

Hyattsville Rent Stabilization Study

Analysis, Key Considerations, and Recommendations for Hyattsville City
Council

Submitted by Enterprise Advisors
September 2023



Executive Summary

In 2021, the City of Hyattsville adopted its first Housing Action Agenda, a 10-year plan to address the city's most pressing housing needs. The plan included a commitment to create four new tools – a dedicated local funding source for housing, development of public land, expansion of tenant rights, and creation of rent regulations. In 2022, leadership began exploring what a rent stabilization policy could look and in April of 2023, via HCC-324-FY23, City Council authorized the City Attorney to prepare a rent stabilization ordinance in line with their recommended policy framework. Soon after, the City engaged Enterprise Community Partners to conduct a study on the proposal and provide recommendations to strengthen the policy.

Across the DC metropolitan region and beyond, jurisdictions are adopting locally tailored policies as part of their housing affordability, stability, and equity toolboxes. Several counties, including Prince George's County, have adopted temporary anti-gauging policies while contemplating more nuanced long-term solutions. It is in this context that the Enterprise team produced this report.

As the name of the policy implies, rent stabilization policies are designed to support a more stable housing market. They are not intended to solve a jurisdiction's housing affordability challenges; rather, they are developed to regulate rental increases over time and to prevent significant increases for tenants. Rent stabilization policies, while locally tailored, include five core components:

- Included and exempted rental units – the units that are and are not covered under a rent stabilization policy
- Allowable rent increases – the relative or absolute amount landlords can increase rent
- Exceptions – scenarios in which landlords are able to request permission to charge more rent than what is typically allowed
- Decontrol – routes through which otherwise non-exempted units become fully or partially deregulated
- Related tenant protections – laws that protect tenants from harassment and ensure that tenants have a safe, clean place to live¹

The Hyattsville City Council's proposal outlined in HCC-324-FY23 includes four of these five components, as well as stipulations for staffing and compliance. In analyzing this proposal, the Enterprise team examined the city's rental housing stock, analyzed recent rent trends, conducted interviews and focus groups with relevant stakeholders, studied other policies in the region, and researched how comparably sized jurisdictions approach administration and enforcement. Ultimately, the Enterprise team recommends that the City of Hyattsville consider the following:

Policy Component	City Council Proposal	Recommendations
Exempted rental units	<ul style="list-style-type: none">• Properties less than 15 years old• Short-term leasing agreements (up to 120 days)• Buildings with two or fewer units• Owner-occupied where the tenants share a kitchen or bathrooms with the owner	<ul style="list-style-type: none">• Properties less than 15 years old• Short-term leasing agreements (up to 120 days)• Properties with four or fewer units<ul style="list-style-type: none">• Accessory apartments and dwelling units• Owner-occupied where the tenants share a kitchen

¹ Ashford Grooms, M. (n.d.). *Rent Control: Key Policy Components and Their Equity Implications*. <https://www.urban.org/sites/default/files/publication/104630/rent-control-key-policy-components-and-their-equity-implications.pdf>

	<ul style="list-style-type: none"> • Accessory apartments and dwelling units • Federally subsidized rental units 	<p>or bathrooms with the owner</p> <ul style="list-style-type: none"> • All subsidized/regulated affordable units (federal, state, county, local)
Allowable rent increases	<ul style="list-style-type: none"> • Constant: CPI-U • Escalator: none • Cap: none 	<ul style="list-style-type: none"> • Constant: CPI-U • Escalator: 3% • Cap: 6%
Exceptions	<ul style="list-style-type: none"> • Fair return petitions 	<ul style="list-style-type: none"> • Fair return petitions • Capital improvements
Decontrol	<ul style="list-style-type: none"> • Rent banking, applied at the end of a tenancy 	<ul style="list-style-type: none"> • Rent banking, applied at the end of a tenancy
Related Tenant Protections	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Rent Adjustment Petitions • Tenant Right to Counsel • Tenant Opportunity to Purchase

To effectively administer a proactive compliance approach where the City would actively track tenants' rent (as opposed to relying on tenant complaints alone), coordination across City functions (i.e., Permits & Licensing, City Planning, Code Enforcement, Information Technology, Public Information/Communications), will be essential. The City should also develop administrative and technological systems; while costly, they will optimize staff time and resources, increase effectiveness of the policy, and allow the City to have a clear understanding of the impact of the policy over time.

In centering the policy goal of promoting housing stability for renters, the Enterprise team recommends that the City of Hyattsville consider its regional policy context, local housing stock, market and affordability trends, and administrative capacity before making a decision on legislating and enacting a rent stabilization policy.

Table of Contents

Executive Summary	1
Acknowledgments	5
Introduction	6
What is Rent Stabilization?	6
Included and Exempted Rental Units	7
Allowable Rent Increases	7
Exceptions for Landlords	7
Decontrol	9
Related Tenant Protections	9
Methodology	10
Stakeholder Engagement	10
Policy Review	11
Data Analysis	11
Regional Context	12
Market Context	13
Overview of Rental Housing Stock	14
Policy Analysis and Recommendations	15
Included and Exempted Rental Units	15
Proposed Language in HCC-324-FY23	15
Recommended Approach and Adjustments	16
Allowable Rent Increases	18
Proposed Language in HCC-324-FY23	18
Recommended Adjustments	18
Exceptions for Landlords	21
Proposed Language in HCC-324-FY23	21
Recommended Adjustments	21
Decontrol	21
Proposed Language in HCC-324-FY23	21
Related Tenant Protections	22
Proposed Language in HCC-324-FY23	22
Recommended Considerations	22
Complementary Policies & Tools	23
Dedicated Local Funding Source	23
Tax Incentives	24

Operationalizing Hyattsville’s Rent Stabilization Policy.....	24
Enforcement	24
Administration	25
Partnerships.....	26
Policy Evaluation.....	26
Conclusion	28
Appendix A: Stakeholder Engagement Summary	29
Introduction	29
Key Themes.....	29
Interview Group Summaries	30

Acknowledgments

The Hyattsville Rent Stabilization Study was prepared by Enterprise Advisors, the mission-based consultancy of Enterprise Community Partners. The Enterprise team would like to thank everyone that contributed to the development of this report.

City of Hyattsville Department of Community and Economic Development Staff

Holly Simmons, Community & Economic Development

Christine Redman, Permits & Licensing

Camri Smith-Matthews, Permits & Licensing

Markus Tarjamo, Geographic Information

Joe Brewer, Code Enforcement

Charles Reading, Code Enforcement

Additional City of Hyattsville Staff

Marci LeFevre, Community Services

Cindy Zork, Communications

Brayan Perez, Communications

City of Hyattsville Elected Officials

Mayor Robert Croslin

Council President Joseph Solomon

Council Vice President Joanne Waszczak

Councilmember Danny Schaible

Case Study Participants

Devin McNally, City of Takoma Park, MD

Jonathan Holub, City of West Hollywood, CA

Gustavo Romo, City of Bell Gardens, CA

Mona Messiah, City of Bell Gardens, CA

Nick Cosentino, Borough of Eatontown, NJ

City of Hyattsville Stakeholder Representatives

Tenants

Tenant Advocates

Rental Property Owners and Managers

Housing Developers

Introduction

The City of Hyattsville adopted a 10-year Housing Action Agenda that laid out a roadmap of policies, programs, and actions intended to support the preservation and creation of affordable housing opportunities in the city of Hyattsville. The action plan identified four priorities, one of which was the creation of a rent stabilization policy. As a result, Hyattsville City Council passed an action item (HCC-324-FY23) authorizing the City Attorney to prepare an ordinance regulating the annual rate of increase in rental prices. Soon after, the City contracted with Enterprise Community Partners to conduct a technical analysis on the proposed rent stabilization language. The Enterprise team is led by Enterprise Advisors' Equitable Housing Solutions practice with support from the Mid-Atlantic market office.

This study provides Hyattsville City Council with a review of the policy language proposed and recommends adjustments to the language based on stakeholder engagement and research on best practices across the nation. The Enterprise team acknowledges the importance and timeliness of enacting a rent stabilization policy due to the anticipated expiration of Prince George's County Rent Stabilization Act of 2023. It will be necessary for the City of Hyattsville to consider how a local policy will fit into a long-term county rent stabilization ordinance and the steps that local policymakers can take to protect residents.

What is Rent Stabilization?

Rent stabilization policies limit rent increases and are designed to foster housing stability by preventing rent gouging and keeping regulated units below market rate. Although rent stabilization can establish cost predictability, it is not primarily a housing affordability tool. Enacting a policy can slow the increase of rents and create affordability over time in comparison to an unregulated market. However, rent stabilization should be considered as one tool in a jurisdiction's comprehensive approach and should not be the sole method for supporting housing affordability; rather, it should be designed to complement policies and programs that more directly make rents affordable for households with low and moderate incomes.

The nuances of a rent stabilization policy vary by jurisdiction and should be shaped in a way that is considerate of local conditions and goals. Despite the uniqueness of each policy across the nation, they typically include the following components:

- Included and exempted rental units – the units that are and are not covered under a rent stabilization policy
- Allowable rent increases – the relative or absolute amount landlords can increase rent
- Exceptions – scenarios in which landlords are able to request permission to charge more rent than what is typically allowed
- Decontrol – routes through which otherwise non-exempted units become fully or partially deregulated.²
- Related tenant protections – laws that protect tenants from harassment and ensure that tenants have a safe, clean place to live

While these components may be thought about independently, policymakers should consider how they are interrelated and collectively impact outcomes for Hyattsville residents and property owners. It is essential to understand how they all work together; these policy components can balance each other out to stabilize rental rates or, conversely, to perpetuate housing instability. For example, providing a high percentage cap on the maximum allowable rent, while allowing for unregulated vacancy decontrol may lead to unintended consequences, including greater unit turnover and rent rates being raised quickly over time. However, placing

² Ashford Grooms, M. (n.d.). *Rent Control: Key Policy Components and Their Equity Implications*. <https://www.urban.org/sites/default/files/publication/104630/rent-control-key-policy-components-and-their-equity-implications.pdf>

strict increases on the maximum allowable rent while allowing limited exemptions for new units or exceptions for hardship may ultimately result in a loss of rental units.

Included and Exempted Rental Units

Rent regulations are not typically applied to all rental units within a jurisdiction. Properties may be exempted based on a building's age, unit count, and in some cases, the type of ownership. Some jurisdictions have developed more nuanced carve outs to address local challenges and concerns.

