

CITY OF HYATTSVILLE
PLANNING COMMITTEE AGENDA
OCTOBER 22, 2024

Register in advance for this webinar:

https://us06web.zoom.us/webinar/register/WN_2Y-mJbXZT9O7jY5K-sNlww

- 1. Introduction of Committee & Guest Members (7:00 PM)**
- 2. Committee Business**
 - Approve Sept 17th, 2024 minutes
- 3. Presentation: Proposed City of Hyattsville Rent Stabilization Ordinance**
 - Presenter: David Cristeal, City of Hyattsville Housing Manager
 - Overview of Ordinance
 - Clarifying Questions
 - Committee Comments
- 4. Development Update**
 - 3599 East-West Hwy Redevelopment – *7-Eleven*
- 5. Adjourn (9:00 PM)**

CITY OF HYATTSVILLE
PLANNING COMMITTEE MINUTES
SEPTEMBER 17, 2024

Meeting will be Held in-person at 7:00 PM at the City Administration Building in the Multi-purpose Room on the main floor

1. Introduction of Committee & Guest Members

(7:00 PM)

- Maureen Foster Chair
- Todd Dengel, Committee Co-chair
- Yohannes Bennehoff, Committee Member
- Will Seath, Committee Member
- Marshall, Committee Member
- Gregory Barnes, Committee Member
- Kareem Redmond, Council Liaison
- Jeff Ulyse, Staff Liaison

2. Committee Business

- Approval of July 18, 2024 minutes
 - Todd: Motion to Approve
 - Planning Committee July Minutes Approved (unanimous)

3. St. Jerome's Academy Presentation

- Overview:
 - Mark Ferguson, Civil Engineer
 - Kevin Somok, Principal at St. Jerome Academy
 - Representatives of the St. Jerome Academy located at 5205 43rd Ave; presented a preliminary concept plan for a proposed extension of the existing school along the north-east side of the existing structure. The proposed plan also includes some environmental improvements to the subject site. The proposed addition and improvements will facilitate anticipated increases in student enrollment.
- Clarifying Questions
 - Todd: Will the playground remain as is?
 - Mark: We have 40ft of clay in that area of the property which creates drainage issues. To date we've been focused on the addition and its placement but we will cover those details in a full DSP.
 - Todd: Will any of the proposed improvements be built outside of the property boundary?
 - Mark: No.
 - Todd: Any anticipated traffic impact during construction?

- Mark: I can't say no but the project is proposed within the footprint of the existing property.
- Marshall: How close do both versions of the concept plan come to the neighboring properties?
- Mark: Currently 4ft but our feedback to the architect is to bring that in more
- Yohannes: Is the vegetation along 43rd ave and Gallatin within the boundaries of the subject property?
- Mark: Yes, they lie within the property boundary.
- Greg: Will you be taking away from some of the existing square footage of the playground? If Yes, how much?
- Mark: Yes and TBD
- Maureen: What's the additional square footage you're looking for?
- Mark: How much building gets built is a function of how much it will cost to build it. Right now we are in the range of 9,000-10,000 sf of affordable square feet.
- Maureen: What is the current square footage of the school?
- Mark: 56,800 sf not including the convent.
- Maureen: What are the proposed stories for each iteration of the plan?
- Mark: This scheme has ideally 3 stories
- Maureen: I am concerned about traffic along 42 pl and changing the entry
- Kevin: We do not drop off on 42nd place and the only drop offs are walkers and bikers.
- Maureen: Its shame we can't introduce something more permeable in the playground.
- Greg: Be mindful of any excessive reduction in playground square footage.
- Kareem: Are you doing work to the existing building?
- Mark: Yes, although that is still being evaluated depending upon what resources are available.
- Marshall: My concern is with the courtyard version and how close you're going to be with the neighboring property.
- Kareem: What happens to the impacted classrooms during construction?
- Mark: We are still working through those details.

4. Project Tour: "The Six" Apartments (8:00 PM)

- Committee members will tour a model unit and recreational areas for "The Six" Multifamily Development project

5. Adjourn (8:57 PM)

- Maureen: Motion to Adjourn
- Johannes: Second

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**CITY OF HYATTSVILLE
ORDINANCE 2024-**

**An Ordinance whereby the City Council Adopts Rent
Stabilization Legislation.**

WHEREAS, the Maryland Code, Local Government Article, Section 5–202, as amended, authorizes the legislative body of each municipal corporation in the State of Maryland to pass ordinances that such legislative body deems necessary to assure the good government of the municipality, to protect and preserve the municipality’s rights, property and privileges, to preserve peace and good order, to secure persons and property from danger and destruction, and to protect the health, comfort, and convenience of the citizens of the municipality;

WHEREAS, Section C3-1 of the City Charter states that the Council has the power to pass all such ordinances not contrary to the Constitution and laws of the State of Maryland as it may deem necessary for the good government of the City, for the protection and preservation of the City’s property, rights, and privileges, for the preservation of peace and good order, for securing persons and property from violence, danger or destruction, and for the protection and promotion of the health, safety, comfort, convenience, welfare, and happiness of the residents of and visitors in the City;

WHEREAS, the Mayor and Council, have determined that [insert policy statement]

NOW, THEREFORE, BE IT ORDAINED, by the City Council of the City of Hyattsville in regular session assembled that Chapter 97 of the City Code be enacted as follows:

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Chapter 97

RENT STABILIZATION

Sections:

§ 97-X Definitions.

- § 97-X Rental Property Registry.
- § 97-X Application of rent stabilization—Scope, rent increases, notification requirements, annual reporting.
- § 97-X Buildings exempt from rent stabilization.
- § 97-X Rental facilities and rental units eligible for exemption from rent stabilization pursuant to an application for exemption.
- § 97-X Establishment of base rent for certain units.
- § 97-X Annual rent increases, frequency of rent increases and notification.
- § 97-X Banking of authorized annual rent stabilization increases.
- § 97-X Annual reporting requirements.
- § 97-X Rent increases pursuant to a fair return petition.
- § 97-X Fees - Permitted fees, optional fees and prohibited fees.
- § 97-X Utilities – Charges to tenant and transfer of utility payments.
- § 97-X
- § 97-X
- § 97-X Violations and enforcement.

ARTICLE I – RENT STABILIZATION

§ 97-X Definitions.

For the purposes of this title, the following words and phrases shall have the following meanings:

“Accessory apartment” means a completely independent living unit with separate cooking, eating, sanitation and sleeping facilities that is either within an owner-occupied single-family detached dwelling or located in a separate accessory structure on the same lot as the main dwelling.

“Affected tenant” means any tenant whose health, safety and welfare is or reasonably may be impaired by a violation of this title. For purposes of filing a Commission complaint, an “affected tenant” includes a bona fide prospective tenant and a former tenant.

“Apartment” means any room or group of rooms located within a dwelling forming a single habitable unit and including cooking facilities.

“Building” means any structure used or intended to be used for supporting or sheltering any use or occupancy. Building may include any premises and grounds appurtenant to the structure.

