

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND

2024 Legislative Session

Bill No. CB-055-2024

Chapter No. 38

Proposed and Presented by Council Members Ivey, Harrison, Fisher, Franklin, Hawkins, Watson

Introduced by Council Members Ivey, Harrison, Fisher, Hawkins, Watson, Oriadha and Olson

Co-Sponsors

Date of Introduction June 18, 2024

BILL

1 AN ACT concerning

2 Permanent Rent Stabilization and Protection Act of 2024

3 For the purpose of establishing permanent protections for renters against excessive rent increases
4 and generally stabilizing rent prices in Prince George's County, subject to certain conditions.

5 BY repealing and reenacting with amendment:

6 SUBTITLE 13. HOUSING AND PROPERTY STANDARDS.

7 Sections 13-138, 13-144, 13-145, 13-146, and 13-147,

8 The Prince George's County Code

9 (2023 Edition).

10 BY adding:

11 SUBTITLE 13. HOUSING AND PROPERTY STANDARDS.

12 Sections 13-147.1, 13-147.2, and 13-147.3,

13 The Prince George's County Code

14 (2023 Edition).

15 SECTION 1. BE IT FURTHER ENACTED by the County Council of Prince George's
16 County, Maryland, that Sections 13-138, 13-144, 13-145, 13-146 and 13-147 of the Prince
17 George's County Code be and the same are repealed and reenacted with amendment:

18 SUBTITLE 13. HOUSING AND PROPERTY STANDARDS.

19 DIVISION 3. LANDLORD-TENANT REGULATIONS.

20 SUBDIVISION 1. GENERAL PROVISIONS

21

1 **Sec. 13-138. - Definitions.**

2 (a) For the purposes of this Division (and Division 4):

3 * * * * *

4 (2.1) **Banked amount** means the dollar amount of an annual rent increase allowance that
5 a landlord did not use to increase the rent for a regulated unit.

6 (2.2) **Base rent** means rent charged for a regulated rental unit under a lease, exclusive
7 of any rental discounts, incentives, concessions, or credits that are:

8 (A) offered by the landlord;

9 (B) accepted by the tenant; and

10 (C) itemized in the lease separate from the rent.

11 * * * * *

12 (3.1) **Capital improvements** mean permanent structural alterations to a regulated unit
13 intended to enhance the value of the unit. **Capital improvements** include replacement of major
14 systems, or structural alterations required under federal, state, or County law. **Capital**
15 **improvements** do not include ordinary repair or maintenance of existing structures.

16 * * * * *

17 (4.1) **CPI-U** means the Consumer Price Index for All Urban Consumers for the
18 Washington-Arlington-Alexandria Area, published by the U.S. Bureau of Labor Statistics, as
19 determined in the Regulations issued in accordance with this Subdivision.

20 * * * * *

21 (12.1) **Multifamily dwelling** means a building containing four or more dwelling units.
22 Units may be located side by side in a horizontal configuration or stacked one above the other in
23 a vertical configuration, sharing common vertical walls or horizontal floors and ceilings.

24 **Multifamily dwelling** does not include single family attached or detached houses.

25 (15.1) **Regulated rental unit** or **regulated unit** means a rental unit that is not exempted
26 under Section 13-147.

27 * * * * *

28 (18.1) **Substantial renovation** means permanent alterations to a building that:

29 (1) are intended to enhance the value of the building; and

30 (2) cost an amount equal to at least 40 percent of the value of the building, as
31 assessed by the State Department of Assessments and Taxation.

Sec. 13-144. Annual rent increase allowance.

(a) Annual rent increase allowance. The Director annually shall calculate a rent increase allowance for regulated rental units applicable to rental lease renewals equal to the lesser of:

(1) CPI-U plus 3 percent; or

(2) 6 percent.

(3) Notwithstanding the provisions of Subsections (1) and (2) of this Subsection, the rent increase allowance for a regulated unit in an age restricted senior housing facility with a twelve (12) or twenty-four (24) month lease may not exceed the lesser of the CPI-U or 4.5 percent.

(b) Duration. A rent increase allowance under Subsection (a) remains in effect for a 12-month period, beginning July 1st of each year and ending on June 30th of the following year.