Allowable Rent Increases

The maximum allowable annual rent increase (MAARI) is the maximum amount that a landlord can increase the rent for each tenant in a 12-month period. It is an essential component to a rent stabilization program. The MAARI differs by jurisdiction and can be determined by many measures. MAARI have three important components: a constant pegged to the cost of living, an "escalator" to account for landlord labor and other costs beyond strict inflation, and a cap that makes set rent increases more predictable for tenants. The relative escalator and cap are subject to evaluation and adjustment. Considering varying conditions, such as inflation, the City must decide for what represents a reasonable total rent increase that can serve both tenants and landlords.

Many jurisdictions use the Consumer Price Index (CPI) to set their MAARI. The most notable measure of consumer inflation in the United States, the CPI is a commonly used adjustment because it measures the average change in price of consumer goods and services over time.

Hyattsville has proposed the use of the CPI for All Urban Consumers (CPI-U) from November of each year rounded to the nearest whole number as their maximum allowable rent. Some jurisdictions, like Takoma Park, set the allowable increase at the full amount of the CPI, while D.C. allows CPI with an additional 2%.

The CPI is also calculated for specific regions and there is some variance in which index a jurisdiction uses. For example, Takoma Park utilizes the CPI-U for the D.C., Maryland, Virginia, West Virginia region to calculate their increases, but Washington, D.C. uses the CPI for Urban Wage Earners and Clerical Workers (CPI-W) in the region. The CPI-W is based on a portion of the CPI-U population that have clerical or wage occupations and were employed for at least 37 weeks during the previous 12-month period. Because this population is a subset of the CPI-U, there may be slight differences in the two indexes over short periods of time, but the long-term movements of the indexes are similar.³ In Takoma Park, rent increases are based on the full amount of increase in the CPI from March in the preceding year to March in the current year, while in Washington, D.C., the rent for stabilized units can increase by CPI-W + 2%, but can be no greater than a 10% increase in a 12-month period.

Alternatively, other municipalities use a set percentage to cap rents each year (e.g., Fairview, New Jersey).

Exceptions for Landlords

For properties that are included under rent stabilization policies, jurisdictions have carved out select exceptions that allow property managers to increase their rent above the allowable rate. For compliance purposes, these exceptions most often must be requested by the landlord and approved by the administering entity.

Right to Fair Return

One type of exception is based on a landlord's right to fair return. Jurisdictions consider different measures in assessing fair returns. In Washington, D.C., for example, landlords are allowed to raise rents enough to earn a 12% rate of return on their investment on the property through a hardship petition. To apply for this increase, the

³ *Frequently Asked Questions—United States Department of Labor.* (n.d.). <https://webapps.dol.gov/dolfag/go-dol-faq.asp?faqid=98&theagencyid=BLS&faqtop=Agencies+%26+Offices>

landlord must document operating expenses for the 12 months preceding the filing of the hardship petition. The District's Rental Accommodations Division performs an audit of the hardship petition and supporting documents.⁴

Capital or Service Improvements

Other jurisdictions have also created capital improvement/maintenance cost pass-through policies. Under these policies, landlords are able to apply for exceptions to exceed the MAARI to cover the cost of reasonable improvements to the property. To receive an exception, a landlord would submit documentation on the cost of the capital improvements and propose a plan of how the costs would be spread across tenants over a defined period via a monthly increase. When crafted effectively, these clauses address concerns from property managers that a rent stabilization ordinance will make property improvements unaffordable and that living conditions for renters will suffer. It is critical that the City clearly define via regulations what is eligible under this clause to avoid landlords seeking exceptions for routine improvements (i.e., painting, replacing carpet, etc.). Some jurisdictions, including Washington, D.C., place caps on the rent increase allowed under this exception. Similarly, jurisdictions offer an exception to landlords if costs relating to services/facilities provided to tenants must be increased. Enacted to avoid constitutional takings issues, disincentivize landlords from pursuing routes to vacancy decontrol, and "to ensure landlords have sufficient cash flow, nearly every jurisdiction has some form of "reasonable" return or guarantees to landlords."

Substantial Renovations

Some jurisdictions have specific exemptions in place for property owners who substantially renovate or rehabilitate a property. Substantial renovations are permanent enhancements that equate to or exceed a certain significant percentage of a property's assessed value. Such policies, including Montgomery County's, often provide for a fifteen-year exception recognizing that major financing is most often needed to make substantial renovations.

Voluntary Agreements

Some jurisdictions also allow landlords to propose a rent increase that exceeds what otherwise is allowed to the tenants. If a certain percentage of tenants agree through an official process, the administering agency can approve an exception. These agreements often include conditions for the landlords, including that certain improvements/repairs be made or additional services be required.

⁴ Rent control fact sheet, Washington, D.C. Department of Housing and Community Development.
https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/service_content/attachments/Rent%20Control%20Fact%20Sheet%202018.pdf

Decontrol

There are several ways that jurisdictions allow units to become permanently exempted from their rent stabilization policies. On the most restrictive end of the spectrum, cities like San Jose, CA only allow property owners to remove their rental properties from rent stabilization programs through demolition. If the City of Hyattsville models its policies to exclude newly constructed units, it may consider this exemption.

Other places allow for the conversion of rental units to condominiums or cooperative housing models. To foster housing stability in these situations, cities like Cambridge, MA require that property owners submit applications to convert rental units to condominiums three years ahead of conversion, so tenants have adequate time to find housing.

On the least restrictive side, some jurisdictions allow for vacancy decontrol when units become vacant and/or are sold to a new owner. Such policies have the potential to encourage tenant turnover (via evictions or intentional tenant selection), which contradicts the objectives of Hyattsville's goals, and can lead to a reduction in stabilized units.

Another form of unit decontrol can be implemented through rent banking, which is a provision that allows landlords to not utilize their allotted increase in some years in order to bank them and use several stored increases in one year.⁵ Some jurisdictions allow for landlords to utilize stored increases during a tenant's occupancy, but it is common for policies to allow landlords to apply banked rent increases only after a tenancy ends.

Alternatively, some cities allow for partial vacancy decontrol actions that may or may not require special approvals. For example, some jurisdictions allow for a "vacancy bonus," where landlords are permitted to increase rent rates beyond the standard codified cap, but still within another regulated rate if a unit becomes vacant.

Related Tenant Protections

Rent stabilization policies are often coupled with additional protections for tenants. Many of these additions protect tenants against eviction; harassment; and ensure that tenants have a safe, clean place to live. These additional policies can be important in ensuring security for vulnerable populations and bolstering a rent stabilization policy. As stated in the Hyattsville Housing Action Agenda, expanding tenant protections in Hyattsville will require legislative changes that create local policies to expand tenants' rights beyond the current rights afforded by the State of Maryland's and Prince George's County's tenant-landlord codes. In addition, it will require a more active role in promoting education and outreach to tenants about these rights.⁶

Just Cause Eviction

The most common protection for tenants is just-cause eviction, which allows a landlord to evict a tenant under certain defined conditions such as nonpayment of rent or damage to the rental unit. There is currently no policy at the state level, but cities such as Baltimore have taken measures to pass their own just-cause policies to protect residents.⁷ Another way to bolster housing stability and education on tenant protections is through minimum and fair leases. Introduced in the Housing Action Agenda, they create standard lease requirements, such as lease renewal terms (i.e., extended lease terms or notice provisions for lease terminations); inclusion of information about tenant protections as part of lease agreements; and lease materials in various languages.

Right to Habitability & Rent Adjustment Petitions

Under Maryland state law, landlords are legally obligated to keep their property safe and maintain basic utilities. This includes complying with building codes, maintaining common areas in properties, and performing repairs in a

⁵ Goetz, E. G., Damiano, A., Brown, P. H., Alcorn, P., & Matson, J. (n.d.). *MINNEAPOLIS RENT STABILIZATION STUDY*.

⁶ Hyattsville Housing Action Agenda. (2021). <https://www.hyattsville.org/DocumentCenter/View/5844/Hyattsville-Housing-Action-Plan---Full-Document>

⁷ As the policy was adopted recently, no reporting or evaluation of it has been made available as of the writing of this report.

timely manner.⁸ Tenant's whose landlord fails to maintain this have a few options for recourse. One option is to withhold rent or place it in an escrow account or refuse to pay rent and raise the concern in court. Another option that cities can implement is enabling tenants to file rent adjustment petitions to ask for the change in the maximum amount of rent that can be charged due to failure to provide adequate service or comply with the warranty of habitability.

Tenant Right to Counsel

Tenant right to counsel policies, which are enacted and funded by state, county and local governments, guarantee free legal representation to eligible tenants facing eviction.⁹ This can be a critical policy tool for ensuring tenants are protected. Around 97% of tenant facing eviction lack representation because cases are typically held in civil court, where defendants are not provided with free access to an attorney. Because of this, many tenants lose eviction cases, are forced to accept deals they can't afford, or self-evict to avoid going to court altogether.¹⁰ So far at least 15 cities and four states, including the state of Maryland, currently have right to counsel policies.¹¹ The policies differ by jurisdiction with some providing free counsel to all renters, while others prioritize resources to renters who meet certain financial eligibility requirements.

Tenant Opportunity to Purchase Act

Tenant Opportunity to Purchase (TOPA) policies give tenants the opportunity to collectively purchase the property they rent if the landlord decides to sell.¹² The policy typically requires landlords to provide an "intent to sell" notice to their tenants, along with a timeframe to express interest in purchasing and secure a financing mechanism.¹³ This has been a mechanism used regionally and nationally to preserve affordable housing, prevent displacement, and provide pathways to homeownership. Washington, D.C., and Montgomery are two examples of regional jurisdictions that have TOPA policies in place.

An alternative to TOPA is the Community Opportunity to Purchase Act (COPA), which allows nonprofits to make a first offer to purchase a building with low-income tenants if the property owner decides to sell. This has been seen as a way to preserve the affordability of units for low-income tenants who are unable to secure financing to make an offer on a rental building that is up for sale.

Methodology

For this rent stabilization study, the Enterprise team conducted stakeholder engagement, reviewed the City's proposed framework outlined, analyzed regional policy practices, and explored studies conducted on other rent stabilization policies. The Enterprise team also analyzed the rental housing stock using data provided by the City and rental trends.