- 1 “City” means the City of Hyattsville, Maryland.
- 2 “City Administrator” means the City Administrator of the City of Hyattsville, Maryland, or their
3 designee.
- 4 “Code Official” or “Code Enforcement Officer” includes Code Enforcement Officers, inspectors,
5 employees, and City contractors or agents charged with the responsibility of inspecting buildings
6 and property in the City for purposes of determining compliance with the property maintenance
7 code and other applicable codes, issuing rental housing licenses, determining whether any
8 condition exists that renders a building an unsafe building, and investigating complaints filed by
9 any person to the effect that a building or property is or may be in violation of the terms of this
10 title.
- 11 “Consumer Price Index” or “CPI-U” means the Consumer Price Index, All Urban Consumers, DC-
12 MD-VA-WV, All Items, December 2023 = 100 (“CPI-U”) or any replacement or successor index.
- 13 “Department” means the City of Hyattsville, Maryland’s Department of Community and
14 Economic Development.
- 15 “Housing Staff Liaison” means the City of Hyattsville staff member assigned by the City
16 Administrator to be the City’s administrative support and is authorized pursuant to Code or
17 regulation to act on its behalf in certain circumstances.
- 18 Family Member of an Owner. A family member of an owner includes any of the following:
- 19 1. An owner’s spouse or domestic partner;
- 20 2. An owner’s former spouse or former domestic partner;
- 21 3. An owner’s parents, grandparents, children, grandchildren, siblings, aunts, uncles, nieces
22 and nephews;
- 23 4. An owner’s spouse or domestic partner’s parents, grandparents, children, grandchildren,
24 siblings, aunts, uncles, nieces and nephews.
- 25 “Judgment rate of interest” means the interest rate set forth in accordance with Section 11-107(a)
26 and (b) of the Courts and Judicial Proceedings Article of the Annotated Code of Maryland, as
27 amended.
- 28 “Landlord” means any person who is the owner, the owner’s agent, or a lessor or a sub lessor of
29 the rental unit or rental facility and, in addition, shall mean any person authorized to exercise any
30 aspect of the management of the rental facility, except those persons engaged solely in custodial
31 and maintenance functions.
- 32 “Lease” means any agreement, whether written or oral, that establishes or modifies the terms,
33 conditions, rules, regulations or any other provisions concerning the use and occupancy of a rental
34 unit or a rental facility.

- 1 “Limited equity housing cooperative” means a cooperative housing corporation, either domestic
2 or foreign, qualified in the State of Maryland, either stock or nonstock, in which each shareholder
3 or member has a cooperative interest in the corporation and in which the appreciation of share
4 values or membership interests is limited to the annual rate of inflation or other comparable index.
- 5 “Maximum allowable annual rent increase” or “MAARI” means the maximum annual allowable
6 percentage increase in price per unit for non-exempt rental properties within the City of
7 Hyattsville, which shall be equal to the average annual percentage increase in the Consumer Price
8 Index for all Urban Consumers from March to March of the two most recent calendar years, which
9 becomes effective on July 1st of the upcoming year for twelve months.
- 10 “Nonresidential structure” means any structure or portion of a building, structure, or premises not
11 intended for use for residential purposes such as a commercial business, garage or shed.
- 12 “Occupant” means any person who, lawfully or unlawfully, is living, sleeping, cooking, eating in
13 or in actual possession of a building. An occupant shall include a tenant, an owner and a family
14 member of an owner.
- 15 “Owner” means any person, agent, operator, firm or corporation having a legal or equitable interest
16 in a property; or recorded in the official records of the State or County as holding title to a property;
17 or otherwise having charge, care or control of the property, including the guardian, executor or
18 administrator of the estate of any such person.
- 19 “Owner-occupied group house” means a single-family dwelling occupied by the owner as their
20 principal residence or a family member of the owner and by one or more other nonrelated
21 individuals who have an obligation to pay rent, utilities or provide other consideration to the owner
22 for such accommodations. Occupants share cooking and sanitation facilities and common living
23 areas. Occupants of owner-occupied group houses are not considered tenants for purposes of this
24 chapter.
- 25 “Party” means the landlord, tenant or tenant association in a Commission complaint or the landlord
26 filing a petition, and any tenant whose rent is proposed to be increased in a rent increase petition.
- 27 “Person” means an individual, corporation, limited liability company, partnership, limited
28 partnership, limited liability partnership, trust, association, organization, or any other legal entity
29 acting as a unit.
- 30 “Petition” means a request by a landlord for a fair return rent increase above the rent stabilization
31 allowance.
- 32 “Premises” means a lot, plot or parcel of land, easement or public right-of-way, including any
33 buildings and structures thereon.
- 34 “Rent” means the consideration, including any bonus, benefit, or gratuity, demanded or received
35 per day, week, month, year, or other period of time as the case may be, for the use or occupancy
36 of housing accommodations or the transfer of a lease for such accommodations. Rent includes any
37 charge to a tenant under a rent-to-own agreement if the tenant’s acceptance of the agreement is

1 mandatory or if the tenant is not entitled to a refund of the charge if the tenant does not purchase
2 the unit.

3 “Rental facility” or “residential rental structure” means any building or group of buildings operated
4 as one entity in which the landlord provides one or more rental units to a tenant for rent or other
5 compensation. A rental facility does not include the following:

- 6 1. Hospitals, nursing homes, convalescent homes, hospices, and other health care facilities;
- 7 2. Religious facilities such as churches, synagogues, parsonages, rectories, convents and
8 parish homes;
- 9 3. Transient facilities such as hotels, motels, tourist homes, bed and breakfast facilities;
- 10 4. School dormitories; and
- 11 5. Owner-occupied group houses.

12 “Rental unit” means an apartment, single-family house, accessory apartment or condominium unit
13 that is occupied or is intended to be occupied by one or more tenants.

14 “City’s Arbitrator” means the City’s Arbitrator, whose duties include reviewing fair return
15 petitions and issuing preliminary administrative decisions.

16 “Rent stabilization allowance” means the percentage by which the rent for a rental unit may be
17 increased on or after 12 full months from the effective date of the last rent increase for that rental
18 unit.

19 “Tenant” means any person who occupies a rental unit or rental facility as a residence with the
20 consent of the landlord and has an obligation to pay rent or provide other consideration to the
21 landlord for such accommodations. A tenant does not include an occupant of an owner-occupied
22 group house, or an employee of the landlord (such as a resident or property manager, nanny,
23 babysitter, au pair or maid).

24 **§ 97-X. Rental Property Registry.**

25 A. The City shall utilize the rental licensing information gathered pursuant to Chapter 96 of
26 the City of Hyattsville Code to create and maintain a rental property registry. The rental property
27 registry shall be publicly accessible and shall:

- 28 1. Identify all licensed rental properties in the City of Hyattsville; and
- 29 2. Identify rental units that are subject to rent stabilization.

30 B. In order for a rental property in the City of Hyattsville to operate lawfully and to increase
31 rent, it must be licensed and on the City’s rental registry.

1 C. Although it is the absolute responsibility of the property owner to ensure a rental property
2 is licensed with the City pursuant to Chapter 96 of this Code and on the rental registry as
3 required by this section, the City will cause annual notices to be sent to owners informing them:

- 4 1. To register rental units;
- 5 2. To pay the occupancy permit fee; and
- 6 3. Of the allowable rate increase for properties subject to the City's rent
7 stabilization.

8 D. Rent stabilization notifications to tenants must be posted in a conspicuous area within view
9 of tenants in the lobby of each property eligible for rent stabilization. If there is no lobby or
10 conspicuous space in a lobby to place the notifications within clear view of tenants, the
11 notifications may be placed in a conspicuous place in a mail room or other public gathering space.

12 **§ 97-X Application of rent stabilization—Scope, rent increases, notification requirements,**
13 **annual reporting.**

14 A. Application of Rent Stabilization. The provisions of this chapter shall apply to all residential
15 rental units except as provided in Sections 97-X and 97-X.

