



Hyattsville Rent Stabilization Study

September 18, 2023

Today's Discussion

- BACKGROUND
- WHAT IS RENT STABILIZATION?
- OVERVIEW OF HYATTSVILLE'S RENTAL HOUSING STOCK
- REGIONAL CONSIDERATIONS
- POLICY RECOMMENDATIONS
- ADMINISTRATION + ENFORCEMENT
- REPORTING + EVALUATION

OUR GOALS

About Enterprise Community Partners

We focus on the greatest need – the massive shortage of affordable rental homes – to achieve three goals:



Increase Housing Supply

Preserve and produce good homes
that people can afford



Advance Racial Equity

After decades of systematic
racism in housing



Build Resilience & Upward Mobility

Support residents and strengthen communities
to be resilient to the unpredictable

Four high-impact housing tools

Over the next 10 years, the City of Hyattsville will take the following actions to create four new housing tools for use in Hyattsville:

- Establish a dedicated local source of funding.** Having sustainable local funding for housing is a foundational tool to address housing needs and support housing policy implementation. Having a local dedicated source of funding will enable the City of Hyattsville to offer financing (such as gap financing) for housing development in the city limits or funding for local housing initiatives that support residents. To create this funding, the City of Hyattsville will need to identify a potential source of revenue (developer fees; real estate fees; and property taxes are common ones elsewhere) and develop and adopt local legislation to guide its use.⁸
- Use public land to support local development goals.** Public land—which typically refers to land owned by a local government, school district, or park district, among other entities—is an important asset that can be leveraged to create additional affordable homes. Use of public land for housing is especially advantageous in places like Hyattsville with higher-value, amenity-rich locations and often enables local governments to support new development without a direct monetary subsidy. In Hyattsville, which is largely built out, the City will need to take a dual approach to use public land to advance its local development goals: increase its land holdings through strategic acquisition of private or county-owned land for sale and leverage development of public facilities, such as libraries or recreation centers, for opportunities to co-locate affordable housing on the same site. This tool would expand on local precedents for using public land for affordable housing development in Hyattsville. In 2004, the City of Hyattsville selected a local nonprofit,

Housing Initiative Partnership Inc. (HIP), to purchase and redevelop city-owned property into Renaissance Square, a 44-unit building for low-income artists.⁹

- Create rent regulations.** Rent regulations (sometimes also called rent stabilization or rent control) seek to protect tenants from sudden increases in housing costs by setting an annual cap on how much rent can be raised. Leaders in Hyattsville prioritized this tool, because it will aid in creating more housing stability for Hyattsville residents and give them the choice to stay in their home over time. Given the varied findings about the overall efficacy of rent regulations in keeping rents affordable and units in good repair, the City of Hyattsville will need to carefully pursue this tool and increase its capacity to implement it through dedicated staff and an oversight body.
- Expand tenant protections.** Tenant protections refer to both the policy protections extended to tenants and the broader education and enforcement infrastructure, often defined in the tenant protection policy itself, to ensure tenants know their rights and have recourse if they are violated. Advancing tenant protections in Hyattsville will take a dual approach: 1) create new tenant protections for Hyattsville residents through local policy adoption; and 2) expand education and outreach about existing county- and state-level tenant protections.

Each high-impact housing tool will strengthen Hyattsville's role in directly addressing priority needs for current and future residents. Each tool represents a core element of local housing policy. However, there is no single housing tool that can address or solve every priority need affecting residents in the city, and creation of these tools represent the start, rather than the end, of the City of Hyattsville's leadership on addressing its housing issues.

One of four high-impact housing tools outlined in the Hyattsville Housing Action Agenda

⁸ The Housing Trust Fund Project. (2016). [Opening Doors to Homes for All: The 2016 Housing Trust Fund Survey Report](#).

⁹ University of Pennsylvania. (2007). [An Analysis of Maryland's Smart Growth in Two Historic Areas](#).