Stakeholder Engagement

The Enterprise team spoke with a range of stakeholders that would be impacted by a rent stabilization policy in Hyattsville. These interviews provided nuanced understanding of tenant experiences, market conditions, development realities, and perceived challenges of a rent stabilization policy. Between July and August 2023, the

⁸ MD. Real Property Code Ann. § 8-211 (2021)

⁹ CityHealth (2022). Addressing America's Housing Crisis. <https://www.cityhealth.org/wp-content/uploads/2022/08/CityHealth-Report-Addressing-Americas-Housing-Crisis.pdf>

¹⁰ King, S. R. (2022, November 15). Tenant Protections 101. Shelterforce. <https://shelterforce.org/2022/11/15/tenant-protections-101/>

¹¹ Tenant Right to Counsel. (n.d.).

http://civilrighttocounsel.org/highlighted_work/organizing_around_right_to_counsel

¹² Gilgoff, J. (2020, July 24). *Giving Tenants the First Opportunity to Purchase Their Homes*. Shelterforce. <https://shelterforce.org/2020/07/24/giving-tenants-the-first-opportunity-to-purchase-their-homes/>

¹³ Tenant / Community Opportunity to Purchase | PolicyLink. (n.d.). <https://www.policylink.org/resources-tools/tools/all-in-cities/housing-anti-displacement/topa-copa>

Enterprise team facilitated 14 interviews and 4 focus groups with tenants and other members of the Hyattsville housing ecosystem.

TABLE 1: SUMMARY OF STAKEHOLDERS ENGAGED THROUGH STUDY

Stakeholder Group	Number of Representatives
Multifamily housing tenant association	10
Tenant advocates	2
Nonprofit housing developer	2
Multifamily property owners & managers	5
Market-rate developers	2
City of Hyattsville elected leaders	4
City of Hyattsville staff	7
City of Takoma Park staff	1
Total	33

Several key themes were identified over the course of the stakeholder engagement process. Those themes include:

- Tenants, property owners, landlords, and developers share a desire for stability.
- Currently, there is strong political will to pass a rent stabilization policy. Mayor and City Council members are confident that this is the right policy for the city and the right time to pass it.
- Property owners hold a range of opinions on rent stabilization and how it could be enacted in Hyattsville. While most property owners and developers expressed opposition to rent stabilization, others expressed openness to rent stabilization but advocated for a variety of avenues to recapture lost revenue potential.
- Landlords expressed concern about creating an overly burdensome process that inadvertently punishes good-faith landlords who do not regularly increase rent by significant amounts.

The feedback received was taken into consideration along with the policy review to inform the recommendations. For a more detailed summary of stakeholder engagement efforts, please see Appendix A: Stakeholder Engagement Summary

Policy Review

The Enterprise team reviewed the rent stabilization policy framework proposed by the Hyattsville City Council in HCC-324-FY23. To understand the regional policy context, the team also examined approaches that other jurisdictions (i.e., Washington, D.C.; Takoma Park; and Montgomery County) have enacted. Furthermore, to understand the unique challenges that smaller jurisdictions face in enacting, administering, and enforcing rent stabilization policies, the Enterprise team researched the policies and practices of smaller jurisdictions (i.e., Eatontown, New Jersey; Fairview, New Jersey; and West Hollywood, California).

Data Analysis

The Enterprise team received and analyzed data from the City of Hyattsville's Department of Community and Economic Development that included multifamily rental properties with three or more units, single-family rental properties, and a list of residential properties slated for development. The data analysis consisted of cross-referencing the list of developments with the National Housing Preservation Database to get an accurate count of properties that receive a federal subsidy.

Additionally, to calculate the hypothetical increases in rent from 2016 to 2021, the Enterprise team used the Bureau of Labor Statistics to gather percent changes in the Consumer Price Index and the American Community Survey Data to get the median rent for all units in Hyattsville from 2016-2021.

Regional Context

In analyzing HCC-324-FY23 and considering recommendations, the Enterprise team considered the regional policy context as housing markets transcend city limits. Using the four-component policy framework, a comparison of several policies is outlined in Table 2.

TABLE 2: RENT STABILIZATION POLICIES IN THE REGION

	Takoma Park ¹⁴	Washington, D.C. ¹⁵	Montgomery County ¹⁶
Adoption year	1981	1985	2023
Exempted Rental Units	<ul style="list-style-type: none"> • Single family houses • Accessory apartments • Duplexes when one of the units is occupied by the owners as their primary residence. • Landlords who provide affordable housing through governmental contracts • Newly constructed units under 5 years old 	<ul style="list-style-type: none"> • Federally or District subsidized units • Properties built after 1975 • Properties owned by person (not a corporation) who owns no more than four rental units in the District; vacant when the act took effect. 	<ul style="list-style-type: none"> • 23-year new construction exemption • Properties owned by a person (not a corporation) who owns no more than four rental units in the county
Allowable rent increases	<ul style="list-style-type: none"> • CPI-U 	<ul style="list-style-type: none"> • CPI-W + 2%, but not more than 10% • For tenants that are elderly or disabled, the max is the CPI% only and no more than 5% 	<ul style="list-style-type: none"> • CPI-U +3%, but not more than 6%
Exceptions	<ul style="list-style-type: none"> • Fair return 	<ul style="list-style-type: none"> • Fair return¹⁷ • Capital improvement petition • Substantial renovation • 70% tenant voluntary agreement • Petition based on increase of services and facilities 	<ul style="list-style-type: none"> • Fair return • Capital improvements • Substantial renovation
Decontrol	Banking of rent increases and applying them to new leases	Vacancy increases	Banking of rent increases up to 10% and applying them to new leases
Related tenant protections	<ul style="list-style-type: none"> • Protection against retaliatory actions¹⁸ • Right to Counsel • TOPA 	<ul style="list-style-type: none"> • Protection against retaliatory actions • Right to organize tenants' association • TOPA 	<ul style="list-style-type: none"> • Protection against retaliatory actions • Right to Counsel

¹⁴ City of Takoma Park, MD Municipal Code § 6.20

¹⁵ Washington, D.C. Official Code § 42-3501.01

¹⁶ Pagnucco, A. (2023, July 18). Rent Control Votes. *Montgomery Perspective*.

<https://montgomeryperspective.com/2023/07/18/rent-control-votes/>

¹⁷ Washington, D.C. Rent Control Fact Sheet

<https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/RentControlFactSheet.pdf>

¹⁸ 8 Code of Maryland § 8-208.1

	<ul style="list-style-type: none"> • Commission on Landlord-Tenant Affairs 		
--	---	--	--

The Montgomery County council passed permanent rent stabilization legislation in July following months of deliberation and changes to reconcile multiple elements across two separate bills. The ordinance, detailed in Table 2, sets annual rent increases at CPI-U +3% with a cap at 6%; the proposed rent increase formulas from the original bills featured one with an absolute cap at 3% and the other limiting increases to CPI +8%.

It should also be noted that Prince George’s County has a temporary rent stabilization policy in place and is in early phases of developing a long-term rent stabilization policy.¹⁹ The current temporary measure has the following elements:

- Maximum rent increase: 3%
- Exemptions:
 - Units that received an initial use and occupancy permits less than five years before the effective date of the policy
 - Units that are “governed by a Federal, State or County agreement that subsidizes the tenant’s rent and that agreement remain in effect during the tenure of (the rent stabilization policy); property managers must apply for this exemption and receive County approval

As a one-year policy, it does not include any exceptions, decontrol options, or related tenant protections. As of the writing of this report, the temporary measure is set to expire on April 16, 2024. A FAQ document on CB-007-2023 notes that “(t)he legislation applies County wide, including within the municipalities. The municipalities, including Laurel, Takoma Park and the City of Mount Rainier, may be more restrictive but not less restrictive than the legislation.”²⁰

As the city of Hyattsville considers its own approaches to rent stabilization, several issues will be important to consider, including the jurisdictions adoption and implementation timelines, any parallels or distinctions between municipal and county policy, and necessary education to ensure stakeholders understand which elements of either policy may apply to them.

Market Context

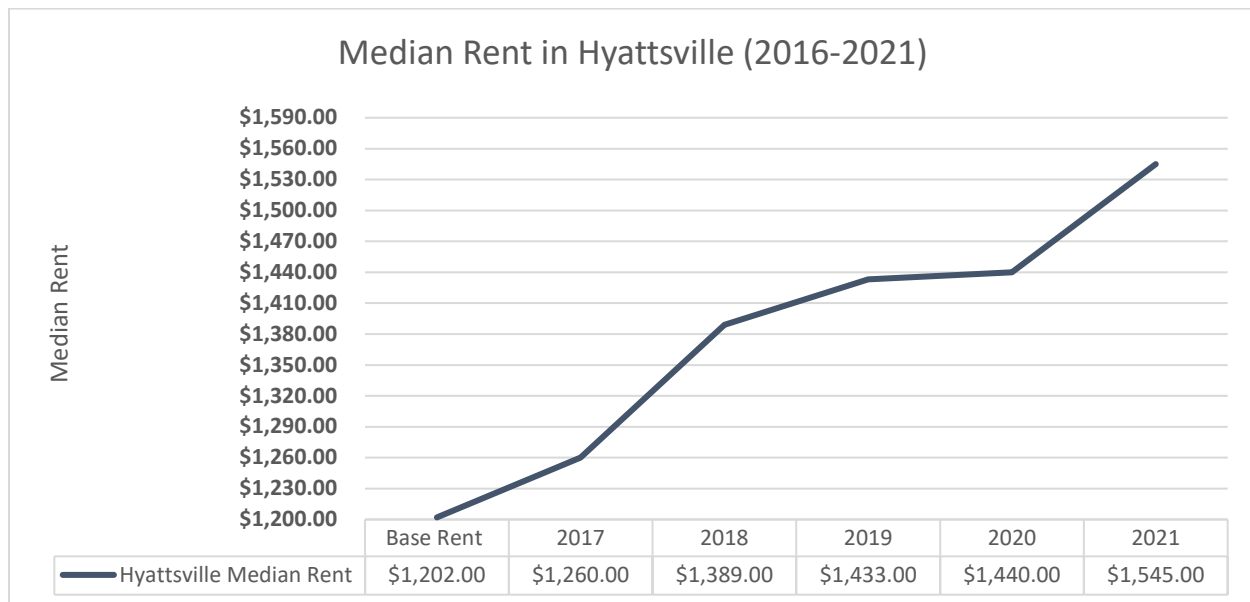
The City of Hyattsville is responding to a trend of rising rents. As illustrated in Figure 1, rents have increased over time, though not at a steady rate.

¹⁹ Disclaimer: The authors of this report are facilitating the Prince George’s County Rent Stabilization Working Group and will be providing recommendations on a policy framework to County leadership.

²⁰ Prince George's County. FAQs for CB-007-2023.

[https://www.princegeorgescountymd.gov/DocumentCenter/View/45461/CB-7-Rent-Stabilization-Act-FAQs---](https://www.princegeorgescountymd.gov/DocumentCenter/View/45461/CB-7-Rent-Stabilization-Act-FAQs---Revised-4-21-2023)
Revised-4-21-2023.