16 C. Rents—Rent Increases, Frequency and Notification Requirements.

- 17 1. Rent Increases. Rent increases shall be limited to the rent increase amounts authorized by
18 this chapter for regulated rental units.
- 19 2. Frequency of Rent Increases. Rents for any individual rental unit may not be increased
20 more often than permitted by this chapter.
- 21 3. Notice of Rent Increases. Notification of any rent increase authorized by this chapter shall
22 be provided in writing to the tenant at least two months prior to the date the rent increase is to
23 take effect.

24 D. Reporting of Rents. Landlords must file an annual rent report with the Department on a form
25 prescribed by the Department in accordance with Section 97-X.

26 E. The City Administrator shall adopt regulations to support the implementation of the City's Rent
27 Stabilization program.

28 **§ 97-X Buildings exempt from rent stabilization.**

29 A. Scope of Exemptions. The provisions of this chapter shall not be applicable to the following:

- 30 1. Any unit in a licensed facility, the primary purpose of which is the diagnosis, cure,
31 mitigation and treatment of illnesses;
- 32 2. Any rental property that is less than 15 years old;

- 1 3. Any unit in a facility owned or leased by an organization exempt from Federal income
2 taxes pursuant to Section 501(c)(3) of the Internal Revenue Code, the primary purpose of
3 which is to provide temporary sanctuary or shelter for qualified clients; provided, that the
4 organization has notified the clients residing in the facility of the temporary nature of their
5 housing at the inception of their residence;
- 6 4. Short term leasing agreements for thirty days or less published via short-term leasing
7 platforms;
- 8 5. Religious facilities such as churches, synagogues, parsonages, rectories, convents and
9 parish homes;
- 10 6. Transient facilities such as motels, tourist homes, and bed and breakfast facilities;
- 11 7. School dormitories;
- 12 8. Licensed assisted living facilities and nursing homes;
- 13 9. Rental properties with four or fewer units; and
- 14 10. Any accessory apartment with less than four units.
- 15 11. Individual condominium units up to 4 that may be owned and rented by any one individual
16 owner.

17 **§ 97-X Rental facilities and rental units eligible for exemption from rent stabilization**
18 **pursuant to an application for exemption.**

- 19 A. Grant of Exemption. The Department shall, upon application of the owner, grant an exemption
20 from the provisions of this chapter to the following rental units and rental facilities:
- 21 1. Rental facilities subject to a regulatory agreement with a governmental agency that
22 controls the rent levels of the rental units in the rental facility and restricts the occupancy of
23 those rental units to low- and moderate-income tenants. The Department shall consider an
24 application for only those rental units subject to a regulatory agreement with a governmental
25 agency.
 - 26 2. Renovated or reconfigured rental facilities or combined rental units are not eligible for
27 an exemption from rent stabilization.
- 28 B. Termination of Exemption. Exemptions granted pursuant to subsection (A) of this section
29 shall expire upon the termination of the agreement with the governmental agency entitling the
30 rental facility to the exemption or when the conditions entitling the rental facility to an exemption
31 cease to exist, whichever shall first occur.
- 32 C. Rents upon Termination of Exemption. For rental facilities and rental units receiving an
33 exemption pursuant to subsections (A) of this section, upon the termination of the exemption, the
34 base rent for the units and the reference point from which the rent shall be increased in accordance

1 with this chapter shall be the allowable rent as reported in the annual rent report for each unit at
2 the time the exemption commenced plus the annual rent stabilization allowance for each year that
3 the unit was exempt.

4 **§ 97-X Establishment of base rent for certain units.**

5 A. Definitions.

6 “Discontinued rental unit” means a rental unit in a rental facility or previously licensed rental
7 facility that is not occupied by tenants and for which the Department has approved an application
8 for discontinuation.

9 “Vacant rental unit” means a rental unit in a rental facility or previously licensed rental facility
10 that is not occupied by tenants but for which the Department has not received or approved an
11 application for discontinuation.

12 “Existing rental unit” means a rental unit, vacant rental unit, or a discontinued rental unit.

13 B. Rents for Discontinued Rental Units.

14 1. Except as provided in subsection (B)(2) of this section, the base rent for discontinued
15 rental units, and the reference point from which the rent shall be increased in accordance with
16 this chapter, shall be the banked rent reported in the annual rent report at the time the rental
17 unit was discontinued plus the annual rent stabilization allowance for each year that the rental
18 unit was discontinued.

19 2. If a rental unit remains discontinued for an uninterrupted period of five years, the owner
20 may charge market rent for the unit when it is first newly rented to a tenant. The rent the owner
21 charges the tenant shall establish the base rent for the unit and the reference point from which
22 the rent shall be increased in accordance with this chapter.

23 C. Rents Following Renovation, Reconfiguration or Consolidation of Existing Rental Units.

24 1. This subsection applies to renovation, reconfiguration, and consolidation projects
25 performed in vacant existing rental units.

26 2. For all renovated or reconfigured rental units, the banked rent reported for the unit in the
27 annual rent report at the time the rental unit became vacant plus the annual rent stabilization
28 allowance for each year that the rental unit remained vacant shall be the maximum rent that
29 the owner may charge for the unit when it is first rented to a tenant.

30 3. When two or more rental units are consolidated to create a single rental unit, the base rent
31 for the new unit, and the maximum rent that the owner may charge when the unit is first rented
32 to a tenant, shall be the base rent of the largest unit increased by the percentage increase in the
33 floor area from the largest unit to the resulting unit.

34 4. Application for Rent Adjustments. Before an owner may increase the rent for a unit in
35 accordance with subsection (C)(3) of this section, the owner must first obtain approval from

1 the Department. The owner must submit a completed application form and documentation
2 demonstrating the appropriate adjustment to the base rents (which may include, but shall not
3 be limited to, construction plans, photographs and video recordings of the original and
4 reconfigured units) and may be required to undergo an inspection of the property.

5 D. Rents Following Purchase of an Owner-Occupied Condominium Unit. If a previously owner-
6 occupied condominium unit is purchased in a bona fide arm's length transaction by a natural
7 person (i.e., not a corporation) who owns no more than four rental units in the City, the new owner
8 may charge market rent for the unit. . The rent the new owner charges his or her initial tenant shall
9 establish the base rent for the unit and the reference point from which the rent shall be increased
10 in accordance with this chapter.

11 E. If new legislation at the Federal, State, County, or Municipal level mandates the rehabilitation
12 of a rent-stabilized multi-family property to meet new legislative requirements, then the landlord
13 may elect to recoup these expenses by increasing rent payments above the MAARI. The increase
14 in rent shall be distributed equitably among households and be equal to the actual cost of the
15 rehabilitation expenses, amortized over the expected life of the improvement. Legislative Mandate
16 Surcharge rent increases must be presented to and approved by the City of Hyattsville prior to
17 implementation. A minimum ninety-day advance notice must be provided to tenants prior to
18 increasing rent via a Legislative Mandate Surcharge increase and can only go into effect once the
19 mandated improvement has been completed and only after a lease has expired.

20 **§ 97-X Annual rent increases, frequency of rent increases and notification.**

21 A. Annual Rent Stabilization Allowance.

22 1. The City Administrator shall calculate an annual rent stabilization allowance equal to the
23 MAARI and publish notice of the allowance on the City website no later than April 15th of
24 each year.

25 2. The annual rent stabilization allowance shall remain in effect for a 12-month period
26 beginning July 1st of each year and ending on June 30th of the following calendar year.

27 3. Rent increases for rent-stabilized rental units may be increased by an amount not to exceed
28 the annual rent stabilization allowance in effect at the time of the rent increase.