(c) By May 1st of each year, DPIE shall provide notice to the public of the annual rent increase allowance under Subsection (a), above, that will become effective on July 1st of that year.

Sec. 13-145. Rent increases – in general; vacant units; limited surcharges for capital improvements.

(a) In general. Except as provided under Subsection (b), below, upon a lease renewal or execution of a new lease, a landlord shall not increase the rent of a regulated rental unit to an amount greater than:

(1) the base rent; plus

(2) the rent increase allowance under Section 13-144; plus

(3) any banked amount (the manner of application and determination of a “banked amount” shall be established by rent stabilization regulations adopted by the Director and shall include a requirement that the applicant fully compensate the County for any costs the Director determines are associated with determining whether the applicant meets the requirements of being able to utilize a banked amount); and

(4) does not exceed 10 percent of the base rent.

(c) Limited surcharge for capital improvements. Subject to Subsection (c), below, the Director shall grant a landlord’s petition to add a surcharge to the amount permitted under Subsection (a) if the Director determines, in accordance with rent stabilization regulations adopted by the Director:

(1) the surcharge is limited to an amount necessary to cover the costs of capital

1 improvements to the regulated unit, excluding the costs of ordinary repair and maintenance;

2 (2) the surcharge does not take effect until after the capital improvements are completed;

3 (3) if the capital improvements are for all rental units within the building, the surcharge:

4 (A) is divided equally among the units;

5 (B) is prorated over at least 96 months; and

6 (C) does not exceed 20 percent of the base rent;

7 (4) if the capital improvements apply only to certain regulated rental units within the
 8 building, the surcharge:

9 (A) is divided equally among the affected units;

10 (B) is prorated over at least 60 months; and

11 (C) does not exceed 15 percent of the base rent;

12 (5) the surcharge for each unit ends once the costs of the capital improvements, including
 13 any interest and service charges, have been recovered by the landlord;

14 (6) the capital improvements would protect or enhance the health, safety, and security of
 15 the tenants or the habitability of the rental housing, provided that the purpose of the capital
 16 improvements cannot be to address code or other habitability violations.

17 (A) Notwithstanding the foregoing, a new owner may apply to the Director for a
 18 waiver to authorize the inclusion of limited surcharge, as provided in this Section.

19 (7) if the capital improvements would result in energy cost savings:

20 (A) the savings would be passed on to the tenant; and

21 (B) either:

22 (i) the improvements would result in a net savings in the use of energy in the
 23 building; or

24 (ii) the improvements are intended to comply with applicable law;

25 (8) the capital improvements are depreciable under the federal Internal Revenue Code;

26 (9) the applicant has certified to the Director the costs of the capital improvements,
 27 including any interest and service charge;

28 (10) the applicant has certified to the Director that required governmental permits and
 29 approvals have been granted; and

30 (11) the applicant fully compensates the County for any costs the Director determines are
 31 associated with determining whether the applicant meets the requirements of this Subsection.

1 (c) Surcharge – additional requirements.

2 (1) A landlord must maintain, and must make available to a tenant with an active lease
3 for the affected unit or the Director upon request, all plans, contracts, specifications, and permits
4 related to any capital improvements for which a surcharge has been granted.

5 (2) Immediately upon the completion of capital improvements under this Section, a
6 landlord must permit the return to affected rental units of any tenant with an active lease for the
7 unit who was displaced due to the improvements.

8 **Sec. 13-146. Fair return.**

9 (a) Fair return rent increase. In accordance with this Section and rent stabilization regulations
10 adopted by the Director:

11 (1) a landlord may apply to the Director to increase rent for a regulated unit in an amount
12 that exceeds the annual rent increase allowance prescribed in Section 13-144; and

13 (2) the Director shall grant the application if the Director finds that the increase is
14 necessary for the landlord to obtain a fair return on the regulated unit; provided that

15 (3) the applicant fully compensates the County for any costs the Director determines are
16 associated with determining whether the applicant meets the requirements of this Section.