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Prince George's County Council passes rent stabilization bill



By Lateshia Beachum

February 28, 2023 at 7:33 p.m. EST

- Temporary measure designed to reduce housing instability
- Set to expire in April 2024
- Currently developing a permanent rent stabilization policy

Rent Stabilization Policy Components

	Category
1	Included and exempted rental units
2	Allowable rent increases
3	Exceptions for landlords
4	Decontrol
5	Related tenant Protections

It is essential that policymakers consider these policy components as **an interrelated bundle** rather than five independent policy choices

Rent Stabilization Policy Components

	Category	Description
1	Included and exempted rental units	The units that are covered under a rent stabilization policy
2	Allowable rent increases	The relative or absolute amount landlords can increase rent
3	Exceptions for landlords	Scenarios in which landlords can request permission to charge more rent than what is typically allowed
4	Decontrol	Routes through which otherwise non-exempted units become fully or partially deregulated
5	Related tenant Protections	Laws that protect tenants from harassment and ensure that tenants have a safe, clean place to live that directly relate to the implementation of a rent stabilization policy

Source: AshfordGrooms, M. (n.d.). *Rent Control: Key Policy Components and Their Equity Implications*

Overview of Hyattsville's Rental Housing Stock

≥4,730

RENTAL HOUSING UNITS*

1,575

RENTAL HOUSING UNITS IN THE
PIPELINE

88%

OF RENTAL STOCK LOCATED IN LARGE
COMPLEXES*

2,515

UNITS DEVELOPED BEFORE 1975

SOURCE: HYATTSVILLE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

* LIMITED DATA AVAILABLE ON SMALL RENTAL PROPERTIES (LESS THAN 4 UNITS)

Around the Region

The Enterprise team strongly recommends that City of Hyattsville leadership consider related policy activity in the region as part of its policymaking process.

- Montgomery County
 - Adopted rent stabilization policy in July 2023
 - MAARI of CPI-U + 3% with cap of 6%
- Prince George's County
 - Temporary rent stabilization in place through April 2024
 - Sets a MAARI of 3%
 - Exempts properties less than five years old and units that are subsidized by the County, State, or federal government
 - Currently developing long-term policy with multi-stakeholder advisory group*
 - Further legal analysis needed to determine how a local policy would interact with County policy
 - City Council should consider implications of adoption/implementation timelines

RECOMMENDATIONS

INCLUDED AND EXEMPTED UNITS

Defines the universe of rental units that are covered by the rent stabilization policy

	Policy	HCC-324-2023	Advisors Recommended Approach
Age of building	Rental properties less than 15 years old	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Size of property	Buildings with two (2) or fewer units	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Buildings with three (3) or four (4) or units		<input checked="" type="checkbox"/>
Occupants	Owner-occupied where the tenants share a kitchen or bathroom with the owner	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Short-term lease agreements	Short-term leasing agreements. (Defined as leases for 30 days or less, published via short term leasing platform such as Airbnb)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Extensions of leases beyond 120 days will make the unit subject to the Rent Allowance clauses prescribed		
Subsidized units	Federally regulated rental units for which rates are negotiated between the federal government and property owners	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	All other publicly supported (via subsidy or incentives) rental units with rents are determined by the State, County, of City		<input checked="" type="checkbox"/>
Relation to primary structure	Accessory apartments and dwelling units	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Recommended Adjustments

- Property size
 - Addition of properties that have three or four units (14 properties)
 - Targets policy to address larger property owners
 - Reduced administrative burden
- Publicly-funded property
 - Addition of properties supported at the State, County, and local levels with restricted rents
 - Same rationale as policy for federally-subsidized properties

Exemption	2023 Universe
Properties less than 15 years old	1,588 units
Properties with four or fewer units	554 units
Publicly subsidized units	429 units
Total Exempt Unit Count	>2,571*

Source: Hyattsville Department of Community and Economic Development

*Some properties may be exempt under multiple categories (e.g., 15+ year old publicly funded housing), meaning the total of exempt buildings is likely to be less than 2,571.