29 4. Rent increases less than permitted in subsection (A)(3) of this section may be banked in
30 accordance with Section 97-6.

31 B. Frequency of Rent Increases.

32 1. Occupied Rental Units. Only one rent stabilization increase pursuant to subsection (A)(3)
33 of this section shall be permitted within a 12-month period.

34 2. Fair Return Rent Increases. An additional rent increase pursuant to a fair return rent
35 increase petition subsequently approved by the City's Arbitrator in accordance with Section
36 97-8 may be taken pursuant to the terms and the conditions of the City's Arbitrator's
37 administrative decision and final order.

1 3. Vacant Rental Units. The rent for vacant rental units may be increased up to the banked
2 rent and the annual rent stabilization allowance may be applied prior to the leasing of the rental
3 unit in accordance with Section 97-6.

4 C. Notice of Annual Rent Increases.

5 1. A landlord shall not increase or attempt to increase the rent for any occupied rental unit
6 without having first given the tenant living therein at least two months' written notice of the
7 increase.

8 2. Notice of a rent increase shall be in the form and manner prescribed by Department
9 regulations.

10 **§ 97-X Banking of authorized annual rent stabilization increases.**

11 A landlord may increase the rent for a vacant rental unit by the actual dollar amount of any annual
12 rent stabilization allowances that were not charged to the tenant vacating the rental unit. This rent
13 increase may be in addition to any rent stabilization allowance increase that the landlord may
14 impose on or after 12 months from the date of the last rent stabilization allowance increase for that
15 rental unit.

16 **§ 97-X Annual reporting requirements.**

17 A. Reporting Requirements. On or before _____ of each year, each landlord shall complete and
18 submit to the Department a rent report for the 12-month period beginning January 1st and ending
19 on December 31st of the preceding year, on a form provided by and in the manner prescribed by
20 Department Administrative Regulations.

21 B. Penalty for Failure to Comply with Reporting Requirements. Failure to file a complete or
22 accurate rent report by _____ of each year shall constitute a Class A violation of this chapter
23 unless an extension of time for good cause is granted by the Department prior to the due date.

24 **§ 97-X Rent increases pursuant to a fair return petition.**

25 A. Fair Return Rent Increase. Landlords have a right to petition for a rent increase in order to
26 obtain a fair return. A fair return rent increase is intended to protect tenants from unwarranted rent
27 increases, while allowing rent levels that provide landlords with a fair return.

28 B. Standards for Rent Increases Pursuant to a Fair Return Petition.

29 1. Fair Return. Fair return is defined as base year net operating income adjusted by 100%
30 of the percentage increase in the CPI since the base year.

31 2. Base Year. means the year the unit becomes a regulated unit per requirements of this
32 Ordinance.

33 3. Current Year. The current year shall be the calendar year (January 1st to December
34 31st)

1 4. Current Year CPI. The current year CPI shall also be a calendar year (12-month period
2 from September to September of the previous year).

3 5. Net Operating Income. Net operating income equals gross income minus operating
4 expenses.

5 6. In estimating the base year operating expenses, it shall be presumed that each
6 operating expense increased by the same percentage as the CPI since the base year.
7 However, if data, rate information, or other sources of cost information indicate that
8 particular operating expenses increased at a different rate than the percentage increase in
9 the CPI, the estimate of the percentage increase in that expense shall be based on the best
10 available data on increases in that type of expense. Information on the rate of increases
11 and/or other relevant data on trends in increases in particular types of expenses between
12 the base year and the current year may be introduced by the landlord, affected tenants, the
13 Department, and the City's Arbitrator.

14 7. Gross Income. Gross income is the annual scheduled rental income for the property
15 based on the rents and fees (other than fees that are reimbursed to the tenants) the
16 landlord was permitted to charge at the time of the application.

17 8. Operating Expenses. Operating expenses means all reasonable operating and
18 maintenance expenses.

19 a. Operating expenses shall include, but not be limited to, the following:

20 i. Utilities paid by the landlord, unless these costs are passed through to
21 the tenants;

22 ii. Administrative expenses, such as advertising, legal fees, accounting
23 fees, etc;

24 iii. Management fees, whether performed by the landlord or a property
25 management firm; it shall be presumed that management fees increased by
26 the percentage increase in the CPI between the base year and the current
27 year, unless the level of management services either increased or decreased
28 during this period. Management fees shall not exceed 6% of gross income
29 unless the landlord demonstrates by a preponderance of the evidence that a
30 higher percentage is reasonable;

31 iv. Payroll;

32 v. Amortized cost of capital improvements. An interest allowance shall be
33 allowed on the cost of amortized capital expenses; the allowance shall be
34 equal to the interest the landlord would have incurred had the landlord
35 financed the capital improvement with a loan for the amortization period of
36 the improvement, making uniform monthly payments, at an interest rate

- 1 equal to the Federal Reserve Board bank prime loan rate as of the date of
2 the initial submission of the petition plus 2% per annum;
- 3 vi. Maintenance related material and labor costs, including self-labor costs
4 computed in accordance with the regulations adopted pursuant to this
5 section;
- 6 vii. Property taxes;
- 7 viii. Licenses, government fees and other assessments; and
- 8 ix. Insurance costs.
- 9 b. Reasonable operating and maintenance expenses do not include the
10 following:
- 11 i. Expenses for which the landlord has been or will be reimbursed by any
12 security deposit, insurance settlement, judgment for damages, agreed-upon
13 payments or any other method;
- 14 ii. Payments made for mortgage expenses, either principal or interest;
- 15 iii. Judicial and administrative fines and penalties;
- 16 iv. Damages paid to tenants as ordered by City's Arbitrator or the courts;
- 17 v. Depreciation;
- 18 vi. Late fees or service penalties imposed by utility companies, lenders or
19 other entities providing goods or services to the landlord or the rental
20 facility;
- 21 vii. Membership fees in organizations established to influence legislation
22 and regulations;
- 23 viii. Contributions to lobbying efforts;
- 24 ix. Contributions for legal fees in the prosecution of class-action cases;
- 25 x. Political contributions for candidates for office;
- 26 xi. Any expense for which the tenant has lawfully paid directly or
27 indirectly;
- 28 xii. Attorney's fees charged for services connected with counseling or
29 litigation related to actions brought by the City under City regulations or
30 this title, as amended. This provision shall apply unless the landlord has
31 prevailed in such an action brought by the City;

1 xiii. Additional expenses incurred as a result of unreasonably deferred
2 maintenance; and

3 xiv. Any expense incurred in conjunction with the purchase, sale, or
4 financing of the rental facility, including, but not limited to, loan fees,
5 payments to real estate agents or brokers, appraisals, legal fees, accounting
6 fees, etc.

7 c. When an expense amount for an item during a particular year is determined not
8 to be a reasonable projection of ongoing or future expenditures for that item, said
9 expense shall be averaged with other expense levels for other years or amortized or
10 adjusted by the CPI or may otherwise be adjusted, in order to establish an expense
11 amount for that item that most reasonably serves the objectives of obtaining a
12 reasonable comparison of base year and current year expenses.

13 C. Rent Increase Petition Based on Fair Return Standard.

14 1. Form of Petition. Whenever a landlord proposes a rent increase of more than the
15 amount permitted by Section 97-X, the landlord shall file a petition with the City’s
16 Arbitrator on a form provided by the Department. A fee for submitting a Rent Increase
17 Petition Based on Fair Return Standard will be established and updated annually.

18 2. Required Submission of Income and Expense Information. The landlord shall be
19 required to submit income and expense information for the two years prior to the current
20 year with the petition.

