

Submitted by: CM Danny Schaible  
Submitting Department: Legislative  
Agenda Section: Discussion

**Item Title:**

**Hyattsville Rent Stabilization Ordinance**

**Suggested Action:**

I move that the Mayor and Council authorize the City Attorney to prepare an ordinance on regulating the annual rate of increase in rental prices in the City Hyattsville. The ordinance shall meet the following rent stabilization goals:

**Rental Increase Allowance:**

This ordinance shall:

- Authorize and require the City Administrator to set and publish a maximum allowable annual rent increase (MAARI). The MAARI shall be the maximum annual allowable percentage increase in price per unit for non-exempt rental properties within the City of Hyattsville.
- 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.
- In addition to rent increases, the MAARI shall include and regulate all increases to fees associated with rental properties, including but not limited to fees associated with utilities, parking, amenities, and pets.

**Exemptions:**

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 4 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 platforms such as Airbnb) Extensions of leases beyond 120 days will make the unit subject to the Rent Allowance clauses prescribed.
- Accessory apartments and dwelling units.
- Units that are subsidized or regulated by federal, state, county, or local guidelines. This exemption does not apply to non-subsidized or non-regulated units that are rented using a housing voucher.

**Rental Registry:**

- The City shall create and maintain a publicly accessible rental registry containing all legal rental units within the City of Hyattsville and indicate which units are subject to rent stabilization. The rental registry shall be public and posted on the City's website.
- All rental properties must be on the rental registry. Unregistered properties cannot legally raise the rent and are subject to municipal citations.

- Providing false information to the registration is illegal under this ordinance and subject to municipal citation.
- Yearly notice will be sent to the landlords of all rental properties reminding them to register their rental units and pay the occupancy permit fee, and informing them of the allowable MAARI rate increase for rent stabilization eligible properties.

#### **Civil Recourse:**

- Any landlord found in 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 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>

#### **Staffing and Management:**

- Publish the MAARI and distribute it to all property owners.
- Provide an annual report to Hyattsville City Council on the status of the Rent Stabilization Program.

#### **Communications and Outreach**

City staff shall:

- Develop and distribute annual rent stabilization notifications in English and Spanish. Notifications must be kept posted in the lobby, mailroom, or other public gathering space of every rent stabilization eligible property.

#### **Voluntary Rent Increase Agreements Related to Capital Improvements**

Landlords may propose and be approved for rent increases that exceed the MAARI if the capital improvements/repairs that they will make, and the subsequent rent increases, have the supermajority support (greater than or equal to 60%) of the affected tenants. In such circumstances, the vote will be administered by the City and the votes cast by tenants will be anonymous. Trivial and routine repairs and renovations shall be ineligible for these agreements. Regulations related to voluntary rent increase agreements shall be prepared by the City.

#### **Right to a Fair Return:**

- Fair Return Rent Increase. 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. Regulations related to the right to a fair return shall be prepared by the City and approved by Council.

### **Preferential Rent Banking:**

- Preferential rent is rent a landlord charges that is lower than the legal regulated rent they could lawfully charge. If a landlord uses preferential rent, once the tenancy ends the landlord may increase 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 when there is a change of tenants (as opposed to a lease renewal with the same tenant), and can only span the time between two different tenants (i.e. once a new lease agreement is reached with a new tenant, any past preferential rent usage will become fixed).

### **CITY POLICY (not codified)**

**In support of the ordinance the City shall implement the following policies and procedures:**

#### **Rental Registry**

- At a minimum, the rental registry must include for each unit 1) the year built, 2) the number of bedrooms, 3) the address of the property, 4) the unit number, 5) the date the current lease began, 6) the rent as of January 1 for each year, 7) any associated rental fees (utilities, parking, pet etc.) as of January 1 for each year, 8) the name of the multifamily property; 9) the name, mailing address, phone number, and email address of each owner and manager of a registered property; 10) if the property is rent stabilized.

#### **Administrative Support:**

- The cost of implementing this ordinance shall be paid for with revenue generated from the rental registry fee. It is estimated that two full-time employees will be required to implement and administer this program, including maintaining the required registry of rental units, publishing and disseminating the MAARI, answering questions from landlords and tenants, hosting workshops for tenants and landlords, publishing annual reports on program outcomes, and enforcing the requirements imposed on landlords by the ordinance. Fluency in English and Spanish will be essential for this program.
- Increase occupancy permit fee by \$50 per unit to assist in covering City administrative expenses associated with the rental registry and rent stabilization.

#### **Staffing and Management:**

- Authorize the creation of a staff level Housing Affordability role responsible for implementing this ordinance and other housing affordability initiatives.
- Adjudicate landlord/tenant rental disputes.
- Advise Hyattsville City Council on modifications required to the rent stabilization ordinance and additional solutions/recommendations to address affordability.
- Maintain rental unit registry.
- Additional responsibilities as enumerated in the 2023 Hyattsville Rent Stabilization Study.

#### **Communications and Outreach**

The dedicated staff persons hired to administer the ordinance shall:

- Conduct public outreach such as development of brochures, ad campaigns, webpage, host public workshops etc.
- Develop an online calculator to compute allowable rent increases.

**Summary Background:**

To preserve the city's affordable housing stock; to provide reasonable rent stabilization measures; to define and regulate short-term and residential leases; to provide renter protections.

**Next Steps:**

Council discussion.

**Fiscal Impact:****ANTICIPATED STAFF RESOURCES REQUIRED TO IMPLEMENT:**

Based on analysis in the Hyattsville Rent Stabilization Study, standing up and administering the rent stabilization program will require 1-3 FTE. As proposed in the motion, the staffing would be paid for by an increase to occupancy permit fees. Significant additional support will be needed from City Staff related to outreach and communications and integrating rent stabilization requirements into our existing rental licensing and inspections program.

**City Administrator Comments:****Rental Increase Allowance:**

CED: Recommend formulating MAARI as recommended by Enterprise, particularly cap on annual rental increases. This would include constant (e.g., CPI-U), cap (e.g., 5% or 6%), and escalator (up to 3%).

Administration: Alternatively, provide an option for Council to approve an escalator in a particular year, not to exceed 3%, due to unforeseen economic circumstances.

**Civil Recourse:**

Clerk: Define the process for civil recourse and appeal process.

**Voluntary Rent Increase Agreements Related to Capital Improvements**

CED: Recommend creation of a policy and process by which a landlord may petition the City to authorize a rent increase above the MAARI in order to offset critical and significant property improvements and repairs (e.g., foundation work, roof replacement, etc.).

Clerk: Insert language that the landlord will bear the cost incurred by the City to administer an election and that it be conducted by City staff, not the Board of Elections.

**Right to a Fair Return:**

CED: Best practices from other municipalities, both locally (Takoma Park) and nationally will be researched.

**Rental Registry**

CED: Currently the fee is \$150 every 2 years. An increase of \$50 per year would equate to raising the fee to \$250 (66% increase) every two years. Staff notes this would have an impact on property owners, particularly those with multiple units.

Clerk: Chapter 96 Section 2: Code authorizes the City to set an unspecified fee for rental permits so there is no code change needed to increase the fee.

**Community Engagement:**

N/A

**Strategic Goals:**

Goal 3 – Promote a Safe and Vibrant Community

**Legal Review Required?**

Pending