17 (b) For purposes of this Section, fair return means a return on investment:

18 (1) sufficient to offset operating expenses; and

19 (2) commensurate with returns on investments in other enterprises having comparable
20 risks, which is deemed commensurate if an investment's actual annual return (Net Operating
21 Income/Cost Basis) is at least the sum of the actual average 10 year United States Treasury Rate
22 for the annual return period, plus 3%;

23 (c) The Director shall adopt rent stabilization regulations establishing:

24 (1) a formula to determine the rent increase necessary to obtain a fair return for a
25 regulated unit;

26 (2) application requirements, including the information an applicant must submit to
27 demonstrate the rent necessary to obtain a fair return;

28 (3) a uniform system and procedures for processing applications;

29 (4) criteria the Director must use to evaluate and to grant or deny an application; and

30 (5) the duration of a rent increase approved under this Section.

1 **Sec. 13-147. Exempt rental units.**

2 (a) Exemptions. The requirements and limits of Section 13-145 do not apply to:

3 (1) a newly constructed unit whose construction was completed on or after January 1,
4 2000;

5 (2) a unit in a licensed facility, the primary purpose of which is the diagnosis, cure,
6 mitigation, and treatment of illnesses;

7 (3) a unit in a facility owned or leased by an organization exempt from federal income
8 taxes under Section 501(c)(3) of the Internal Revenue Code if the primary purpose of the
9 organization is to provide temporary shelter for qualified clients;

10 (4) an owner-occupied group house;

11 (5) a religious facility, including a church, synagogue, parsonage, rectory, convent, and
12 parish home;

13 (6) a hotel or motel only serving transient residents;

14 (7) a school dormitory;

15 (8) a licensed assisted living facility or nursing home;

16 (9) a building originally designed and constructed to contain only 2 dwelling units, one of
17 which the owner currently occupies as a principal residence (domicile);

18 (10) an accessory dwelling unit;

19 (11) a unit subject to a regulatory agreement with a governmental agency or an agreement
20 with a third-party entity that restricts occupancy of the unit to low and moderate income tenants;

21 (12) Subject to rent stabilization regulations adopted by the Director, a unit located within
22 a substantially renovated building if:

23 (A) the substantial renovation was or is completed on or after January 1, 2000; and

24 (B) the building is not in violation of Subtitles 4 or 13;

25 (13) a rental unit owned by a landlord who:

26 (A) owns 5 or fewer rental units within the County; and

27 (B) is either:

28 (i) a natural person or the living trust of a natural person; or

29 (ii) the trust or estate of a decedent;

30 (14) a condominium unit owned by one or more individuals domiciled in Prince George's
31 County; and

1 (15) any unit within or a part of a building cooperative.

2 (b) Expiration of exemption.

3 An exemption under Subsection (a), above, expires when the conditions entitling the unit
4 or facility to an exemption cease or no longer exist.

5 **[Sec. 13-144. - Temporary Rent Stabilization—Limiting rent increases, notification**
6 **requirements.]**

7 [(a)From the effective date of this Rent Stabilization Act (Act), a landlord shall not:

8 [(i) increase rent in an amount that exceeds three percent (3%) per annum of the existing
9 rent amount for any Pre-existing Tenant; nor]

10 [(ii) terminate the lease because tenant sought enforcement of this Act.]

11 [(b)For the purposes of this section, the term Pre-existing Tenant is any tenant who was
12 subject to a valid lease at the Landlord's rental property prior to April 17, 2023.]

13 [(c)Exemptions. The following units shall be exempt from the provisions of this Act:

14 [(i) Dwelling units that received an initial use and occupancy permit in the last five years
15 of the effective date of this Act.]

16 [(ii) The Department of Housing and Community Development shall review all
17 applications for exemption for any dwelling unit governed by a Federal, State or County
18 agreement that subsidizes the tenant's rent and that agreement remain in effect during the tenure
19 of this Act. All provisions of this Act shall remain in full effect until DHCD grants the
20 application for exemption.]

21 [(d)Senior Housing. To the extent not preempted by federal law, all landlords of senior
22 housing properties are subject to this Rent Stabilization Act.]