21 3. Petition Restrictions. Petitions filed pursuant to this section must address an entire
22 rental facility. The landlord filing a petition must own the rental facility for the entire
23 current year.

24 4. Adjustments to Petition—Base Year Net Operating Income.

25 a. Adjustment of Base Year Net Operating Income by the City’s Arbitrator. It
26 may be determined that the base year net operating income yielded other than a fair
27 return, in which case the base year net operating income may be adjusted. In order
28 to adjust the base year net operating income, the City’s Arbitrator must make at
29 least one of the following findings:

30 i. Base year net operating income was abnormally low due to one of the
31 following factors:

32 (A) The landlord made substantial capital improvements that were
33 not reflected in the base year rents and the landlord did not obtain a
34 rent adjustment for these capital improvements;

35 (B) Substantial repairs were made due to exceptional
36 circumstances; or

1 (C) Other expenses were unreasonably high, notwithstanding
2 prudent business practice.

3 ii. Base year rents did not reflect market transaction(s), due to one or
4 more of the following types of circumstances:

5 (A) There was a special relationship between the landlord and
6 tenant resulting in abnormally low rent charges (such as a family
7 relationship);

8 (B) The rents had not been increased for the five years preceding
9 the base year;

10 (C) The tenant lawfully assumed maintenance responsibilities in
11 exchange for low rent increases or no rent increases; or

12 (D) Other special circumstances that establish that the rent was
13 not set as the result of an arms-length transaction.

14 b. Establishment of a New Base Year Net Operating Income—Prior Year
15 Petitions. The net operating income, income, and expenses, determined to be fair
16 and reasonable pursuant to a prior petition for a fair return rent increase, shall
17 constitute the base year income, expenses, and net operating income in the new
18 petition.

19 5. Consideration of Fair Return Petition by the City’s Arbitrator.

20 a. Issuance of a Decision by the City’s Arbitrator. The City’s Arbitrator shall, in
21 good faith, endeavor to issue its preliminary administrative decision ruling on the
22 request within 90 days of the review or hearing on the petition. Upon its
23 determination of the rent increase to be granted to the landlord, the City’s Arbitrator
24 shall issue a decision in accordance with Section 97-X and furnish a copy of the
25 decision to the landlord.

26 b. Rejection of Petition.

27 i. The City’s Arbitrator shall not consider the landlord’s fair return
28 petition:

29 (A) Until the properly completed petition form, including
30 required supporting documentation, has been submitted to the
31 City’s Arbitrator;

32 (B) When the landlord has not properly registered the rental
33 property with the City and/or when the landlord has outstanding
34 fees or fines with the Department;

1 (C) When the landlord has not filed required rent reports for each
2 of the three years prior to the filing date of the petition; provided,
3 that the City’s Arbitrator may, at its discretion, waive the above
4 requirement for good cause shown; or

5 (D) When the landlord has failed to comply with a final order of
6 the City’s Arbitrator concerning any rental unit owned by the
7 landlord in the City. However, the failure to comply with an order
8 of the City’s Arbitrator shall not constitute a basis to decline to
9 consider the landlord’s request if the order has been appealed to the
10 Circuit Court and no decision has been rendered on appeal.

11 ii. If the City’s Arbitrator declines to consider the landlord’s request, it
12 shall provide a written explanation for its action.

13 6. Ceiling on Fair Return Adjustments.

14 a. Fair Return Rent Increases on Occupied Rental Units. Fair return rent increases
15 shall not exceed 15% in any 12-month period. If the City’s Arbitrator awards a fair
16 return rent increase greater than 15%, then the landlord may impose the remainder
17 of the increase in subsequent years in increments not to exceed 15%.

18 7. Notification Requirements.

19 a. Notice of Petition for a Rent Increase. The Department shall provide written
20 notification to each tenant affected by a proposed rent increase within one week
21 after the filing date of the petition. Such notification shall include a copy of the
22 petition form and a listing of all requested rent increases.

23 b. Notice of a Rent Increase Granted Pursuant to a Rent Increase Petition. The
24 landlord shall provide written notice to each affected tenant of the rent increase that
25 has been authorized by the City’s Arbitrator, no less than two months prior to the
26 date the proposed increase is to take effect. Said increase shall be contingent on the
27 decision of the City’s Arbitrator becoming final.

28 8. Rollbacks—Bad Faith Fair Return Petitions.

29 a. Authority to Require Rollback. If, upon consideration of a fair return petition,
30 the City’s Arbitrator finds that the adjusted base year net operating income included
31 in the petition is less than the landlord’s actual petition year net operating income
32 and the fair return petition was filed in bad faith, the City’s Arbitrator may require
33 the landlord to roll back the rents charged on the rental units covered by the petition
34 to result in a net operating income equal to the adjusted base year net operating
35 income.

36 b. Purpose of Rollbacks. The purpose of the rollback provision in this
37 subsection is to ensure that fair return petitions are filed in good faith, that the

1 landlord reviews the records of the rental property for which rent increases are
2 sought to ensure that a rent increase is justified under this section and to balance
3 both the tenant and the landlord interests in each petition to increase rents above
4 the rent stabilization allowance.

5 c. Definition of Bad Faith.

6 i. Bad faith can be found, but is not limited to, instances in which the
7 landlord:

8 (A) Listed expenses for repairs or services never performed;

9 (B) Materially misrepresented expenses claimed;

10 (C) Knowingly filed a false rent report, in whole or in part; or

11 (D) Acted in some manner which is a clear abuse of the petition
12 process.

13 ii. The following shall not constitute bad faith under this provision:

14 (A) Miscalculations and simple mathematical errors; or

15 (B) Claims for expenses or other items that are not specifically
16 addressed in this section and that the City's Arbitrator disallowed,
17 but that could plausibly have fallen within this section.

18 d. Determination of Bad Faith by City's Arbitrator. The City's Arbitrator shall
19 verify the information upon which it makes its findings of bad faith and shall issue
20 a decision clearly stating the basis for its finding. The landlord shall be required to
21 notify all tenants affected by the rent rollback, and, if the landlord was permitted to
22 increase rents by the rent stabilization allowance pending a decision on the fair
23 return petition, all rent increases so collected shall be refunded to the affected
24 tenants within 30 days. If the landlord fails to roll back the rents or fails to refund
25 the rent increases collected, the affected tenants may begin paying the rolled-back
26 rent or may deduct any rent refunds or rollbacks owed the tenants in accordance
27 with subsection (C)(8)(a) of this section.

28 9. City's Arbitrator Authority in Setting Rents. Notwithstanding any other provision of
29 this chapter or regulations instituted pursuant to this chapter, the Arbitrator shall be
30 authorized to take into account any factors that it is required to consider by law and grant
31 whatever rent increase is constitutionally required to yield a fair return.

32 10. Burden of Proof. The landlord shall have the burden of proof in demonstrating that
33 a rent increase should be authorized pursuant to this section.

1 11. Appeals. Any person aggrieved by a final opinion and order of the Commission on
2 a complaint or on objections to a decision regarding a fair rent return rent increase petition
3 may file a petition for judicial review with the Circuit Court for Prince George’s County,
4 Maryland. The procedures for an appeal from the opinion and order of the Commission
5 shall be governed by Title 7, Chapter 200 of the Maryland Rules (as amended).

6 a. A petition for judicial review shall be filed within 30 calendar days from the
7 date of the opinion and order.

8 b. A copy of the petition for judicial review shall be served on the City Clerk for
9 the City of Hyattsville.