ALLOWABLE RENT INCREASES

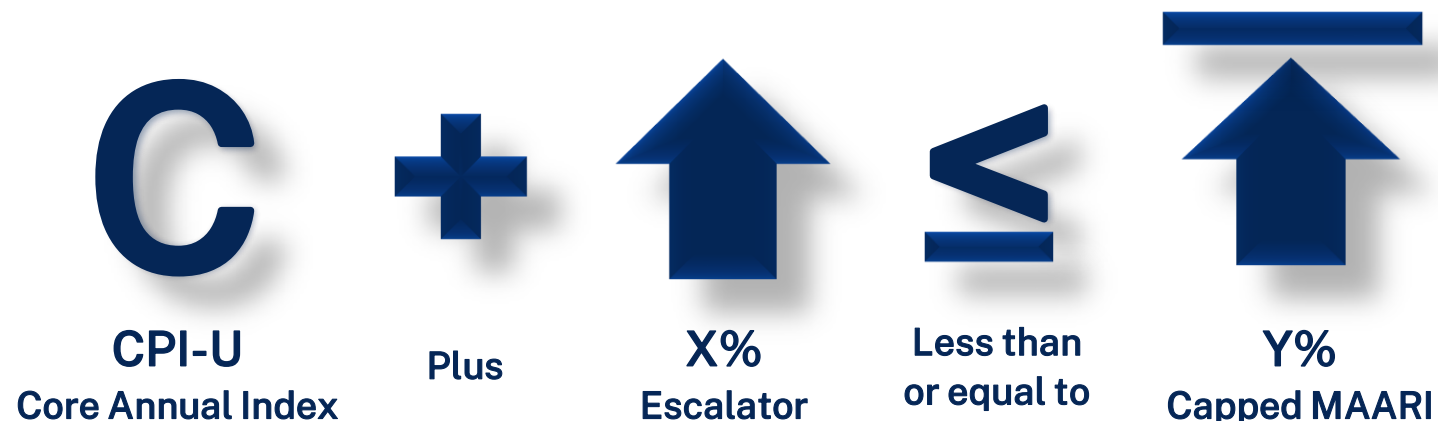
Defines the relative or absolute amount landlords can increase rent in a set period of time

POLICY RECOMMENDATIONS

Allowable Rent Increases

Three Components of a Maximum Allowable Average Rent Increase (MAARI)

1. **Core annual index** of cost of living, such as the regional CPI-U
2. **Escalator** (expressed as an additional percentage of eligible rent) to support landlord investments in current worker salaries, increasing staff, expanding resident services or other appropriate expenditures
3. **Cap** above which the CPI-U plus escalator shall not exceed.



Policy		HCC-324-2023	Advisors Recommended Approach
Core annual index	CPI-U	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Escalator	3%		<input checked="" type="checkbox"/>
Cap	6%		<input checked="" type="checkbox"/>

Recommended Adjustments

Recommended Approach

Add a **3%** escalator factor to account for critical expenses

- Reflects the increasing cost of “doing business” for landlords (e.g., maintenance, staffing, services)
- 84% of rental stock in Hyattsville built before 1975 requiring additional maintenance costs
- Regionally compatible and competitive

