

WORKING DRAFT

Version 2
City Attorney to Staff
September 4, 2024

**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 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.

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

6 “Code Official” or “Code Enforcement Officer” includes Code Enforcement Officers, inspectors,
7 employees, and City contractors or agents charged with the responsibility of inspecting buildings
8 and property in the City for purposes of determining compliance with the property maintenance
9 code and other applicable codes, issuing rental housing licenses, determining whether any
10 condition exists that renders a building an unsafe building, and investigating complaints filed by
11 any person to the effect that a building or property is or may be in violation of the terms of this
12 title.

13 “Consumer Price Index” or “CPI-U” means the Consumer Price Index, All Urban Consumers, DC-
14 MD-VA-WV, All Items, December 2023 = 100 (“CPI-U”) or any replacement or successor index.

15 “Department” means the City of Hyattsville, Maryland’s Department of Community and
16 Economic Development.

17 “Housing Staff Liaison” means the City of Hyattsville staff member assigned by the City
18 Administrator to be the City’s administrative support and is authorized pursuant to Code or
19 regulation to act on its behalf in certain circumstances.

20 Family Member of an Owner. A family member of an owner includes any of the following:

- 21 1. An owner’s spouse or domestic partner;
- 22 2. An owner’s former spouse or former domestic partner;
- 23 3. An owner’s parents, grandparents, children, grandchildren, siblings, aunts, uncles, nieces
24 and nephews;
- 25 4. An owner’s spouse or domestic partner’s parents, grandparents, children, grandchildren,
26 siblings, aunts, uncles, nieces and nephews.

27 “Judgment rate of interest” means the interest rate set forth in accordance with Section 11-107(a)
28 and (b) of the Courts and Judicial Proceedings Article of the Annotated Code of Maryland, as
29 amended.

30 “Landlord” means any person who is the owner, the owner’s agent, or a lessor or a sub lessor of
31 the rental unit or rental facility and, in addition, shall mean any person authorized to exercise any
32 aspect of the management of the rental facility, except those persons engaged solely in custodial
33 and maintenance functions.

Commented [DC1]: Or should this be “December 2025”
given that we want to start on Feb 1, 2026 (?).

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1 “Lease” means any agreement, whether written or oral, that establishes or modifies the terms,
2 conditions, rules, regulations or any other provisions concerning the use and occupancy of a rental
3 unit or a rental facility.

4 “Limited equity housing cooperative” means a cooperative housing corporation, either domestic
5 or foreign, qualified in the State of Maryland, either stock or nonstock, in which each shareholder
6 or member has a cooperative interest in the corporation and in which the appreciation of share
7 values or membership interests is limited to the annual rate of inflation or other comparable index.

8 “Maximum allowable annual rent increase” or “MAARI” means the maximum annual allowable
9 percentage increase in price per unit for non-exempt rental properties within the City of
10 Hyattsville, which shall be equal to the average annual percentage increase in the Consumer Price
11 Index for all Urban Consumers from March to March of the two most recent calendar years, which
12 becomes effective on July 1st of the upcoming year for twelve months.

13 “Nonresidential structure” means any structure or portion of a building, structure, or premises not
14 intended for use for residential purposes such as a commercial business, garage or shed.

15 “Occupant” means any person who, lawfully or unlawfully, is living, sleeping, cooking, eating in
16 or in actual possession of a building. An occupant shall include a tenant, an owner and a family
17 member of an owner.

18 “Owner” means any person, agent, operator, firm or corporation having a legal or equitable interest
19 in a property; or recorded in the official records of the State or County as holding title to a property;
20 or otherwise having charge, care or control of the property, including the guardian, executor or
21 administrator of the estate of any such person.

22 “Owner-occupied group house” means a single-family dwelling occupied by the owner as their
23 principal residence or a family member of the owner and by one or more other nonrelated
24 individuals who have an obligation to pay rent, utilities or provide other consideration to the owner
25 for such accommodations. Occupants share cooking and sanitation facilities and common living
26 areas. Occupants of owner-occupied group houses are not considered tenants for purposes of this
27 chapter.

28 “Party” means the landlord, tenant or tenant association in a Commission complaint or the landlord
29 filing a petition, and any tenant whose rent is proposed to be increased in a rent increase petition.

30 “Person” means an individual, corporation, limited liability company, partnership, limited
31 partnership, limited liability partnership, trust, association, organization, or any other legal entity
32 acting as a unit.

33 “Petition” means a request by a landlord for a fair return rent increase above the rent stabilization
34 allowance.