10 **ARTICLE II – FEES AND UTILITY CHARGES.**

11 **§ 97-XX Fees—General provision, permitted fees, optional fees, prohibited fees.**

12 **A. General Provisions—Restrictions and Disclosure Requirements.**

13 1. The provisions of this section apply to all fees assessed to a tenant.

14 2. Lawful fees shall not be considered a part of the monthly rental charge for the rental unit.

15 3. Fees shall not be charged for services and amenities previously included in the rent for
16 the rental unit or provided to current or prior tenants at no cost.

17 4. Fees shall not be charged for improvements to the rental unit or rental facility or for
18 additional operating expenses incurred by the landlord.

19 5. Extermination Fees.

20 a. Multifamily Facilities. Fees for routine and emergency extermination services are
21 prohibited at all units in multifamily buildings.

22 b. Single-Family Facilities. Landlords may only charge tenants of single-family rental
23 facilities for extermination services for infestations caused by the tenant. The charge must
24 not exceed the actual cost of the extermination services incurred by the landlord.

25 6. Fees may be assessed to the tenant for optional services and amenities such as furnishings,
26 garage parking, off-street parking, internet access, storage, and pets. Tenants shall have the
27 right to refuse optional services and amenities.

28 a. Prior to the provision of any optional service or amenity by the landlord and the
29 assessment of any fee to the tenant, the tenant must provide written confirmation that they
30 understand that they have the right to decline the optional service or amenity and that they
31 voluntarily accept the optional service or amenity.

32 b. Fees for optional services and amenities shall not be assessed to tenants who have
33 refused said services and amenities or provided the landlord with written notice of their
34 intent to discontinue such service or amenity.

1 c. Tenants may terminate access to accepted services or amenities by giving a one-month
2 written notice to the landlord.

3 d. Landlords may terminate a tenant’s access to optional services or amenities by giving
4 a one-month written notice to the tenant prior to the termination date.

5 7. Fees shall be assessed on a uniform basis throughout a rental facility and shall not exceed
6 the maximum fees established by this section or administrative regulation. No fee shall
7 increase in an amount greater than MAARI during any given year, as calculated by Section
8 97-X.

9 8. Fees shall be disclosed by the landlord prior to the commencement of the tenant’s tenancy.
10 Landlords may increase fees by giving two months’ written notice to the tenant prior to the
11 expiration of the tenant’s lease term, or, for month-to-month tenants, by giving two months’
12 written notice.

13 B. Permitted Fees.

14 1. No fees may be charged unless authorized by this section or administrative regulation.

15 2. Leasing Fees. Leasing fees shall include, but not be limited to application fees, key fees,
16 document preparation fees, brokerage fees, and credit check fees.

17 3. Late Fees. Late fees shall not be charged if the rent is received within five (5) calendar
18 days of the rent due date. A late fee may be charged at the rate of not more than one percent
19 (1%) of the total monthly rental payment for each day the tenant is late, commencing with the
20 sixth (6th) day of the period for which rent is due, not to exceed a total fee of five percent
21 (5%) of the amount of the total monthly rental payment.

22 4. Short-Term Lease Fees. A short-term lease fee may be assessed to a tenant who has
23 requested an initial lease of less than 12 months.

24 a. A short-term lease fee shall not be assessed to a tenant when the landlord has offered
25 the tenant an initial lease term of less than 12 months.

26 b. Short-term lease fees shall not be assessed beyond the initial term of the lease.

27 c. Landlords shall not charge a fee for month-to-month tenancies.

28 **§ 97-XX Utilities—Charges to tenant and transfer of utility payments.**

29 A. Charges to Tenants for Basic Utilities and Services. The cost of basic electricity, gas and
30 water utilities and trash collection services for a rental facility that is not separately metered or
31 sub-metered or billed by the utility or service provider may not be assessed to a tenant except as
32 provided herein.

33 1. The cost of a basic utility or service may be assessed to a tenant if the utility or service
34 was assessed to prior tenants and charged in addition to the monthly rent for the rental unit.

- 1 2. The cost assessed to a tenant shall be for the actual cost of the utility or service. At the
2 request of the tenant, the landlord shall provide the tenant with copies of the applicable bills,
3 invoices or other documentation from the utility or service provider and an explanation of how
4 the fee to the tenant was computed.
- 5 B. Transfer of Utility Payments to Tenant.
- 6 1. Definitions. “Utility transfer” means the reallocation of financial responsibility for the
7 payment of utility costs from a landlord to the current tenants and, for units subject to rent
8 stabilization, future tenants of a rental facility for which the landlord previously was
9 responsible for the payment of utilities.
- 10 2. Utility transfers are prohibited except as permitted by this section.
- 11 3. Utility transfers are permitted only for rental facilities in which all of the rental units are
12 separately metered or sub-metered to measure the actual utility consumption in each unit.
- 13 4. Landlords must reduce the rent for a rental unit to offset the cost of utilities allocated to
14 the current tenants and, for units subject to rent stabilization, future tenants, as a result of a
15 utility transfer for:
- 16 a. All rental units subject to rent stabilization, regardless of whether they are occupied
17 at the time of the utility transfer; and
- 18 b. All rental units that are occupied at the time of the utility transfer.
- 19 5. Rent Reductions to Offset the Cost of Utilities.
- 20 a. If prior to the utility transfer, the rental units in the rental facility were individually
21 metered, the monthly rent reduction in rent for each unit shall be calculated by multiplying
22 the actual average monthly utility consumption of the unit for the previous 24 months by
23 the actual utility rate at the time of conversion.
- 24 b. If, prior to the transfer, the rental units in the rental facility were not individually
25 metered, the reduction in monthly rent per unit shall equal the average utility consumption
26 of the rental facility for the previous 24 months, less common area utility expenses,
27 divided by the number of rental units.
- 28 c. If a landlord determines that the allocation of rent reductions between rental units in
29 accordance with subsection (B)(5)(b) of this section would be unreasonable, the rent
30 reductions may be allocated based upon the size of each unit, the number of bedrooms in
31 each unit, and other relevant characteristics of the unit; provided, however, that the total
32 rent reduction must equal the total rent reduction required under subsection (B)(5)(b) of
33 this section.
- 34 d. The landlord must submit the proposed rent reduction allocation, a written explanation
35 of the proposed allocation, and supporting documentation to the Department, and the

1 Department must approve the proposed rent reduction and allocation prior to the utility
2 transfer.

3 6. Notice Requirements.

4 a. Written notice of the landlord’s intent to transfer responsibility for utility payments to
5 an existing tenant shall be provided to the tenant at least three months prior to the effective
6 date of the transfer. Written notice may be delivered to the tenant by any reasonable
7 means, including mailing by U.S. Postal Service, email, or personal delivery. The landlord
8 shall certify in writing to the City, the date and to whom the notice was mailed or
9 delivered, and the names and apartment numbers of each tenant who was given the notice.

10 b. The notice of the utility transfer must notify the tenant of the corresponding rent
11 reduction for their unit.

12 c. Leases negotiated during the three-month notice period in subsection (B)(6)(a) of this
13 section shall include a written disclosure of the landlord’s intent to transfer responsibility
14 for utility payments to the tenant during the term of the lease, the earliest possible effective
15 date of the transfer, and the rent reduction to which the tenant will be entitled to offset the
16 cost of utilities. Failure to make this disclosure shall be grounds for termination of the
17 lease by the tenant without further liability for rent or utilities after providing written
18 notice to the landlord and vacating the property.

19 d. At least fourteen (14) calendar days prior to the effective date of the transfer, the
20 landlord shall notify the tenant of the effective date of the transfer and provide the tenant
21 with necessary information to establish an individual utility account.