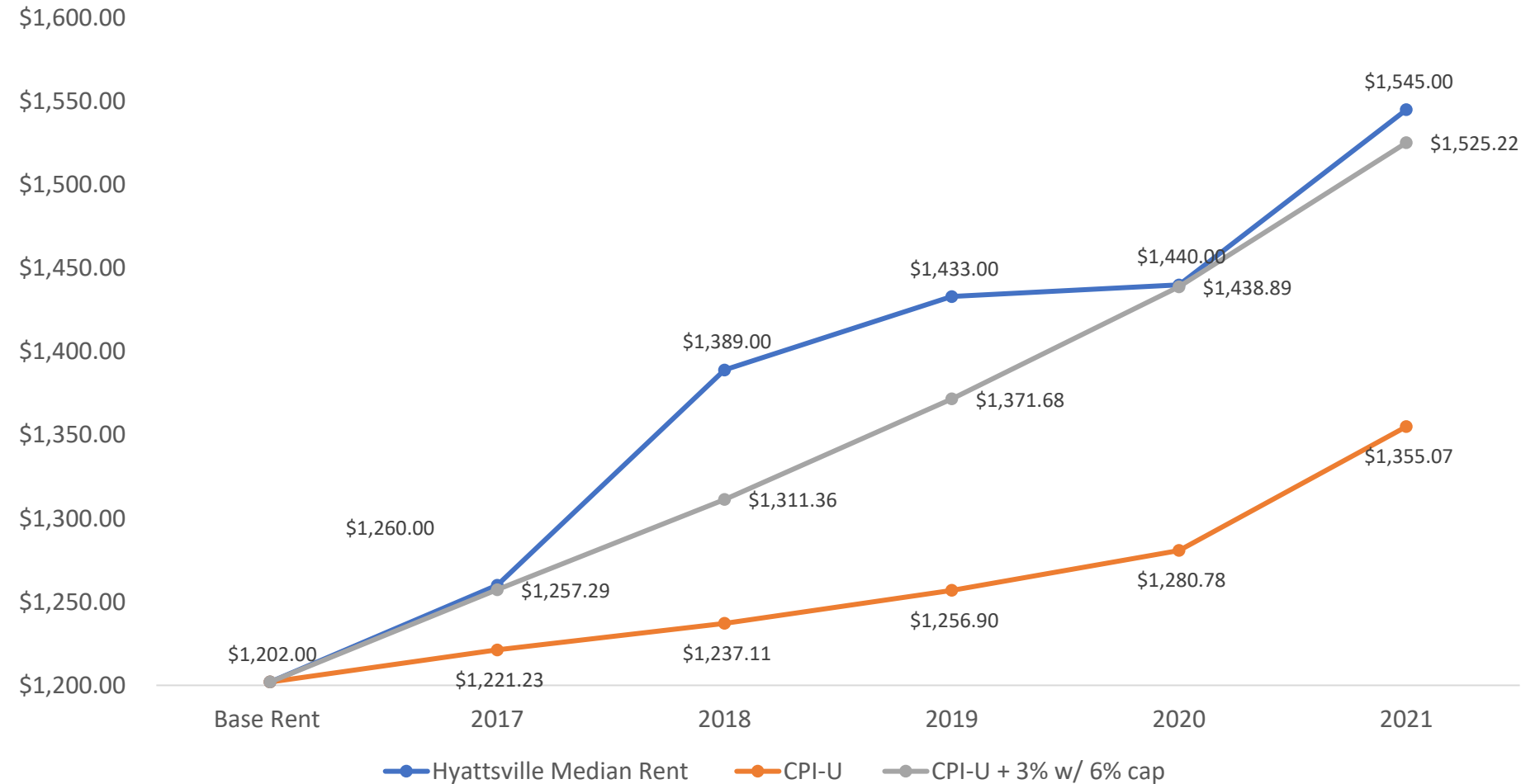
Add a **6%** cap to the equation to ensure stability

- Provides predictability for renters by stabilizing anticipated rent increases
- Creates a similar experience for homeowners with a fixed-rate mortgage
- If put in place in 2016, average rents would have been slightly less and renters would not have experienced the volatility of pandemic-era rent hikes

POLICY RECOMMENDATIONS

Allowable Rent Increases

Model of Annual Rent Increases Utilizing the Recommended MAARI



Source: 2012-2016 – 2017-2021 American Community Survey 5-year estimates, 2017 – 2021 Bureau of Labor Statistics CPI-U; CPI-W for Washington-Arlington-Alexandria, DC-VA-MD-WV

EXCEPTIONS FOR LANDLORDS

Scenarios in which landlords can request permission to charge more rent than what is typically allowed

Policy	HCC-324-2023	Advisors Recommended Approach
Fair return petition	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Significant capital improvement petition		<input checked="" type="checkbox"/>