23 **[Sec. 13-145. - Notices of Rent Adjustments and Rent Payment Plans During the Rent**
24 **Stabilization Act (Act).]**

25 [During the one-year period of this Act, a landlord:]

26 [(a)Shall inform a tenant in writing to disregard any notice of a rent increase if:]

27 [(1)the landlord provided the notice to the tenant prior to the enactment of this Act; and]

28 [(2)the effective date of the increase would occur on or after the date that the Act became
29 effective; and]

30 [(b)May offer rent payment plans, in writing, to tenants.]

31 **[Sec. 13-146. - Information and Enforcement.**

1 [(a)Department of Housing and Community Development (DHCD) and Department of
 2 Permitting, Inspections and Enforcement (DPIE) shall provide information about the
 3 requirements of the Section on their respective websites, including the date that this Act expires.]

4 [(b)DHCD and DPIE shall email and post notice to license holders of the three percent (3%)
 5 per annum limit on rent increases for any tenant within fifteen (15) days of enactment of this
 6 Act.]

7 [(c)DPIE shall exercise the enforcement authority provided pursuant to Section 13-102 of
 8 Subtitle 13 and Section 1-123 of Subtitle 1 of this Code:]

9 [(1)This enforcement authority shall include the authority to impose fines for violations
 10 of the provisions of this subtitle, including:]

11 [(i) The authority to impose a penalty in the amount of \$500 for the first violation of
 12 the provisions of this Act; and]

13 [(ii) The authority to impose a penalty in the amount of \$1,000 for any subsequent
 14 violations of the provisions of this Act; and]

15 [(iii) Any penalty collected shall be distributed to the general fund.]

16 **[Sec. 13-147. - Expiration and Notice of Expiration.]**

17 [This Act expires, and has no further force or effect, one-year after the effective date of this
 18 Act without further action by the County Council or the County Executive. DPIE and DHCD
 19 must post, on their respective websites, information about the requirements of this Subdivision
 20 and the related Sections, including the date that these requirements expire.]

21 SECTION 2. BE IT FURTHER ENACTED by the County Council of Prince George's
 22 County, Maryland, that Sections 13-147.1, 13-147.2, and 13-147.3 of the Prince George's County
 23 Code be and the same are hereby added:

24 **Sec. 13-147.1. Regulation of fees.**

25 (a) Regulations. The Director shall adopt rent stabilization regulations regarding limitations
 26 on fee increases and that prohibit landlords from imposing new fees for services and amenities
 27 included during the term of the lease.

28 (b) Fee schedule. At the discretion of the Director, a fee schedule may be included, as a part
 29 of the rent stabilization regulations.

30 **Sec. 13-147.2. Rent stabilization data collection.**

31 (a) On or before September 30th of each year, a landlord must submit to the Department a

1 report for the preceding 12-month period, beginning July 1st and ending on June 30th, regarding
 2 regulated rental units, rents, and notices of rent increases.

3 (b) The landlord shall submit the report in the form and manner prescribed by the Director
 4 pursuant to rent stabilization regulations.

5 **Sec. 13-147.3. Information and Enforcement.**

6 (a) The Department of Housing and Community Development (DHCD), DPIE, and the
 7 Office of Community Relations (OCR) shall provide information about the requirements of this
 8 Subdivision on their respective websites, including, but not limited to, informing landlords,
 9 tenants, and the general public about the types of units subject to the provisions of this
 10 Subdivision and exempt from some or all of its provisions, petitions for capital improvements,
 11 substantial renovations, and fair return relief from Ordinance coverage. By January 1, 2026,
 12 DPIE shall provide a publicly available web portal that the general public can access and utilize
 13 to determine whether a particular rental property is subject to the limits of the rent increase
 14 allowance prescribed in Section 13-144 and whether the provisions of Sections 13-145, 13-146,
 15 or 13-147 are applicable to the property.

16 (b) DPIE shall email and post notice to license holders of the per annum limits on rent
 17 increases prescribed in this Subdivision within fifteen (15) days of its effective date.