35 “Premises” means a lot, plot or parcel of land, easement or public right-of-way, including any
36 buildings and structures thereon.

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“Rent” means the consideration, including any bonus, benefit, or gratuity, demanded or received per day, week, month, year, or other period of time as the case may be, for the use or occupancy of housing accommodations or the transfer of a lease for such accommodations. Rent includes any charge to a tenant under a rent-to-own agreement if the tenant’s acceptance of the agreement is mandatory or if the tenant is not entitled to a refund of the charge if the tenant does not purchase the unit.

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

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

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

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

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

§ 97-X. Rental Property Registry.

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

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

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

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

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

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

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

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

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

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

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

§ 97-X Buildings exempt from rent stabilization.

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

1. Any unit in a licensed facility, the primary purpose of which is the diagnosis, cure, mitigation and treatment of illnesses;
2. Any rental property that is less than 15 years old;
3. Any unit in a facility owned or leased by an organization exempt from Federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code, the primary purpose of which is to provide temporary sanctuary or shelter for qualified clients; provided, that the organization has notified the clients residing in the facility of the temporary nature of their housing at the inception of their residence;

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4. Short term leasing agreements for thirty days or less published via short-term leasing platforms;
5. Religious facilities such as churches, synagogues, parsonages, rectories, convents and parish homes;
6. Transient facilities such as motels, tourist homes, and bed and breakfast facilities;
7. School dormitories;
8. Licensed assisted living facilities and nursing homes;
9. Rental properties with four or fewer units; and
10. Any accessory apartment with less than four units.
11. Individual condominium units up to 4 that may be owned and rented by any one individual owner.

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

A. Grant of Exemption. The Department shall, upon application of the owner, grant an exemption from the provisions of this chapter to the following rental units and rental facilities:

2. Rental facilities subject to a regulatory agreement with a governmental agency that controls the rent levels of not less than one-half of the rental units in the rental facility and restricts the occupancy of those rental units to low- and moderate-income tenants.
3. Renovated or reconfigured rental facilities or combined rental units are not eligible for an exemption from rent stabilization.

B. Termination of Exemption.

1. Exemptions granted pursuant to subsection (A)(1) of this section shall expire after one year or when the conditions entitling the rental unit to an exemption cease to exist, whichever shall first occur. The exemptions are renewable annually upon reapplication.
2. Exemptions granted pursuant to subsection (A)(2) of this section shall expire upon the termination of the agreement with the governmental agency entitling the rental facility to the exemption or when the conditions entitling the rental facility to an exemption cease to exist, whichever shall first occur.
3. Exemptions granted pursuant to subsection (A)(3) of this section shall expire on the fifteenth anniversary date of the issuance of the rental facilities initial rental housing license, regardless of when the application for an exemption was made by the owner.

C. Rents upon Termination of Exemption.

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1. For rental facilities and rental units receiving an exemption pursuant to subsections (A)(1) and (A)(2) of this section, upon the termination of the exemption, the base rent for the units and the reference point from which the rent shall be increased in accordance with this chapter shall be the allowable rent as reported in the annual rent report for each unit at the time the exemption commenced plus the annual rent stabilization allowance for each year that the unit was exempt.

2. For rental facilities receiving an exemption pursuant to subsection (A)(3) of this section, upon the termination of the exemption, the base rent for the units and the reference point from which the rent shall be increased in accordance with this chapter shall be the rent charged for each unit at the time of the expiration of the exemption. For any units not rented when the exemption period terminates, the base rent shall be the rent charged when the unit is first rented to a tenant. If the actual rent paid by a tenant differs from the rent stated in the report or the lease, then the actual rent shall be the base rent.

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

A. Definitions.

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

“Existing rental unit” means a rental unit or a discontinued rental unit.

B. Rents for Discontinued Rental Units.

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

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

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

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

2. If the renovation or reconfiguration of an existing rental unit does not result in a 10% or greater change in the floor area of the unit, then the banked rent reported for the unit in the annual rent report at the time the rental unit became vacant plus the annual rent stabilization allowance for each year that the rental unit remained vacant shall be the maximum rent that the owner may charge for the unit when it is first rented to a tenant.

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3. If the floor area of a renovated or reconfigured unit is more than 10% smaller or larger than the unit it replaces, then the banked rent reported for the unit in the annual rent report at the time the rental unit became vacant plus the annual rent stabilization allowance for each year that the rental unit remained vacant, reduced or increased by a percentage equal to the reduction or increase in the floor area of the unit prior to its renovation or reconfiguration, shall be the maximum rent that the owner may charge for the unit when it is first rented to a tenant.