FIGURE 1: MEDIAN RENT (2016-2021)²¹



Source: American Community Survey 5-year estimates (2017 – 2021)

Furthermore, as shown in Table 3, while renters across all income levels are experiencing housing cost burden, a significant number of renter households with the lowest incomes (less than \$50,000 per year) are consistently spending more than 30% of their income on rent; therefore, are considered to be rent burdened. These households have the lowest ability to absorb significant increases in rent year-to-year, contributing to heightened housing instability.

TABLE 3: RENTER COST BURDEN BY HOUSEHOLD INCOME

	<\$20K	20K-35K	35K- 50k	50k-75k	75k+
Total renter households	420	415	547	864	1,807
Renter households that spend >30% of income on rent	333	366	535	469	200
% of all renter occupied housing units	8.10%	8.90%	13.00%	11.40%	4.80%

Source: American Community Survey 5-year estimates (2017 – 2021)

Overview of Rental Housing Stock

In considering what rent stabilization policy components should be applied, it is critical to understand a jurisdiction's housing stock. According to licensing data provided by the City of Hyattsville, the city has 4,730 rental housing units, located within 555 properties.²²

Table 4 represents Hyattsville's rental housing stock in terms of property size (units per property). Rental properties with more than four units make up over 88% of the rental stock (4,176 units).

²¹ Current Census data is limited to 2021 as American Community Survey 5-year estimates for 2018-2022 are unavailable. 5-year estimates are not representative of a specific year but measure a 5-year period.

²² Please note that there is currently limited data available on single-family attached rental units (i.e., rented townhomes) in the city.

TABLE 4: REPRESENTATION OF PROPERTY SIZES IN HYATTSVILLE

	2 Units or Less	3-4 Units	5-10 Units	11-30 Units	31+ Units
Number of Units	507	47	49	142	3,985
Property Count	506	14	8	7	20

Source: Hyattsville Department of Community and Economic Development, Multifamily Units, 2023.

Most of Hyattsville’s multifamily rental stock is comprised primarily of older units, with 84% of units developed before 1975; however, there is a growing number of new developments in the city. There have been six rental properties developed in the last 15 years and there are five rental developments currently in the pipeline, with four projected to be completed in 2024. Table 5 details the rental properties that are currently in the pipeline for the City of Hyattsville.

TABLE 5: HYATTSVILLE RENTAL PIPELINE

Rental Property	Estimated Delivery	Unit Count
Sovren Apartments (Riverfront at West Hyattsville)	2024	293
Dewey Development – Parcel 1	2025	361
Dewey Development – Parcel 5	2024	321
Canvas Apartments	2024	284
Residences at the Six (6400 America Blvd)	2024	316
Total		1,575

Source: Hyattsville Department of Community and Economic Development, Development Pipeline, 2023.

Additional data points will be referenced throughout this memo to illustrate the implications of various policy decisions.

Policy Analysis and Recommendations

Using the five policy components as an organizing framework, the Enterprise team (1) analyzed impacts of City Council’s proposal and (2) analyzed impacts of recommended adjustments for the members of City Council to consider.

Included and Exempted Rental Units

A key decision in creating a stabilization policy is choosing which type of properties to regulate. These exemptions are often tied to the age, size, and ownership of buildings, as well as existing affordability requirements.

Proposed Language in HCC-324-FY23

“The following classes of rental properties and rental agreements shall be exempt from the limit imposed through the MAARI.:

Rental properties less than 15 years old;

Buildings with 2 or fewer units;

Owner-occupied where the tenants share a kitchen or bathroom with the owner;

Short-term leasing agreements. (Defined as leases for 30 days or less, published via short term leasing platform such as Airbnb)

Extensions of leases beyond 120 days will make the unit subject to the Rent Allowance clauses prescribed;

Federally regulated rental units for which rates are negotiated between the federal government and property owners;

Accessory apartments and dwelling units.

Based on available data related to rental property age, units per building, and federally regulated units, if the City were to enact this language, at least 2,340 rental units would be exempted out of the 4,730 rental units (49%).

Recommended Approach and Adjustments

The Enterprise team recommends the following building traits should make them exempt from the City's rent stabilization policy:

- Rental properties less than 15 years old (1,588 units if a rent stabilization policy were to go into effect in 2023)
- Short-term leasing agreements (defined as leases for 30 days or less, published via short term leasing platform such as Airbnb)
 - Extensions of leases beyond 120 days will make the unit subject to the Rent Allowance clauses prescribed
- Properties with four (4) or fewer units (554 units)
 - Accessory apartments and dwelling units
 - Owner-occupied properties where tenants share a kitchen or bathroom with the owner
- Publicly subsidized and regulated rental units for which rates are negotiated between the federal, state, or local government and property owners (at least 429 units)

Under the recommended approach, at least 2,571 rental units would be exempted out of the 4,730 rental units (54%) if the policy were to go into effect in 2023.

Building Age

The Enterprise team agrees with City Council's proposal that buildings less than 15 years old should be exempt from the rent stabilization policy. Fifteen years is typically a long enough period for developers and investors to see stabilized rents and operating costs; additionally, it is usually a long enough time period for initial investors recoup their investment and sell their share, all of which helps to mitigate the risk of suppressing housing construction and investment. Property managers and developers advocated for more than 15 years considering the typical lifespan of a mortgage is 30 years. However, a 15-year exemption period benefits tenants by regulating units sooner. This could lead to slower rent increases in the long term, leading to a larger stock of housing that is affordable to residents over time. This approach balances the needs of both renters and property owners.

Under this approach, 1,588 units would be exempted on the basis of age out of the total rental units if a rent stabilization policy were to go into effect in 2023.

Short-Term Leasing Agreements

The Enterprise team agrees with City Council's recommendation to exempt short-term lease agreements as this is a common practice among cities with rent stabilization. Additionally, under the Prince George's County short-term

rental licensing requirement, a homeowner is only allowed to obtain a license for their primary residence.²³ Because both City Council and the Enterprise team have proposed to exempt single-family homes and any properties with four or fewer units, short-term rentals will not be regulated under the proposed policy.

The Enterprise team agrees with City Council’s proposal to include short-term rental units under the permitted rent increase clause if the lease goes beyond 120 days.

Building Size

The Enterprise team recommends that the City exempt buildings with four or fewer units from its rent stabilization policy. A policy of exempting only buildings with two units or less, as initially proposed, would apply to 506 properties.²⁴ The Enterprise team proposes expanding this to include properties with four or fewer units because of several reasons.

First, this would ease financial and administrative burdens for “mom or pop” smaller landlords who are an important part of Hyattsville’s property owner universe. Second, this would reduce the administrative burden on Hyattsville staff by reducing the number of property managers and renters that need policy education and monitoring. Smaller landlords may also need more direct assistance from city staff (i.e., more staff time) to understand the policy than larger landlords who have more experience and capacity. Third, while local data was unavailable to the Enterprise team, it is likely that most of Hyattsville’s rental homes with owner-occupied units are those with four or fewer units. One study found that landlords who live in their smaller rental properties (two to six units) tend to take better care of their properties,²⁵ and by extension, their tenants.

The Enterprise team also agrees with Council’s suggestion to exempt accessory apartments and dwelling units, which would be captured under the exemption of properties with four or fewer units.

Under this approach, 554 units would be exempted based on size out of the 4,730 total rental units (12%).

Dedicated Affordable Housing Units

The Enterprise team recommends that the City expand the exception for federally regulated rental units to include all publicly subsidized and regulated rental units. Although most affordable housing properties in Hyattsville are subsidized through federal means, there are properties, such as the Sovren Apartments²⁶, that receive funding from the County. As the policy is proposed through HCC-324-FY23, there are no exemptions provided for units that are subsidized by local government; however, if Hyattsville were to adopt policy language that included these additional subsidized units, they would add at least the 146 units at the Sovren Apartments as well as 184 units at Hamilton Manor to the universe of exempted properties.

Furthermore, as the County continues to increase funding for its Housing Investment Trust Fund and the City itself explores developing a local housing trust fund, the City should expect to see more affordable housing developments in the rental pipeline beyond those that receive federal funding.

²³ Prince George’s County Short-Term Rentals FAQ.

<https://www.princegeorgescountymd.gov/DocumentCenter/View/32693/Short-Term-Rentals-STR-Frequently-Asked-Questions>

²⁴ Based on available data

²⁵ This is in reference to a 2019 study in Rochester, NY that found that owner-occupied rental properties with six or less units are less likely to have code violations than rental properties without a landlord living in the building. Rose, G., & Harris, R. (2022). The three tenures: A case of property maintenance. *Urban Studies*, 59(9), 1926–1943. <https://doi.org/10.1177/00420980211029203>

²⁶ At the writing of this report, Sovren Apartments is under construction. The County Council approved a Payment in Lieu of Taxes and funding from the County’s Housing Investment Trust Fund.

As shown in Table 6, under this policy approach, at least 429 units would currently be exempt out of the 4,730 total rental units (9%).²⁷ Since the Sovren Apartments would still be exempt under the 15-year grace period, they are not included in the current count. When the 15-year exemption expires, there will be at least 575 units exempt.

TABLE 6: HYATTSVILLE'S DEDICATED AFFORDABLE HOUSING STOCK

Property	Regulated Units	Subsidy
Friendship Arms Apartments	150	Section 8
Hamilton Manor Apartments	184	RoFR
Parkview Manor Apartments	51	LIHTC
Renaissance Square Artist Housing	44	LIHTC, HOME
Total	429	

Source: Hyattsville Department of Community and Economic Development, 2023; Prince George's County Department of Housing and Community Development, Right of First Refusal Program, 2023

Allowable Rent Increases

The MAARI is the maximum amount that a landlord can increase the rent for each tenant in a 12-month period. The MAARI differs by jurisdiction and can be determined through a combination of factors.

Proposed Language in HCC-324-FY23

"The MAARI shall be equal to the annual percentage increase in the Washington-Arlington-Alexandria, DC-VA-MD-WV Consumer Price Index for All Urban Consumers (CPI-U), from November to November of the two most recent calendar years, rounded to the nearest whole number, and shall be effective for a twelve-month period beginning January 1. "

Although using CPI to cap rent is typically reliable, there are instances where it does not accurately reflect changes in building operating costs. This is a key factor to consider for Hyattsville since most of the City's multifamily rental units (84%) were built before 1975 and may require landlords to spend more money to maintain the quality of their units.

Recommended Adjustments

The Enterprise team recommends that the City of Hyattsville consider a MAARI formula that reflects these combined factors:

- A core annual index of cost of living, such as the regional CPI-U
- An escalator (expressed as an additional percentage of eligible rent) to support landlord investments in current worker salaries, increasing staff, expanding resident services or other appropriate expenditures, and
- A cap above which the CPI-U plus escalator shall not exceed.

