of people in Montgomery County.

God's covenant with Abraham was that, "I will establish a home for my people Israel and will plant them firm, so that they shall dwell secure and shall tremble no more." As Jews, we are taught that tenant's rights are just as important as landlords' rights. We have an obligation to ensure fairness in tenant/landlord law, to ensure safe living conditions, and to prevent homelessness. More than 17 million Americans spend more than 50% of their income on housing, may be just one or two months away from eviction, and are never fully secure in their housing.

We thank the County Council and County Executive for your leadership and hard work, not only to protect Montgomery County residents from the immediate impacts of the current global health emergency, but for your continued efforts to plan for the recovery of all of our residents in the future, both short and longer term. **Bill 18-20 will provide critical support to the over 1/3 of County residents who rent their homes.** By providing assurances that rent will not increase during the emergency or in the 30 days after the emergency is lifted, this bill therefore provides some additional housing stability to vulnerable populations. Many renters are already facing reduced income and/or job loss and although the more generous unemployment compensation helps mitigate this loss, it is not available to all and may not cover even the essential costs of living; food, housing, healthcare and education. We know that rent costs in Montgomery are unaffordable for many vulnerable community members who live with no financial safety net. These communities include people of color, people with disabilities, and undocumented workers, some of whom will not be eligible for unemployment compensation. Stabilizing rent is not rent forgiveness, but it will help renters to plan for covering the bills that they know about without adding to their burden so that they can stay in their homes.

We also strongly urge the Council to **reject the proposed amendments** that permit rent increases under the Voluntary Rent Guidelines as well as rent increases and fee assessments based on financial hardship of the landlord. These amendments are not consistent with the spirit of the bill which places a freeze on **ALL** residential rent increases during and after this public health emergency. The only

exception to this that should be considered is to allow reasonable rent increases on a case by case basis for renters using three way Housing Choice Vouchers (landlord; tenant; federal government/HOC) since the small increase in rent will be paid by the federal government, rather than the tenant.

We appreciate that landlords of smaller properties will have negative financial impacts due to reduced rental income and possible additional costs due to the emergency. However, landlords, as business owners, including sole proprietors and those with no employees, are also eligible for emergency financial assistance, which would mitigate the immediate financial hardships caused by the current emergency.

We urge the Council to approve the proposed Bill 18-20 **without** amendments #2 and #3, with the exception for Choice Vouchers. Stable housing costs, especially for our most vulnerable populations, will help all of our communities to stay safe and healthy as we go through the immediate public health crisis and begin to heal and recover. Thank you for the opportunity to present our views on this important legislation.



Renters Alliance Testimony
In Favor
Bill 18-20
Rent Increase Freezes During COVID-19 Emergency
April 21, 2020

Good Morning.

The Renters Alliance is strongly in favor of Bill 18-20 and thanks Council Member Will Jawando and the co-sponsors for proposing this necessary measure.

Bill 18-20 is a public health measure to stabilize rental housing during a statewide emergency declared by the Governor on March 5. As this Council is well aware, as of today, there have been more than 40,000 deaths nationally due to the virus pandemic in just last the last eight weeks, almost 100 of them in Montgomery County alone—and we know that death toll is rising. Governor Hogan and County Officials have put in place emergency measures to keep residents safe, among the most critical of these urges all residents to remain at home except for necessary travel for food, medicine and exercise.

Bill 18-20 is a necessary public health measure during a national and state emergency. This is no time for business as usual by those landlords choosing to raise rents and charge late fees, prompting housing instability for renters. Now is no time to prompt residents to move.

Despite the Apartment and Office Buildings Association urging its members to limit increases, we have seen no evidence at this time that its members are uniformly abiding by it. In fact, we are seeing increases proposed in February, March and April are being issued at the Blairs, Summit Hills, Coleville Plaza, The Grand, Inigos Crossing, the Enclave, Essex House, Quebec Terrace to name a few.

The amendments proposed by the landlords' association and their allies are not friendly amendments. Specifically:

The Renters Alliance opposes any amendment that allows for rent increases and does not waive late fees during this public health emergency. Any additional financial burden placed upon the renter population no matter where they are on the economic spectrum, only increases the possibility of destabilizing homes during a stay in place public health order.

An amendment to increase rents up to 5%--nearly twice the county's 2020 Voluntary Rent Increase Guidelines—would only further add to the potential instability and would ignore the objective of this bill—to keep renters stable and at home during this unprecedented health emergency.

Bill 18-20 is a modest, yet urgent, step that contributes to rental housing stability during a public health emergency.

We are sympathetic to the economic impact the COVID-19 pandemic is having on everyone, including landlords, especially smaller landlords, and especially renters.

We urge the Council to go further and consider additional measures to subsidize rents for those directly economically impacted by the pandemic. We ask the Council to also consider additional required support for renters whose landlords are benefitting from mortgage forbearance, payroll protection loans and other subsidies not yet available for renters.

Thank you.