18 (c) DPIE shall exercise the enforcement authority provided pursuant to Section 13-102 of
 19 Subtitle 13 and Section 1-123 of Subtitle 1 of this Code:

20 (1) This enforcement authority shall include the authority to impose fines for violations
 21 of the provisions of this Subtitle, including any regulations authorized by this Subdivision,
 22 including:

23 (A) The authority to impose a penalty in the amount of \$1,000 for the first violation of
 24 the provisions of this Subdivision; and

25 (B) The authority to impose a penalty of an amount up to \$5,000 for any subsequent
 26 violations of the provisions of this Subdivision; and

27 (C) Any penalty collected shall be evenly distributed between the Prince George's
 28 County Rental Assistance Program and the DPIE, and to pay for this Office.

29 SECTION 3. BE IT FURTHER ENACTED that by January 1, 2026, the Director shall adopt
 30 and publish rent stabilization regulations authorized and/or required by this Act. Such regulations
 31 shall implement and be consistent with the provisions of this Act. Such regulations shall become

1 effective on February 1, 2026 and be published on the official DPIE website. At least sixty (60)
2 days in advance of the adoption of the regulations, the Director is strongly encouraged to publish
3 an informal draft of the rent stabilization regulations on the official DPIE website and solicit
4 public feedback. After the initial adoption, rent stabilization regulations may be amended from
5 time to time by the Director upon 60 calendar days advance public notice published on the DPIE
6 official website. Such public notice shall also be transmitted to the County Executive and County
7 Council.

8 SECTION 4. BE IT FURTHER ENACTED that, excluding Sections 13-144, 13-145(a)(1)
9 and (2), 13-147(a)(1)-(11), 13-147(a)(13)-(17), 13-147(b), and 13-147.3(c) of the Code, Sections
10 1 and 2 of this Act shall not take effect or be enforced until the rent stabilization regulations
11 prescribed in Section 3 of this Act become effective.

12 SECTION 5. BE IT FURTHER ENACTED, notwithstanding Sections 13-144(b) and (c) of
13 the Code and solely for calendar year 2024, the rent increase allowance prescribed in Section 13-
14 144(a) of the Code shall become effective on October 17, 2024 and shall remain in effect until
15 July 1, 2025. The July 1, 2025 rent increase allowance and those thereafter shall be determined
16 in accordance with the schedule established in Section 13-144 of the Code.

17 SECTION 6. BE IT FURTHER ENACTED that DHCD shall provide technical support and
18 consultation to the Director and DPIE for the implementation of this Act and the rent
19 stabilization regulations authorized and required by this Act. DHCD, in collaboration with the
20 OCR and DPIE, shall conduct public information, education, and outreach efforts to landlords
21 and tenants about the requirements and provisions of this Act, including, but not limited to, direct
22 communications to tenants in age restricted communities, assisted living facilities, and other
23 vulnerable communities as determined by DHCD.

24 SECTION 7. BE IT FURTHER ENACTED that the Director of DPIE is authorized to
25 propose increasing rental license fees (and any other fees associated with rental housing) to an
26 amount commensurate with the costs of administering and enforcing this Act. Such fee increases
27 shall become effective once approved by County Council resolution, with concurrence of the
28 County Executive, after the Council holds a public hearing on the proposal.

29 SECTION 8. BE IT FURTHER ENACTED that the provisions of this Act are hereby
30 declared to be severable; and, in the event that any section, subsection, paragraph, subparagraph,
31 sentence, clause, phrase, or word of this Act is declared invalid or unconstitutional by a court of

1 competent jurisdiction, such invalidity or unconstitutionality shall not affect the remaining
2 words, phrases, clauses, sentences, subparagraphs, paragraphs, subsections, or sections of this
3 Act, since the same would have been enacted without the incorporation in this Act of any such
4 invalid or unconstitutional word, phrase, clause, sentence, paragraph, subparagraph, subsection,
5 or section.

1 SECTION 9. BE IT FURTHER ENACTED that this Act shall take effect forty-five (45)
2 calendar days after it becomes law.

Adopted this 16th day of July, 2024.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: Jolene Ivey
Jolene Ivey
Chair

ATTEST:

Donna J. Brown
Donna J. Brown
Clerk of the Council

APPROVED:

DATE: 8/1/24 BY: Angela D. Alsobrooks
Angela D. Alsobrooks
County Executive

KEY:
Underscoring indicates language added to existing law.
[Brackets] indicate language deleted from existing law.
Asterisks *** indicate intervening existing Code provisions that remain unchanged.