The three components work together because they each serve a different function and help to counterbalance the imperfections of their complementary pieces. They work together to ensure that the MAARI reflects an objective measure of market conditions, permits landlords to collect revenue sufficient to invest in its workers or resident services beyond cost-of-living only adjustments, and, most importantly, eliminates the risk of severe, unanticipated

²⁷ Table 6 may not reflect all affordable units that have received funding/incentives from the County alone (no federal funding). Per Prince George's County Department of Housing and Community Development, 184 units have been supported through the County's Right of First Refusal program.

rent increases that threaten tenants' ability to cover their housing costs and remain in their homes. The City has the flexibility to define the escalator and the cap at a percentage that reflects its goals for the policy.

Cost of Living Factor

The Enterprise team agrees with City Council's recommendation to use CPI-U, a nationally recognized and commonly used measure for the cost of living for rent stabilization policies,²⁸ as the base for setting its MAARI.

Escalator

However, the cost of housing only represents about a third of the value of the goods and services that the Bureau of Labor Statistics uses to track inflation for the CPI.²⁹ Therefore, because there are other contributing factors that influence the CPI, there are occasions when rents can decrease while CPI increases, including as recently as May of this year.³⁰ Being an imperfect measure of the marketplace, economic conditions, and rent revenue, it is important to consider an escalator in addition to the CPI-U constant as part of any MAARI formula. Furthermore, CPI-only increase provides no margin for a landlord to expand staff or increase salaries, or invest further in the property and services, a sentiment raised consistently during stakeholder interview. Hyattsville property owners are not alone in expressing this experience; one national survey from October 2022 found that 80% of landlords reported seeing increasing operating costs over the previous year with 41% stating that costs rose by more than 10%.³¹

Factoring in the regional policy landscape, the Enterprise team recommends that City Council consider a 3% escalator. Ultimately, it is up to the City to determine their place in the housing market relative to their neighbors.

Cap

Rent stabilization is not primarily a housing affordability tool; it is a tool to increase predictability, which gives tenants something closer to the benefits enjoyed by fixed-rate mortgage holders. Setting a cap that is easily calculable helps to create a similar experience of consistency; by including a cap, renters can know with certainty how much they need to budget and plan for to cover the cost of rent in the future. Furthermore, setting a cap ensures that rent stabilization policies foster both household and community stability.³² While there is not necessarily a perfect factor, the Enterprise team recommends using a 6% cap as a starting place for policy discussions.

Composite Impact

Considering all three components together, the Enterprise team recommends a MAARI of CPI-U with an escalator of 3% and a cap of 6%. The Enterprise team recommends including an escalator of 3% to ensure that landlords can keep up with the administrative and operational costs of managing their properties. The recommendation for a 3%

²⁸ Geotz, E., et. al. (2021 Feb). Minneapolis Rent Stabilization Study. *Center for Urban and Regional Affairs (CURA), University of Minnesota*. Retrieved from <https://lms.minneapolismn.gov/Download/FileV2/23362/Rent-Stabilization-Research-Final-Report.pdf>

²⁹ Wessel, D. & Campbell, S. (2022, May 18). How does the Consumer Price Index account for the cost of housing? *Brookings Institute*. Retrieved from <https://www.brookings.edu/articles/how-does-the-consumer-price-index-account-for-the-cost-of-housing/>

³⁰ Ramaswamy, S. V. (2023, June 13). Rent prices are dropping, so why do CPI numbers for shelter remain high? *USA Today*. Retrieved from <https://www.usatoday.com/story/money/2023/06/13/rent-housing-cost-cpi-numbers-explained/70317130007/>

³¹ Dagher, V. (2022, Dec 19). For Landlords, Rising Housing Costs Make It Harder to Earn Passive Income". *Wall Street Journal*. <https://www.wsj.com/articles/for-landlords-rising-housing-costs-make-it-harder-to-earn-passive-income-11671403749>

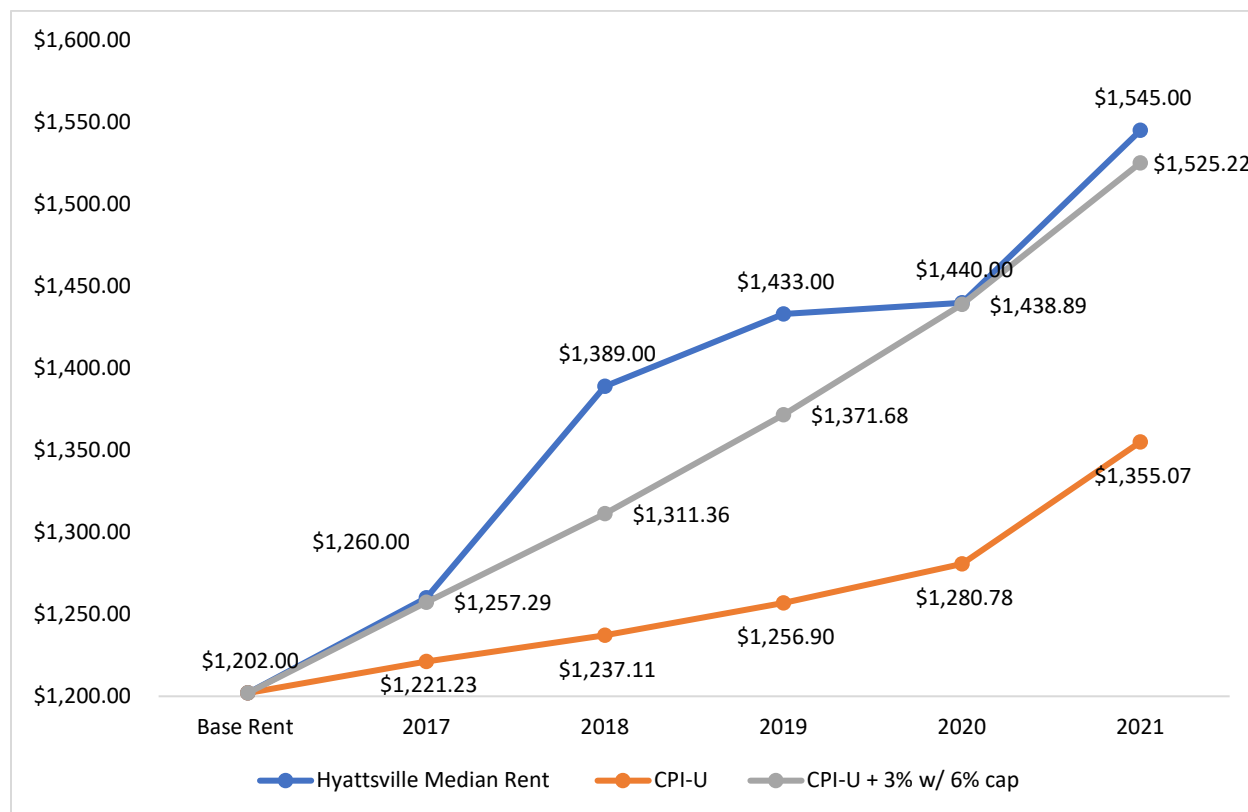
³² Quigley, F. (2023, July 20). Why We Need Rent Control. *Jacobin*. Retrieved from <https://jacobin.com/2023/07/rent-control-arguments-myths-housing-real-estate/>

escalator is also influenced by the regional context of Montgomery County and Washington, DC; however, it is up to the City Council to determine their place in the housing market relative to their neighbors.

Tying permitted rent increases to a CPI-U and an escalator alone is not enough to ensure housing stability for the city's renters, which is the ultimate goal of this policy. As such, the Enterprise team recommends including a cap of 6% to prevent any sharp jumps in rent if CPI were to increase exponentially from one year to the next. Additionally, most renters will not track the annual changes to CPI specifically in order to budget for their next year's potential increase in rent. By including a cap of 6%, renters will understand with more certainty how much they need to budget and plan for to cover the cost of rent in the future. Setting a cap ensures that rent stabilization policies foster both household and community stability.³³

Figure 2 shows how a cap, in combination with the Enterprise team's recommendation for a CPI-U +3% MAARI, could have impacted rents over the past five years. The graph looks at how rents would have increased over five years in comparison to the American Community Survey's estimate for the median rent for all units in Hyattsville. The base rent was the 2016 median rent (\$1,202). As Figure 2 demonstrates, using the CPI-U +3% with a cap of 6% results in a slightly lower rent than the actual 2021 median rent. Although the CPI-U +3% with a 6% cap tracks closely to the median rent in 2021, it shows a more gradual increase over time in comparison to a less predictable rise and fall of rents without a cap. While a CPI-U + 3% model is more financially burdensome for renters than a MAARI simply tied to the CPI-U as initially proposed by the City, the cap of 6% helps to balance this approach by minimizing the added financial burden for renters while addressing property owners' concerns about increasing operating costs and regional development.

FIGURE 2: MODEL OF ANNUAL RENT INCREASES UTILIZING THE RECOMMENDED MAARI



³³ Quigley, F. (2023, July 20). Why We Need Rent Control. *Jacobin*. Retrieved from <https://jacobin.com/2023/07/rent-control-arguments-myths-housing-real-estate/>

Exceptions for Landlords

For non-exempted properties, jurisdictions can legislate exceptions that let property managers raise their rent above the MAARI. Jurisdictions that set a lower maximum rent increase should consider providing reasonable exceptions; conversely, jurisdictions with a higher maximum allowable increase can consider offering fewer exceptions to landlords.

Proposed Language in HCC-324-FY23

“Landlords have a right to petition for a rent increase in order to obtain a fair return. A fair return rent increase is intended to protect tenants from unwarranted rent increases, while allowing rent levels that provide landlords with a fair return.

- *Fair return is defined as base year net operating income adjusted by 70% of the percentage increase in the Consumer Price Index (CPI) from the base year until 2007, and 100% of the percentage increase in the CPI since 2007...*
- *Base Year. The landlord may select any of the following as the base year when petitioning for a fair return rent increase:*
 - *1979, unless the property contains four or fewer dwelling units;*
 - *1987, if the property contains four or fewer rental units;*
 - *1990;*
 - *2000.*”

Recommended Adjustments

The Enterprise team recommends that the City adopt the proposed fair return clause as written. Furthermore, the Enterprise team recommends that the City establish a process for landlords to appeal for exceptions (e.g., a hardship petition) to ensure that landlords have a mechanism to advocate for a “fair return.” Exceptions should be limited to natural people (i.e., not private entities or corporations).