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

5. Application for Rent Adjustments. Before an owner may increase the rent for a unit in accordance with subsection (C)(3) or (4) of this section, the owner must first obtain approval from the Department. The owner must submit a completed application form and documentation demonstrating the appropriate adjustment to the base rents (which may include, but shall not be limited to, construction plans, photographs and video recordings of the original and reconfigured units) and may be required to undergo an inspection of the property.

D. Rents Following Purchase of an Owner-Occupied Condominium Unit. The new owner of a previously owner-occupied condominium unit, purchased in a bona fide arm's length transaction, may charge market rent for the unit. The rent the owner charges his or her initial tenant shall establish the base rent for the unit and the reference point from which the rent shall be increased in accordance with this chapter.

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

A. Annual Rent Stabilization Allowance.

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

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

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

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

B. Frequency of Rent Increases.

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

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

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

C. Notice of Annual Rent Increases.

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

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

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

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

§ 97-X Annual reporting requirements.

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

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

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

A. 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.

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

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

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

a.

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

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

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

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

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

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

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

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

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

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

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- iv. Payroll;
 - v. Amortized cost of capital improvements. An interest allowance shall be allowed on the cost of amortized capital expenses; the allowance shall be equal to the interest the landlord would have incurred had the landlord financed the capital improvement with a loan for the amortization period of the improvement, making uniform monthly payments, at an interest rate equal to the Federal Reserve Board bank prime loan rate as of the date of the initial submission of the petition plus 2% per annum;
 - vi. Maintenance related material and labor costs, including self-labor costs computed in accordance with the regulations adopted pursuant to this section;
 - vii. Property taxes;
 - viii. Licenses, government fees and other assessments; and
 - ix. Insurance costs.
- b. Reasonable operating and maintenance expenses do not include the following:
- i. Expenses for which the landlord has been or will be reimbursed by any security deposit, insurance settlement, judgment for damages, agreed-upon payments or any other method;
 - ii. Payments made for mortgage expenses, either principal or interest;
 - iii. Judicial and administrative fines and penalties;
 - iv. Damages paid to tenants as ordered by City's Arbitrator or the courts;
 - v. Depreciation;
 - vi. Late fees or service penalties imposed by utility companies, lenders or other entities providing goods or services to the landlord or the rental facility;
 - vii. Membership fees in organizations established to influence legislation and regulations;
 - viii. Contributions to lobbying efforts;
 - ix. Contributions for legal fees in the prosecution of class-action cases;
 - x. Political contributions for candidates for office;

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xi. Any expense for which the tenant has lawfully paid directly or indirectly;

xii. Attorney's fees charged for services connected with counseling or litigation related to actions brought by the City under City regulations or this title, as amended. This provision shall apply unless the landlord has prevailed in such an action brought by the City;

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

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

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

C. Rent Increase Petition Based on Fair Return Standard.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b. Rejection of Petition.

i. The City's Arbitrator shall not consider the landlord's fair return petition:

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

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

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

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

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

6. Ceiling on Fair Return Adjustments.

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

7. Notification Requirements.

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

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

8. Rollbacks—Bad Faith Fair Return Petitions.

a. Authority to Require Rollback. If, upon consideration of a fair return petition, the City's Arbitrator finds that the adjusted base year net operating income included in the petition is less than the landlord's actual petition year net operating income

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1 and the fair return petition was filed in bad faith, the City's Arbitrator may require
2 the landlord to roll back the rents charged on the rental units covered by the petition
3 to result in a net operating income equal to the adjusted base year net operating
4 income.

5 b. Purpose of Rollbacks. The purpose of the rollback provision in this
6 subsection is to ensure that fair return petitions are filed in good faith, that the
7 landlord reviews the records of the rental property for which rent increases are
8 sought to ensure that a rent increase is justified under this section and to balance
9 both the tenant and the landlord interests in each petition to increase rents above
10 the rent stabilization allowance.

11 c. Definition of Bad Faith.

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

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

15 (B) Materially misrepresented expenses claimed;

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

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

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

20 (A) Miscalculations and simple mathematical errors; or

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

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

34 9. Scope of Authority.

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

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

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

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

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

ARTICLE II – FEES AND UTILITY CHARGES.

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

A. General Provisions—Restrictions and Disclosure Requirements.

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

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

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

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

5. Extermination Fees.

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

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

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

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

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

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

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

7. Fees shall be assessed on a uniform basis throughout a rental facility and shall not exceed maximum fees established by administrative regulations.