22 7. The date of transfer of financial responsibility for utilities shall be at the beginning of a
23 rent payment period, unless otherwise agreed upon by the landlord and the tenant.

24 8. This section shall not be construed to provide a remedy for temporary interruption of
25 service or equipment otherwise maintained by the landlord.

26 9. The rent reduction resulting from a utility transfer shall be permanent and shall apply to
27 subsequent tenants and shall reduce the banked rent for rent-stabilized units.

28 **ARTICLE IV – VIOLATIONS, PENALTIES, AND ENFORCEMENT.**

29 **§ 97-X Violations and penalties.**

30 A. Any violation of this Chapter shall be a municipal infraction, subject to fine, except as
31 otherwise specifically provided.

32 B. Operating or permitting the operation or occupancy of a rental facility without having applied
33 for and obtained a rental housing license or after a license has expired or been suspended, revoked
34 or denied shall be a municipal infraction violation subject to a fine.

1 C. The following shall be municipal infraction violations subject to fines of up to three (3)
2 month's rent:

- 3 1. Failure to obey an order of the City's Arbitrator;
- 4 2. Failure to file a rent report or submission of a false, incomplete or inaccurate rent
5 report;
- 6 3. Charging or attempting to charge an illegal rent or fee; and
- 7 4. Submitting false information or making false statements to the City's Arbitrator.

8 E. The failure of any occupant of an unsafe building to comply with any posted warning placard
9 or notice or order to vacate shall be a misdemeanor violation.

10 F. Each day a violation under subsection (E) continues shall constitute a separate violation.

11 G. Each month that a landlord charges an illegal rent or fee for an individual rental unit shall
12 constitute a separate violation. For example, the charging of an illegal rent or fee for four rental
13 units for three months constitutes 12 violations.

14 **§ 97-X Enforcement.**

15 A. The City may take any appropriate action to enforce or correct violations of this title,
16 including, but not limited to, revocation of the landlord's rental license.

17 B. In addition to any other penalties and remedies provided for in this title or by applicable law,
18 the City may apply to a court of competent jurisdiction for abatement orders, restraining orders,
19 temporary or permanent injunctions, or any other appropriate form of remedy or relief to correct,
20 restrain, or enjoin violations of this title. The City may also seek to recover its attorney's fees.

21 C. The City may bring a suit to collect all costs, assessments, liens or charges imposed or incurred
22 by the City in taking any action authorized by this title.

23 D. In the event that a landlord brings an action against a tenant that is contrary to a City's
24 Arbitrator order, the court shall dismiss the action against the tenant and may award the tenant
25 attorney's fees and costs incurred in defending against the landlord's action.

26 **AND BE IT FURTHER ORDAINED** that if any provision of this Ordinance or the
27 application thereof to any person or circumstance is held invalid for any reason, such invalidity
28 shall not affect the other provisions or any other applications of the Ordinance which can be given
29 effect without the invalid provision or applications, and to this end, all the provisions of this
30 Ordinance are hereby declared to be severable;

31
32 **AND BE IT FURTHER ORDAINED** that this Ordinance shall take effect on _____,
33 2024;

34

1 **AND BE IT FURTHER ORDAINED** that a fair summary of this ordinance shall
2 forthwith be published twice in a newspaper having general circulation in the City and otherwise
3 be made available to the public.

4
5 **INTRODUCED** by the City Council of the City of Hyattsville, Maryland, at a regular
6 public meeting on _____, 2024.

7
8 **ADOPTED** by the City Council of the City of Hyattsville, Maryland, at a regular public
9 meeting on _____, 2024.

10
11
12 Adopted: _____.

13
14
15
16 Attest: _____
17 Nate Groenendyk, City Clerk

Robert S. Croslin, Mayor

18
19
20
21 [] indicate deletions
22 Underline/CAPS/**BOLD** indicate additions
23 Asterisks * * * Indicate matter retained in existing law but omitted herein.

Public Comments



City of Hyattsville Rent Stabilization Comments

Wednesday, October 9, 2024

The Apartment and Office Building Association (AOBA) of Metropolitan Washington is the leading non-profit trade association representing the owners and managers of approximately 155 million square feet of commercial office space and 430,000 residential units across the Washington Metropolitan region. AOBA represents members who own or manage more than 23 million square feet of commercial office space and 133,000 apartment rental units in Montgomery and Prince George's counties.

The Apartment and Office Building Association (AOBA) of Metropolitan Washington opposes the proposed Rent Stabilization Ordinance for the City of Hyattsville. Key points include:

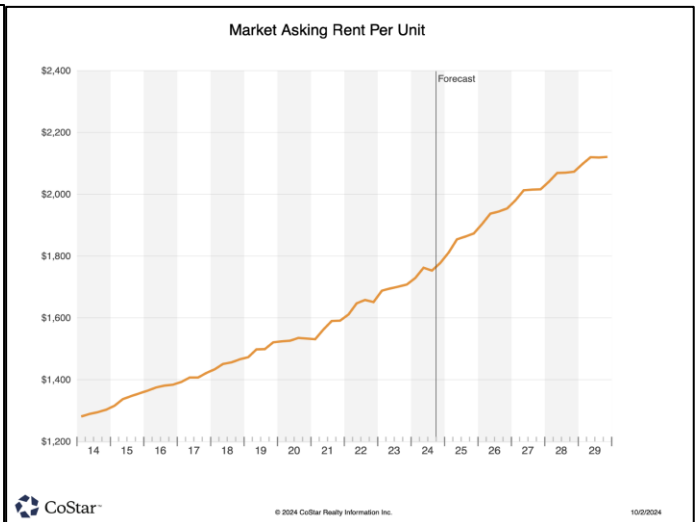
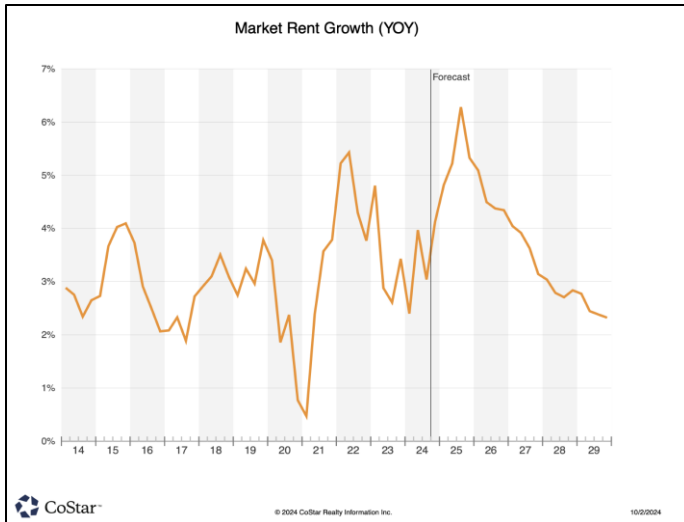
1. Historical rent increases in Hyattsville have averaged less than 6 percent over the past decade.
2. A stricter rent cap may prevent housing providers from covering operating expenses.
3. The proposed 15-year rolling exemption for new construction could deter investment and suppress property values.
4. The ordinance may lead to decreased property values and reduced tax revenues for the city.
5. Concerns exist about the city's capacity to enforce the proposed regulations.

AOBA recommends the City Council reconsider the proposed ordinance in light of these potential negative impacts on the housing market and city revenues.