Recommended Adjustments

- Include a capital improvements exception to allow landlords to raise rent above the MAARI to account for critical and significant property improvements
 - Requires submission of documentation to justify additional rent increase and proposes how the costs will be spread over monthly rent payments for a set amount of time
 - Addresses concerns from stakeholders about discouraging critical health and safety improvements
- *Note: the process should be developed as a regulation as opposed to an ordinance to give City staff the flexibility to determine what appeal process works best locally*

DECONTROL

Routes through which otherwise non-exempted units become fully or partially deregulated

Decontrol

Preferential rent banking

The Enterprise team supports City Council's proposal in HCC-324-2023 as rent banking provides the following benefits:

- Provides landlords with the flexibility to apply rent increases in years they see fit without incentivizing or jeopardizing housing stability for the tenant
- Cities with full vacancy decontrol, as opposed to rent banking, are less affordable and more likely to displace Black renters
- Banking should only apply when there is a new tenant as opposed to a new lease to prevent unexpectedly high rent increases for the same tenant between leases

RELATED TENANT PROTECTIONS

Laws that protect tenants from harassment and ensure that tenants have a safe, clean place to live that directly relate to the implementation of a rent stabilization policy

Recommended Adjustments

- Enable rent adjustment petitions
 - Allows for tenants to file a petition for a rent reduction if the owner has failed to comply with housing codes or provide adequate housing
 - Can be incorporated in the process of administering exception petitions

Additional Tenant Protections for Consideration

The Enterprise team recommends that the City of Hyattsville consider adopting additional tenant protections, including:



**Tenant Right
to Counsel**

**Tenant
Opportunity to
Purchase
(TOPA)**

Note: while rent adjustment petitions would be enabled through a rent stabilization ordinance, right counsel and TOPA policies would be considered through separate legislation after further legal/policy research