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

B. Permitted Fees.

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

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

3. Late Fees. Late fees shall not be charged if the rent is received within 10 calendar days of the rent due date. A late fee shall not exceed 5% of the amount of rent due for the rental period.

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

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

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

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

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

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

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

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

2. The cost assessed to a tenant shall be for the actual cost of the utility or service. At the request of the tenant, the landlord shall provide the tenant with copies of the applicable bills, invoices or other documentation from the utility or service provider and an explanation of how the fee to the tenant was computed.

B. Transfer of Utility Payments to Tenant.

1. Definitions. “Utility transfer” means the reallocation of financial responsibility for the payment of utility costs from a landlord to the current tenants and, for units subject to rent stabilization, future tenants of a rental facility for which the landlord previously was responsible for the payment of utilities.

2. Utility transfers are prohibited except as permitted by this section.

3. Utility transfers are permitted only for rental facilities in which all of the rental units are separately metered or sub-metered to measure the actual utility consumption in each unit.

4. Landlords must reduce the rent for a rental unit to offset the cost of utilities allocated to the current tenants and, for units subject to rent stabilization, future tenants, as a result of a utility transfer for:

a. All rental units subject to rent stabilization, regardless of whether they are occupied at the time of the utility transfer; and

b. All rental units that are occupied at the time of the utility transfer.

5. Rent Reductions to Offset the Cost of Utilities.

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1 a. If prior to the utility transfer, the rental units in the rental facility were individually
2 metered, the monthly rent reduction in rent for each unit shall be calculated by multiplying
3 the actual average monthly utility consumption of the unit for the previous 24 months by
4 the actual utility rate at the time of conversion.

5 b. If, prior to the transfer, the rental units in the rental facility were not individually
6 metered, the reduction in monthly rent per unit shall equal the average utility consumption
7 of the rental facility for the previous 24 months, less common area utility expenses,
8 divided by the number of rental units.

9 c. If a landlord determines that the allocation of rent reductions between rental units in
10 accordance with subsection (B)(5)(b) of this section would be unreasonable, the rent
11 reductions may be allocated based upon the size of each unit, the number of bedrooms in
12 each unit, and other relevant characteristics of the unit; provided, however, that the total
13 rent reduction must equal the total rent reduction required under subsection (B)(5)(b) of
14 this section.

15 d. The landlord must submit the proposed rent reduction allocation, a written explanation
16 of the proposed allocation, and supporting documentation to the Department, and the
17 Department must approve the proposed rent reduction and allocation prior to the utility
18 transfer.

19 6. Notice Requirements.

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

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

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

35 d. At least 14 calendar days prior to the effective date of the transfer, the landlord shall
36 notify the tenant of the effective date of the transfer and provide the tenant with necessary
37 information to establish an individual utility account.

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

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

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

ARTICLE IV – VIOLATIONS, PENALTIES, AND ENFORCEMENT.

§ 97-X Violations and penalties.

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

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

C. The following shall be municipal infraction violations subject to fines:

1. Failure to obey an order of the City's Arbitrator;

2. Failure to file a rent report or submission of a false, incomplete or inaccurate rent report;

3. **Charging or attempting to charge an illegal rent or fee;**

4. Submitting false information or making false statements to the City's Arbitrator; and

D. The following shall be municipal infraction violations subject to a fine of up to 3 month's rent:

1. Any violation of Section 97-X, Utilities – Charges to tenant and transfer of utility payments;"

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

F. Except as provided in subsection (F) of this section, each day a violation continues shall be considered a separate violation.

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

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§ 97-X Enforcement.

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

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

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

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

AND BE IT FURTHER ORDAINED that by January 1, 2026, the City Administrator shall adopt and publish rent stabilization regulations authorized and/or required by this Ordinance. Such regulations shall implement and be consistent with the provisions of this Ordinance. Such regulations shall be effective on February 1, 2026, and be published on the City's website. After initial adoption, rent stabilization regulations may be amended from time to time by the City Administrator upon 60 calendar days advance public notice published on the City's website. Such public notice shall also be transmitted to the Mayor and City Council;

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

AND BE IT FURTHER ORDAINED that this Ordinance shall take effect on February 1, 2026;

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

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

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

Adopted: _____.

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Attest:

Nate Groenendyk, City Clerk

Robert S. Croslin, Mayor

⌋ indicate deletions

Underline/CAPS/**BOLD** indicate additions

Asterisks * * * Indicate matter retained in existing law but omitted herein.

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