Hyattsville Real Rent Increases and Operating Expenses

First, the revenue made by the housing providers in the City of Hyattsville is on par with others in the jurisdiction, if somewhat lower because of the proximity to Washington DC and Northern Virginia. AOBA urges the City to consider the real rent increases in Hyattsville over the last 10 years. CoStar numbers tell an interesting story of volatility, but the key point is the average rent increases have hovered around 3 percent and peaked at around 5.5 percent. This discrepancy between the Hyattsville study and the true numbers of the City of Hyattsville showcases the importance of making decisions with all the information. A stricter rent cap in the city is not needed if the County law caps rent increases at 6 percent.





Second, [according to National Apartment Association’s annual income and expense survey](#), 95 cents of every dollar of rent collected in Maryland goes toward operating expenses and debt service. These expenses include mortgage payments, property insurance, payroll, utility costs, property taxes, repair and maintenance, and capital expenditure reserves, which help cover large scale property-wide upgrades. Only five cents of every dollar remain after these costs are covered, with most of it reinvested into the property or leveraged to produce new housing. This is half the historical rate of return of the stock market, making housing a far less attractive investment for new capital. That is why Montgomery County allows for rates to be increased above the allowed annual rent increase if net income falls short of meeting operating expenses.

On pages 8 and 9, titled “Establishment of base rent for certain units,” there is an emphasis of the potential of renovations of units in multifamily buildings that would then be exempted from the proposed rent control the city proposes. Rent increases pay for other expenses such as renovations. This includes kitchen and bathrooms upgrades, new flooring, and any other needed renovation for a new tenant. These renovations are key to providing dignified housing for any tenant that lives in the unit. These provisions will ultimately hurt residents for years to come. There is a reason Montgomery County and Prince George’s County did not include these provisions in their Rent Stabilization laws.

According to Section 97-X. Subsection 3 on page 7, the proposal language restricts housing providers from applying for an exemption for units that undergo renovations. The state of Maryland is aiming to introduce Building Energy Performance Standards on all housing providers in the coming years. If this is to take full effect, units and buildings that are to follow state law will have to renovate units but will be unable to pay for these legislative mandates if rent caps remain too low.



Third, unlike Prince George’s County’s ordinance, the City’s proposed draft includes an exemption for new construction that is less than 15 years old. Effectively creating a rolling exemption. Housing builders typically sell properties after they hit certain investment benchmarks, usually around the 10 to 15-year mark. A rolling exemption will disincentivize potential buyers and future builders from investing in the city. Fewer buyers will inhibit property values resulting in lower property tax revenues and lower transfer/recordation taxes for the city.

At the moment, the City of Hyattsville has two multifamily projects in their early development stages that would bring nearly 600 units to the city ([3500 East-West Hwy](#) and Library [Apartments](#)). If the city decides to move forward with a stricter rent cap and a rolling exemption, there is no question these projects will fall into this stricter rent stabilization. These developers would be forced to make a business decision that would strip units from the city and ultimately negatively impact the residents. The same way single family homeowners hope to lower their monthly cost by refinancing, housing builders that are long-term holders and operators often attempt to do the same to keep their investment afloat. There is no question that a stricter rent control law with a rolling exemption date will make loan underwriting riskier which will lead to a larger upfront capital deposit by the property owners.

Additionally, Hyattsville will see a continuation of decreasing property values for multifamily buildings and the County will see a drop off in recordation taxes in the County. In 2022, Prince George’s County saw 22 transactions totaling just over \$1.3 billion dollars in sales. As of 2023, post temporary rent stabilization in Prince George’s County, there were only two sales totaling \$34.6 million. The County effectively saw a 97 percent change in year over year total sales volume. Between FY2022 and FY2025, the County will see a rough loss of \$77 million in transfer and recordation taxes. This lost revenue will directly impact the County and the City’s ability to provide services, beautification, and housing opportunities to residents.

Lastly, if the City of Hyattsville believes they have the capacity to enforce violations of the municipal infractions, it is worth noting that Montgomery County and Prince George’s County, localities with much larger budgets and staffing, do not have the capacity to enforce their regulations. The City of Hyattsville will have to work with Prince George’s County Department of Permitting Inspections and Enforcement (DPIE) in order to fully enforce any new municipal law. Eventually, the department will be unable to enforce both the County and City regulations and something will give way. The City may ultimately have to take the full burden as proposed by City staff in the September 2024 Council meeting which should be deemed as duplicated efforts.

AOBA recommends the City Council reconsider the proposed ordinance due to the potential impacts on the housing market, city revenues, and property values.

For more information contact Hugo Cantu, Manager of Government Affairs, at hcantu@aoba-metro.org.





Memorandum

Subject: CASA's Comments on the City of Hyattsville's Rent Stabilization Ordinance

October 9, 2024

CASA members—thousands of whom live in the City of Hyattsville—experience severe housing instability and unpredictability. The high cost of housing burdens thousands of renters, including countless CASA members in Hyattsville, forcing them to work multiple jobs and excessively long hours to make ends meet. While we support multiple remedies to keep housing affordable and curb evictions, nothing offers rent stabilization's immediate, widespread, and sustainable impact.

Rent stabilization is crucial for stabilizing some of our most vulnerable populations, particularly children and seniors. For school-age children, frequent relocations due to unaffordable rent cause significant disruptions to their education and academic progress, leading to long-term negative effects on their development and future success. For seniors, rent stabilization enables them to age in place, providing consistent access to services and community support, all essential to maintaining their health and well-being.

CASA is proud to support the City of Hyattsville's rent stabilization ordinance, which is crucial in ensuring housing stability for our community. We want to thank the Hyattsville Mayor and City Council for introducing this important ordinance. CASA members fought tirelessly in Prince George's County to pass a permanent rent stabilization bill this past summer, and we are proud to support Hyattsville's ordinance that takes the county's legislation further by addressing weaknesses in the County law.

Several elements of the ordinance, as introduced, are commendable and align with our objectives. These include linking rent increases to the Consumer Price Index (CPI) and adopting a rolling exemption for new buildings, which protects more rental units and provides greater predictability for tenants. We would like to express our strong support

for the ordinance as currently written. However, we highlight several key areas that, if addressed, could further enhance the intention of stabilizing renters in the City of Hyattsville.

CASA's Comments on Amendments

1. Amend: Set a Rental Cap

The City of Hyattsville's draft ordinance effectively ties rent increases to the Consumer Price Index (CPI), which is a commendable approach that promotes stability for tenants. However, there are risks associated with relying solely on the CPI, particularly during periods of rapid inflation that could lead to significant rent increases. To safeguard against this volatility, we recommend maintaining the rent adjustments to CPI while also implementing a rental cap. We recommend an amendment capping the allowable rent increase at 6% following Montgomery and Prince George's Counties. By doing so, we can ensure that rent remains affordable and predictable even in challenging economic conditions, protecting our most vulnerable residents from the impact of sudden spikes in living costs.

2. Clarify: Substantial Renovation Increases

The City's substantial renovation language is commendable in that it contemplates a possible reduction in rent increases where a unit size is reduced through renovation. However, in those cases where renovation increases square footage of the unit, substantially minor repairs that fail to impact the value of the property could result in substantial rent increases. Both Montgomery and Prince George's County, on the other hand, utilize a cliff model which takes a property out of the stabilization cap if its value is improved by 40%. It appears to us that the City's proposal may result in a less desirable structure allowing more frequent and high rent increases. In addition, the City's proposal lacks language we consider critical which would outlaw rent increases for improvements designed to address warranty of habitability issues or code violations.

We look forward to collaborating with the City of Hyattsville to ensure the best possible outcomes for our community. Thank you for considering our comments and recommendations.