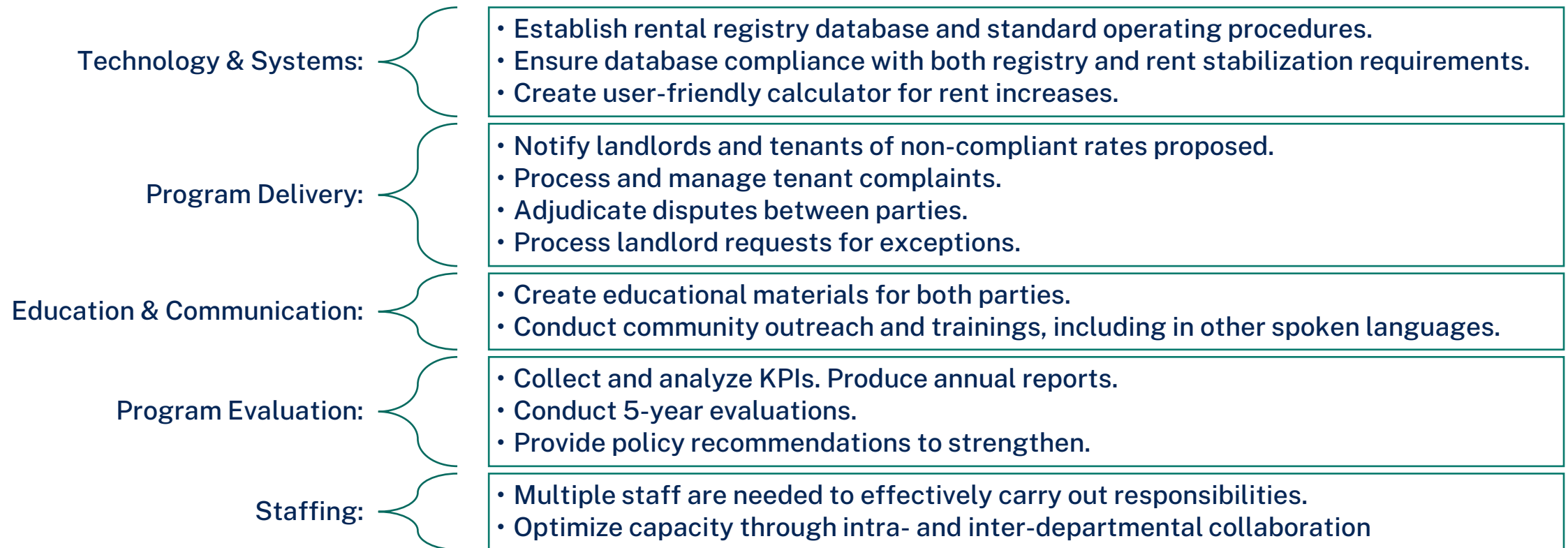
Overview of Recommendations

Policy Component	HCC-324-2023 Proposal	Recommended Approach
Exemptions	<ul style="list-style-type: none"> Federally subsidized rental units Properties less than 15 years old Properties with two or fewer units Owner-occupied where tenants share a kitchen or bathroom with the owner Accessory apartments or dwelling units Short term leasing agreements 	<ul style="list-style-type: none"> All subsidized/regulated affordable units (federal, state, county, local) Properties less than 15 years old Properties with four or fewer units, including <ul style="list-style-type: none"> Owner occupied where tenants share a kitchen or bathroom with the owner Accessory apartments or dwelling units Short term leasing agreements
Allowable rent increases	<ul style="list-style-type: none"> Constant: CPI-U Escalator: none Cap: none 	<ul style="list-style-type: none"> Constant: CPI-U Escalator: 3% Cap: 6%
Exceptions	<ul style="list-style-type: none"> Fair return petitions 	<ul style="list-style-type: none"> Fair return petitions Significant capital improvements
Decontrol	<ul style="list-style-type: none"> Preferential rent banking, applied at the end of a tenancy 	<ul style="list-style-type: none"> Preferential rent banking, applied at the end of a tenancy
Tenant Protections	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Rent adjustment petitions

ADMINISTRATION + ENFORCEMENT

Administration

While there will be upfront and ongoing costs to administer a rent stabilization policy well, benefits to the community outweigh the City's costs to implement rent stabilization.



Enforcement

The Enterprise team recommends the City adopt an active monitoring and compliance approach that also allows tenants to file complaints.

- **Electronic database**
 - Non-exempted landlords notify the City of annual rent rates
 - City staff flag proposed increases that violate the policy, notify landlords of non-compliance in writing
- **Tenants can file complaints; system must be accessible**
- **Concurrence with enforcement recommendations** included in City Council's proposal:
 - If found guilty, landlord pays three months' rent plus attorney fees to tenant
 - City can deny rental license to and impose financial penalties on landlords who fail to comply
- Both tenants and landlords can **appeal exception decisions**, receive notification in writing

REPORTING + EVALUATION

Evaluation

Annual reporting

- Sets a baseline for data capture
- Can track implementation progress and measure how well the City is able to operationalize the program

5-year evaluation

- Measures implementation results
- Examines long-term trends and impact of the program

Key Metrics

1	Total rental inventory	Establishes a baseline of comparison for the city's entire rental housing stock
2	Number of units subject to rent stabilization	Establishes a baseline for compliance
3	Median rent increase for stabilized rental units	Establishes a baseline for citywide MAARI comparisons; determines if rents are generally staying at or below the City's adopted MAARI
4	Number of landlord exception petitions submitted and approved	Serves as a proxy for if landlords believe they are able to keep up with maintenance and operating costs while also receiving a fair return on their property.

Additional Metrics

METRIC	PURPOSE	SOURCE
TENANT INITIATED COMPLAINTS	Frequency and type of complaint can be a reflection on the effectiveness of enforcement or education	Compliance system
ADDITIONAL AMENITY FEES	Additional fees can indicate attempt to recapture lost revenue potential	Rental registry
CODE VIOLATIONS/HOUSING QUALITY	Shows landlord's ability to maintain rental units	Code enforcement, tenant complaints
OPERATING EXPENSES PER UNIT	Can demonstrate if operating costs are outpacing the adopted MAARI	Landlord exception petitions
CONDOMINIUM CONVERSIONS	Determine if there is a reduction in rental stock to conversions	Tracking system, interviews

Thank You