The Enterprise team also recommends including a capital improvements exception that would allow landlords to raise rent above the MAARI to account for critical and significant property improvements. When developing the regulations, it is critical that the City be explicit in their policies “to prevent unnecessary rent increases for trivial maintenance and renovations”³⁴ and streamline the process as much as possible. When crafted effectively, these clauses address concerns from property managers that it will not be feasible to afford property improvements and that living conditions for renters will suffer.

Last, the exemption process should be designed and administered as a regulation as opposed to including it in an ordinance. This will give the City administrative flexibility to determine what appeal process works best for the City of Hyattsville.

Decontrol

Decontrol policies take various forms, including rent banking.

Proposed Language in HCC-324-FY23

“Preferential rent is rent a landlord charges that is lower than the legal regulated rent they can lawfully charge. If a landlord uses preferential rent, once the tenancy ends the landlord may increase the rent for the new tenant up to the full amount permitted by the MAARI over the full duration of the previous tenancy. This option is available only

³⁴ *Rent Stabilization | PolicyLink.* (n.d.). <https://www.policylink.org/resources-tools/tools/all-in-cities/housing-anti-displacement/rent-control>

when there is a change in tenants and can only span the time between two tenancies (i.e., once a new lease agreement is reached, any past preferential rent usage will become fixed)."

The Enterprise team recommends that the City adopt the proposed rent banking policy as written. With a rent banking policy, landlords may be less likely to utilize the full rent increase every year if there is not a change in tenant. This is preferable to a full vacancy decontrol policy as studies have shown that cities with full vacancy decontrol policies between tenancies are less affordable and more likely to displace Black renters than cities that cap rent increases between tenancies.³⁵ Rent banking, on the other hand, provides landlords with the flexibility to apply the rent increases in the years they see fit without incentivizing or jeopardizing housing stability for the tenant. Of note, it is important that the banking only apply when there is a new *tenant* as opposed to a new *lease* to prevent unexpectedly high rent increases for the same tenant between leases.

Related Tenant Protections

Proposed Language in HCC-324-FY23

The Hyattsville City Council did not include language for tenant protections in their proposal.

Recommended Considerations

The Enterprise team recommends that the City consider the tenant protections introduced in this report, including:

- Rent adjustment petitions
- Tenant Right to Counsel
- Tenant Opportunity to Purchase

Rent Adjustment Petitions

The habitability and maintenance of units was a concern brought up throughout the stakeholder engagement conducted for this study. Some tenants expressed concerns that landlords would stop maintaining units if a rent stabilization policy were enacted in Hyattsville. One way to address this and provide tenants with some recourse is through enabling rent adjustment petitions. This allows for tenants to file a petition for a rent reduction if the owner has failed to comply with housing codes or provide adequate housing. Because the City is currently proposing the exception petitions for landlords, there may already be infrastructure in place to support the addition of rent adjustment petitions for tenants. It is also important to consider the staff capacity needed when building out this program.

Tenant Right to Counsel

Tenant right to counsel is currently enacted statewide, but Hyattsville can bolster current protection by providing funding to organizations that provide free legal services to low-income renters.

Tenant Opportunity to Purchase (TOPA)

Prince George's County currently has a Right of First Refusal policy in place that allows the county to buy multifamily rental facilities to preserve housing opportunities for low- to moderate-income households in the county. Another consideration can be enacting TOPA policies that contribute to the preservation of affordable housing and create opportunities for community ownership.

TABLE 7: SUMMARY OF RECOMMENDED ADJUSTMENTS

Policy Component	City Council Proposal	Recommendations
Exempted rental units	<ul style="list-style-type: none">• Properties less than 15 years old	<ul style="list-style-type: none">• Properties less than 15 years old

³⁵ Heskin, A., Levine, N. & Garret, M. (2007). The effects of vacancy decontrol: A spatial analysis of four California cities. *Journal of American Planning Association* 66(2): 162-176.

	<ul style="list-style-type: none"> • Short-term leasing agreements (up to 120 days) • Buildings with two or fewer units • Owner-occupied where the tenants share a kitchen or bathrooms with the owner • Accessory apartments and dwelling units • Federally subsidized rental units 	<ul style="list-style-type: none"> • Short-term leasing agreements (up to 120 days) • Properties with four or fewer units <ul style="list-style-type: none"> • Accessory apartments and dwelling units • Owner-occupied where the tenants share a kitchen or bathrooms with the owner • All subsidized/regulated affordable units (federal, state, county, local)
Allowable rent increases	<ul style="list-style-type: none"> • Constant: CPI-U • Escalator: none • Cap: none 	<ul style="list-style-type: none"> • Constant: CPI-U • Escalator: 3% • Cap: 6%
Exceptions	<ul style="list-style-type: none"> • Fair return petitions 	<ul style="list-style-type: none"> • Fair return petitions • Capital improvements
Decontrol	<ul style="list-style-type: none"> • Rent banking, applied at the end of a tenancy 	<ul style="list-style-type: none"> • Rent banking, applied at the end of a tenancy
Related Tenant Protections	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Rent Adjustment Petitions • Tenant Right to Counsel • Tenant Opportunity to Purchase

Complementary Policies & Tools

A rent stabilization policy is just one tool in the housing toolkit and should not be the only policy pursued by the City of Hyattsville to improve housing stability for its residents. This section includes alternative policy options introduced in the Housing Action Agenda, as well as policies that other jurisdictions have paired with rent stabilization.

Dedicated Local Funding Source

A recommendation that came out of the Housing Action Agenda was the creation of a dedicated local funding source for housing development and related activities. An affordable housing trust uses public revenue to create and sustain affordable housing. The benefit of trusts is that they provide flexibility and can be used by local governments to help residents access high quality, affordable homes; reduce exposure to unhealthy living environments; and lessen cost burden.³⁶

Affordable housing trusts can be a critical complementary tool for rent stabilization. Much of the concern of implementing a rent stabilization policy is contributed to the potential impact it has on the future development of housing as well as impacts on a landlord's ability to maintain housing quality. An affordable housing trust can provide funding for the development of housing that is affordable at all income levels, especially the lowest earners. Additionally, it can be used to provide smaller loans or grants to landlords to make critical repairs to their units as well as help tenants pay utility bills. For example, the City of Philadelphia uses its trust funds to provide

³⁶ CityHealth, Addressing America's Housing Crisis. (2022). <https://www.cityhealth.org/wp-content/uploads/2022/08/CityHealth-Report-Addressing-Americas-Housing-Crisis.pdf>

emergency utility assistance to low-income families who have fallen behind on their utility bills and are facing utility shut offs. With the funds they have been able to assist over 2,000 residents with their utility bills. They have also been able to support residents with heater repairs; and basic system repairs to plumbing, electrical, roofing, and heating systems to maintain housing quality and habitability.³⁷

Creating a tool like this can also be way to provide assistance to tenants in buildings with fewer units that are excluded from a rent stabilization policy, as well as preserve naturally occurring affordable housing.

Tax Incentives

Some cities provide tax incentives for the maintenance and rehabilitation of naturally occurring affordable rental units. Older units are typically the main source of unsubsidized affordable rental housing in a city and typically require more upkeep to maintain quality than more recently built properties. Because rents for these units are below market rate, it can be difficult for landlords to make any significant renovations or upgrades without an increase in rent. In order to support the preservation of these units, local governments can allow owners to make improvements to the property and hold its taxable value at the level it was at before improvement. This can be helpful for smaller landlords who may lack sufficient rental income to cover the costs of keeping older buildings up to code or upgrading critical building systems such as electrical or plumbing.³⁸

Another policy option is to provide tax exemptions to developers who place their units under rent stabilization. For example, the Affordable New York program provides developers with a subsidy to stabilize newly developed units. Additionally, properties that are already receiving the subsidy can extend their tax exemption period up to 15 years if they agree to keep their units stabilized as well as guarantee 20% of their units remain affordable to households whose income does not exceed 100% of the area median income.³⁹

Operationalizing Hyattsville's Rent Stabilization Policy

For City Council's policy goals to be reached, thoughtfully designed enforcement and administration practices will be critical. While there are costs to the City associated with implementation of a rent stabilization policy, they are outweighed by the benefits to the community.

Enforcement

The Enterprise team recommends that the City adopt an active monitoring and compliance approach that also allows for tenants to file complaints. The City should require non-exempted landlords to notify the City and tenant(s) of their rent rates on an annual basis via a standardized process. Through use of an electronic database, City staff will be able to flag proposed rent increases that violate the rent stabilization policy. Staff should send written notices to any landlords that are proposing non-compliant rent rates. If a tenant is assessed a greater rent than what the landlord reported to the City, they may also file a formal complaint to the City. The complaint system needs to be accessible.

In alignment with City Council's proposal, the Enterprise team agrees with the recommendation included in HCC-324-FY23:

³⁷ Philadelphia Housing Trust Fund Report 2020-2021. (2022).

<https://www.phila.gov/media/20220331093748/Philadelphia-Housing-Trust-Fund-Report-2020-2021.pdf>

³⁸ <https://localhousingsolutions.org/housing-policy-library/tax-incentives-for-the-maintenance-and-rehabilitation-of-unsubsidized-affordable-rental-properties/>

³⁹ <https://www.nyc.gov/site/hpd/services-and-information/tax-incentives-421-a.page>

Any landlord found guilty of a serious violation of the ordinance, shall be required to pay any tenant harmed by any such violation no less than the equivalent of three (3) months of rent, plus any attorney fees paid by the City to enforce the ordinance.

The City may deny a rental license to, and may impose significant financial penalties on, any landlord who fails to comply with this ordinance.

Property owners may be sanctioned under this statute if city code finds them in violation:
<<https://law.justia.com/codes/maryland/2021/real-property/title-8/subtitle-2/section-8-211/>>

Appeals processes are typically made available when a landlord has requested an exception from the stated annual rent increase cap and a subsequent decision has been made. Both parties (tenants and landlords) should be informed of the decision by the administering body, and, in the cases reviewed as part of this research, both parties can appeal the decision reached.

Administration

Administering and proactively enforcing a rent stabilization will require the City staff to do the following:

- Build out rental registry database
- Develop and refine necessary forms, standard operating procedures, etc.
- Analyze database for compliance with registry requirements and rent stabilization requirements
- Work with technology partner to create and maintain a user-friendly calculator to compute compliant rent increases
- Notify landlords/tenants of any non-compliant rent rates submitted
- Process and manage tenant complaints
- Adjudicate landlord/tenant disputes relating to rent increases
- Process landlord requests for exceptions
 - Notifying landlords and tenants of approvals/denials
- Develop and implement community education strategy
 - Produce educational materials for landlords and tenants
 - Conduct community outreach and trainings to ensure all landlords and tenants, including those who are not fluent in English, are aware of and understand the policy
- Respond to inquiries submitted to City
- Collect and analyze key performance indicators (see Policy Evaluation section)
- Produce annual reports
- Conduct five-year evaluations
- Provide policy recommendations

In interviewing staff in comparably sized communities, the Enterprise team determined that multiple staff are needed to effectively carry out these responsibilities without creating bottlenecks. As staff in Permits & Licensing currently process rental licenses, the Enterprise team recommends that this team also manage the rental registry. A full-time program manager will be needed to handle day-to-day administration and enforcement; it will need to be determined if this individual has the authority to adjudicate violations or if a higher-ranking employee will need to make final determinations. Based on interviews with staff from other cities, it is recommended that a person in this role have a background working in housing programs and with regulations, particularly LIHTC or HOME compliance.

It is important to note that staff from cities with long standing rent stabilization programs have emphasized the significant amount of staff time that is required to operate their stabilization programs. Takoma Park has two staff members dedicated to a program that monitors 1,600 rental units. The staff member that directly administers the

program spends roughly 75% of their time on administering the program, while the Housing Manager spends 20% of their time on the program.

As clear community education is paramount, the Enterprise team also recommends that City Communications staff are engaged in the implementation of the policy. Information Technology staff will also be critical partners in procuring/developing systems to streamline and manage process. While technology systems are costly, they can ultimately optimize staff time and mitigate frustrations of tenants and landlords alike.

Partnerships

Identifying and forging partners with community-based organizations can increase the efficacy of a rent stabilization policy. Partnerships can create ease with tenant engagement and outreach efforts by leveraging the networks of community-based organizations. This can be particularly useful when trying to engage renters who may be considered hard to reach, foster a sense of trust from the community, and provide necessary education to residents.

Policy Evaluation

The Enterprise team recommends that the City use a two-pronged reporting and evaluation approach where the City creates annual reports with major data points in addition to conducting a more comprehensive review every five years to examine longer-term trends. Annual reporting should track the implementation of the policy and measure how well Hyattsville is able to operationalize the program. This is critical for tracking progress in the early years when it might be too soon to interpret the policy's impact on the community. The registration system should capture most, if not all, of the data needed for the annual reporting to establish a baseline dataset that can be built on year after year. The less frequent, more comprehensive evaluation may require collecting additional quantitative and qualitative data to evaluate program success.

The Enterprise team recommends that the City of Hyattsville collect and track the following data for annual reporting purposes:

- Total rental inventory - number of rental properties and rental units
 - Purpose: establishes a baseline of comparison for the city's entire rental housing stock
- Number of rental units estimated to be subject to rent stabilization
 - Purpose: establishes a baseline for compliance
- Median rent increase for stabilized rental units
 - Purposes: establishes a baseline for citywide MAARI comparisons; determines if rents are generally staying at or below the City's adopted MAARI
- Number of landlord exception petitions submitted and approved
 - Purpose: serves as a proxy for if landlords believe they are able to keep up with maintenance and operating costs while also receiving a fair return on their property. Of note, this is the only piece of data that would need to be collected outside of the annual registration process. Instead, this would need to be collected from the staff responsible for receiving/processing landlord exception petitions.

In addition to incorporating the datasets presented above, the Enterprise team recommends that the City of Hyattsville consider examining the following datasets for the more comprehensive evaluation:

Housing Stock Measures

- Total number of rental units and total number of affected units
 - Purpose: there is some evidence that rent stabilization policies can adversely impact rental housing supply.⁴⁰ If the total number of rental units or the total number of affected units decreases over an extended period of time, it could be an indication that the City's rent stabilization policy may be having this effect.
 - Data source: annual registration process
- Condominium conversions
 - Purpose: There is some evidence that rent stabilization policies can lead to a reduction in the overall rental stock via condominium conversions.⁴¹ An increase in the number of condominiums coupled with a decrease in the number of available rental units could be an indication that the city is experiencing this unintended consequence.
 - Data source: tracking system; the City can conduct interviews with property owners who opt to convert rental units to condominiums

Tenant Experience

- Tenant-initiated complaints
 - Purpose: If tenants routinely reach out to the city fearing that they are being charged too much for rent, this could either be an indication that the City needs to conduct more tenant education (if the landlords are in compliance) or that there needs to be stricter enforcement (if the landlords are out of compliance).
 - Data source: compliance system; City should track complaints filed and their resolution (complaint dismissed or upheld)
- Additional amenity fees
 - Purpose: Additional or rapidly increasing amenity fees could be an indication that landlords are attempting to recapture their lost revenue potential through other unregulated means
 - Data source: rental registry
- Number of evictions
 - Purpose: considering a policy goal of rent stabilization is housing stability, an increase in the number of evictions could be an indicator that supplementary measures need to be taken to protect vulnerable renters
 - Data sources: Court records, CASA-facilitated rent mediation cases in Hyattsville, anecdotal evidence from the City's Community Services Department. Of note, this data can be challenging to acquire, decipher, or tie directly to rent and is usually more informative for communities that allow for partial or full vacancy decontrol.

Landlord Experience

⁴⁰ Prasanna Rajasekaran, P., Treskon, M. & Greene, S. (Jan 2019). Rent Control: What Does the Research Tell Us about the Effectiveness of Local Action? Urban Institute.

⁴¹ Prasanna Rajasekaran, P., Treskon, M. & Greene, S. (Jan 2019). Rent Control: What Does the Research Tell Us about the Effectiveness of Local Action? Urban Institute.

- Housing quality
 - Purpose: Property managers expressed that a rent stabilization policy could impede their ability to afford needed repairs. A reduction in housing quality for rental units could be an indication that landlords are having a challenging time doing so.
 - Data source: Number of code violations, evidence from Code Enforcement and Community Services Departments.
- Operating expenses per unit
 - Purpose: Property managers suggested that if their operating costs continue to increase and outpace the adopted MAARI, the City should consider adjusting the cap.
 - Data sources: Landlord exception petitions

Conclusion

The City of Hyattsville has demonstrated a great desire to legislate policy that increases stability for residents, especially those most vulnerable to the impacts of rent shock. There are many options and nuances for the City of Hyattsville to consider when deciding on language for a rent stabilization policy. The language recommended in this document accounts for the City's local context and what is being done on a regional level. The recommended language is intended to promote housing stability while allowing landlords to generate enough income to maintain their rental units. Moving forward, the City should consider regional rent stabilization policy activity and whether it is the right time for the City to adopt a full policy if the County is moving toward its own. As mentioned throughout this report, rent stabilization alone does not create housing and neighborhood stability and, therefore, the City of Hyattsville should continue to work towards implementing additional policies that address housing stability and affordability for residents.

Appendix A: Stakeholder Engagement Summary

Introduction

The project team conducted a variety of stakeholder interviews in service of developing a rent stabilization policy that best serves the needs of the Hyattsville community. The purpose of this task was to understand how a rent stabilization policy could effectively support the City's affordable housing goals while also reducing any adverse impacts on tenants, property owners, developers, and city staff.

The project team hosted 14 interviews and focus groups with 33 members of the Hyattsville housing ecosystem. The project team attempted to speak with all parties that would be impacted by a rent stabilization policy. Interviewees were guaranteed that their feedback would not be quoted or directly attributed to them. For that reason, the identities of most interviewees are not listed, but rather, their organization or role in the housing ecosystem has been identified. The groups are listed below with the parentheses representing the total number of people the project team spoke with.

- Multifamily housing tenant association (10)
- CASA De Maryland (2)
- Housing Initiative Partnership (HIP) (2)
- Multifamily property owners & managers (5)
- Market-rate developers (2)
- City of Hyattsville elected leaders (4)
- City of Hyattsville staff (7)
- City of Takoma Park staff (1)

As can be seen from the list above, the project team reached out to a diverse group of stakeholders to inform rent stabilization policy recommendations. Meaningful community engagement was outside of the scope and timeframe for this project. However, a deeper community engagement initiative was conducted to develop the City of Hyattsville's Housing Action Agenda in 2021, which is what helped to identify rent stabilization as a key community priority.

Key Themes

Several key themes were identified over the course of the stakeholder engagement process. Those key themes include:

- **Desire for stability:** All parties mentioned the importance of stability and predictability but from their vantage point. Particularly, tenant advocates believed a rent stabilization policy would help increase housing stability (i.e., maintain or increase rental tenure). For outreach and education purposes, it may be beneficial to emphasize a message of stability and demonstrate how a rent stabilization policy could offer greater stability and predictability for all parties.
- **Existing political will:** There is strong political will to pass a rent stabilization policy. The Mayor and City Council members are confident that this is the right policy for the City and the right time to pass it.
- **Mixed support from property owners:** Most property owners and developers expressed complete opposition to any form of rent stabilization, arguing that a MAARI may force them to sell their properties or invest and build elsewhere. Some property owners expressed an openness to a rent stabilization policy but advocated for a variety of avenues to recapture lost rent revenue potential, such as a vacancy decontrols, a MAARI that would allow for rent increases beyond the Consumer Price Index (CPI) increase, and/or minimally burdensome hardship petitions.
- **Offer incentives:** There was near unanimous support for ensuring that legislation is not designed with the worst landlords in mind. Property owners and developers expressed concerns about creating an overly burdensome process that inadvertently punishes good-faith landlords who do not regularly increase rent

by significant amounts. Instead, property owners suggested that the City use a “carrot, not a stick” approach.

- **Cost of Water:** Nearly every interviewee, especially property owners and tenants, expressed frustration with the rapidly rising cost of water. Tenants stated that water bills are rapidly rising and unpredictable, which can make it hard to save for other costs like healthcare, food, and transportation. Property owners identified the rising cost of water as an unacknowledged burden placed on many property owners. Some stated that they needed to start charging their tenants because of how unsustainable the rate of change was. Others expressed a desire for City assistance in installing water meters so they could charge their individual units more accurately.
- **Areas of tension:** Several areas of tension around specific policy traits emerged over the course of the interviews:
 - **Age of the building:** Property owners and developers stated that buildings less than 30 years old should still be exempt because most mortgages are for 30 years. Others argued that 15 years was a sufficient age because property owners have likely recouped their losses and/or refinanced at that point.
 - **Vacancy decontrol:** Tenant advocates argued that a vacancy decontrol will incentivize evictions whereas property owners stated that this was the only way they could make a reasonable return on their properties.
 - **MAARI Cap:** There was no clear consensus on which cap for a MAARI (i.e., % of CPI, 100% of CPI, CPI +%) was most appropriate, but property owners and developers stated that anything less than a CPI +% model would not allow them to recoup property maintenance expenses.
 - **Unit Count & Owner Occupancy:** Property owners believed that certain properties should be exempt from a rent stabilization policy based on the number of units; suggested units ranged from properties with 2 to 50 units. City of Takoma Park staff suggested that owner-occupied buildings up to 7 units should be considered for exemption, believing that owner-occupied multifamily buildings are less likely to see unsustainably high increases in rent.

Interview Group Summaries

The following summaries provide an overview of each group’s unique perspective and identifies key points made by each group.

Multifamily Tenant Association

The project team spoke with a tenant association of a large apartment building that is located within the city limits. Ten renters were in attendance, most of whom were primarily Spanish speakers, and they were joined by two translators and City of Hyattsville staff. Most of the tenants have lived in Hyattsville for at least a decade and have been living in their building for several years.

- When speaking to Tenants about their experience with rent, many described feelings like they were “drowning” because of the increasing cost of rent. Many of the tenants mentioned their households are single-income and they struggle to keep up with rising costs because their wages are not rising.
- Aside from rent, the tenants also expressed frustration over the increasing and unpredictable water bills as well as fees charged by the property owners for blinds, A/C units, bicycles and grills. Of note, several other interviewees believed that property owners may use this type of additional amenity fees as a way to circumvent a rent stabilization policy.
- When asked if they’ve considered moving because of the cost of living, several tenants stated that they are considering moving due to the increasing cost of living. They also expressed frustration over the lack of alternative affordable options in the area. Many stated although they love living in Hyattsville, they were considering moving out of the City itself. Several of the tenants became visibly emotional when describing the stress and anxiety they feel about being able to afford next month’s rent. Tenants also mentioned that fluctuations and unpredictable changes to the cost of living (e.g., rent, water bills, healthcare) make it

difficult to feel stable and plan for the future, let alone save enough to buy a home. To that end, they advocated for a *permanent* rent stabilization policy, as opposed to Prince George's County's temporary policy.

CASA de Maryland

The project team spoke with two representatives of CASA de Maryland given their ongoing advocacy efforts relating to rent stabilization and their role as a service provider and tenant advocate.

- CASA has a deep understanding of the challenges renters face when it comes to finding and staying in affordable rental housing. Their rent stabilization advocacy is informed by a variety of the services they provide, including helping tenants apply for rental assistance, engaging in eviction protection, and mediating negotiations between landlords and tenants relating to the cost of maintenance, fees, and rent.
- As a tenant advocate, CASA mentioned that Hyattsville residents that work with the organization are "happy" to see this legislation moving forward because they currently feel as if landlords can raise rents with unmitigated consequences. They mentioned that residents have seen rents increase by 25-35% or even double. When asked about the motivation to pass a rent stabilization policy, CASA mention housing stability and anti-displacement are at the core of their reasoning. The representatives argued that affordable rental housing in Hyattsville is inelastic; even when rents increase, there are few to no other affordable options for them to move to in the city, let alone near their building, neighborhood, or community.

Housing Initiative Partnership (HIP)

The project team spoke with two representatives from HIP given their role as an affordable housing developer and a housing provider for lower income families. This dual role of developer and tenant advocate provided a particularly enlightening perspective given the tensions that exist between the two when it comes to rent stabilization.

- Representatives from HIP expressed even rent increases that may be seen as reasonable are too much for some tenants right now given broader inflation.
- In their observation, the recent rapid increase in rents that some tenants have experienced is due to multiple factors that have contributed to a pent-up demand for rental income. This increase could be temporary because landlords were correcting for years of lost or reduced revenues due to a combination of rent freezes, inflation, the County's temporary rent stabilization bill, increasing overhead for property management staff, and increased maintenance costs.
- They also mentioned they would hope for a carve-out for tax credit projects within rent stabilization policies because the transactions are complicated/challenging to pull off already. They try to keep rent increases minimal (around 3%) because they are mission driven, but point to increasing operating costs, especially insurance.

Multifamily Property Owners & Managers

The project team invited nearly 30 property managers and property owners who were associated with buildings that may be subject to a city rent stabilization policy (i.e., those with three or more units, at least 15 years old, federally regulated rentals, etc.). Four focus group opportunities were offered to property owners.

- Based on discussions, there was a general belief that rent stabilization may push them to sell. Property owners pointed to increased administrative burdens, as well as higher operational costs (insurance, utilities, labor, etc.) cutting into profit margins already. Property managers also believed that rent stabilization will disincentivize owners to make property improvements (higher operating costs and less ability to increase rents to cover them).
- The project team also asked property owners what terms they would like to see in a rent stabilization policy. When asked what MAARI they would like to see, it was uniformly believed that rent stabilization

needs to be tied to CPI versus a flat percentage. Additionally, property owners recommended aligning building age exemption with financing timelines, mentioning that exemptions should fall closer to a 30-year mortgage payoff timeline.

Market-Rate Developers

The project team invited three market-rate developers to participate in an interview and two agreed. The developers invited have a history of working in Hyattsville and other jurisdictions where their properties may soon be, subject to rent stabilization policies.

- There was a strong emphasis on stability and predictability, particularly as it is perceived by lenders and private equity firms. Developers placed importance on the way lenders see rent stabilization's impact on their business and anticipate that they will choose to invest in "business-friendly jurisdictions" like Arlington instead if rent stabilization is passed.
- During the discussion, it was also noted that housing supply constraints and rent increases on "legacy affordable" units during the pandemic have led to price increases. They mentioned easing path to new construction (aided by funds like Amazon's Housing Equity Fund) as critical for affordability in the region. One developer stated, "If there's not a significant housing pipeline, rent control is meaningless."
- The developers spoken to shared many of the same sentiments as property managers when asked about potential components on a rent stabilization policy. Overall, they mentioned they would prefer a 12% cap on rent increases as opposed to what is currently being proposed. They also urged that exemption periods go beyond 15 years and track closer to a 30-year mortgage. They mentioned Montgomery County's 23-year exemption being a good cutoff.

City of Hyattsville Elected Leaders

The project team spoke with Mayor Robert Croslin, Council President Joseph Solomon, Council Vice President Joanne Waszczak, and Councilmember Danny Schaible. The mayor was interviewed individually, and the councilmembers were interviewed as a group.

- There is strong political will to pass a rent stabilization policy. The mayor and city council members are aware that their constituents are finding it increasingly difficult to afford rent in Hyattsville, including hearing from some who saw rent increases of as much as 70% from one year to the next. As one of the fastest growing cities in Maryland, city leadership is seeking to combat displacement cause by rising rents while also ensuring that Hyattsville is an inclusive city with affordable rental opportunities.
- The mayor and the city council members are very familiar with rent stabilization as a policy and there have been a variety of initiatives and meetings held by the city's elected leaders over the last several years with the goals of: (1) educating themselves about policy design, (2) understanding what implications a rent stabilization policy may have on the city for renters, landlords, and the City; and (3) to educate relevant stakeholders and dispel misconceptions about rent stabilization policies.
- The councilmembers expressed a preference to adhering to the policy elements described in HCC-324-FY23. In particular, the councilmembers expressed a preference for attaching the MAARI to the Washington, D.C. area CPI-U and exempting buildings no less than 15 years old.
- Some elected leaders expressed apprehension about how a rent stabilization policy could impact property values, tax revenue, and the development pipeline, but they unanimously believed that the benefits of a rent stabilization policy outweigh those costs.
- There was concern about if the new housing manager will have the bandwidth to administer a rent stabilization policy while also developing and administering a variety of other city-led housing initiatives.

City Staff (Takoma Park)

The City of Takoma Park has one of the longest running rent stabilization policies in the region. The City's staff was able to provide a unique perspective regarding program administration for an existing rent stabilization policy.

- Takoma Park faces challenges with the administrative burden of processing hundreds of applications in a month to ensure compliance. Staff also encouraged other jurisdictions to think about data collection and processing and ensuring that there is a robust digital system in place for this, ideally prior to rollout. They also mentioned internal processes, particularly for compliance and remediation, are needed. They expressed they sometimes feel as though they are creating policy in real time while trying to answer questions.
- A significant amount of staff time is required to operate Takoma Park's program. There are currently two staff members dedicated to the program and they support 1,600 rental units. The staff that directly administers the rent stabilization program spends roughly 75% on administering the program, while the Housing Manager spends about 20% of their time on administering the program. Takoma park staff recommends hiring someone with a compliance background, someone who has prior experience overseeing LIHTC or HOME programs would also be well positioned for this work.
- Mentioned some landlords evaded rent increases with new or illegal fees to recoup lost revenue and are unsure they have found the right balance with new rules that restrict those fees. In relation to this, staff also mentioned that they end up making policy based on actions from the "worst landlords", which is not ideal because it makes things more administratively burdensome for all parties involved.
- Hardship petitions have been complicated to implement because they require a lot of data to prove and administrative time; often see petitioners that have overextended themselves. This is particularly the case when calculating the rent reserve needed. Takoma Park staff mentioned that large developers typically have a good sense of what a rent reserve needs to be, but it can get complicated for smaller landlords.
- Takoma Park staff mentioned it is critical to have a strong communications team to deliver information for rollout. This will be critical to getting landlords trained, developing FAQs, etc. Staff also mentioned that information should be accessible online.

City Staff (Hyattsville)

A variety of City staff who may play a role in rent stabilization implementation, administration, communication, and education were invited to participate in a focus group. The purpose of the focus group was to learn their perspectives on the administrative needs and technical skills required to operationalize a rent stabilization policy. The following section is broken down by department, but there are two overarching takeaways observed from the City Staff focus group that are worth highlighting:

- City staff currently has limited additional capacity to administer a rent stabilization policy. The new housing manager could help expand the city's bandwidth, but a rent stabilization policy would likely take up a considerable amount of this person's time (as noted in the Takoma Park city staff interview).
- For a rent stabilization program to succeed, the City will need to engage in a concerted outreach and education effort to ensure that tenants are aware of their rights and landlords are aware of their new obligations and responsibilities.

Permits & Licensing Department

- Staff is aware that additional time, skills, and systems will need to be in place to administer a rent stabilization program.
- Currently, staff have a good understanding of where multifamily buildings are located, the number of units, and contacts; this is essential for effective communication with existing property owners of buildings that are subject to rent stabilization.

Code Compliance Department

- Added administrative and enforcement needs of a rent stabilization policy may impact the staff's ability to keep up with the existing rental inspection cadence.
- It is believed that Mt. Rainier's rent stabilization policy was put in place without fully considering the administrative burden on city staff, which has led to a confusing and somewhat unenforceable rollout.

Communications Department

- Staff recognize that community outreach and messaging, both for affected renters and landlords, will be highly important for success.
- As a sanctuary city, particular attention should be paid to educating refugees about their rights and protections so that they feel comfortable with a rent stabilization policy.