

Introduced _____
Public Hearing _____
Council Action _____
Executive Action _____
Effective Date _____

County Council of Howard County, Maryland

2023 Legislative Session

Legislative Day No. 13

Bill No. 44-2023

Introduced by: The Chairperson at the request of the County Executive and
Cosponsored by Christiana Rigby

AN ACT prohibiting the increase in the amount of rent over a specified amount for certain regulated units; requiring the publication of the permitted amount of rent increase; allowing a landlord to apply for a capital improvement surcharge upon a showing of certain criteria; allowing a fair return for a regulated unit; providing certain exemptions; defining certain terms; requiring that certain fees be prominently displayed; setting forth penalties; inserting a severability clause; providing for the abrogation of certain provisions of this Act; establishing a workgroup to study the effect of this Act; and generally relating to rental increases in Howard County.

Introduced and read first time Nov 6, 2023. Ordered posted and hearing scheduled

By order Michelle Harrod
Michelle Harrod, Administrator

Expired

Having been posted and notice of time & place of hearing & title of Bill having been published according to Charter, the Bill was read for a second time at a public hearing on Nov 20, 2023.

By order Michelle Harrod
Michelle Harrod, Administrator

*1-16-2024
Michelle Harrod*

This Bill was read the third time on _____, 2023 and Passed __, Passed with amendments __, Failed __.

By order _____
Michelle Harrod, Administrator

Sealed with the County Seal and presented to the County Executive for his approval this ___ day of _____, 2023 at ___ a.m./p.m.

By order _____
Michelle Harrod, Administrator

Approved/Vetoed by the County Executive _____, 2023.

Calvin Ball, County Executive

NOTE: [[text in brackets]] indicates deletions from existing law; TEXT IN SMALL CAPITALS indicates additions to existing law; ~~Strike-out~~ indicates material deleted by amendment; Underlining indicates material added by amendment.

Tabled 12-4-2023

1-2-2024 Not Removed From Title MRA

1 **WHEREAS**, more than 31,000 renter households currently reside in Howard County and
2 are an important part of the county’s vibrant and diverse community; and

3
4 **WHEREAS**, according to local data from the United States Census, approximately 45
5 percent of rental households were cost burdened in 2020, spending more than 30 percent of their
6 income on rent, and 23 percent of households were severely cost burdened, spending more than
7 50 percent of their income on rent; and

8
9 **WHEREAS**, according to the 2022 Howard County Rental Survey, the county is
10 experiencing a shortage of approximately 6,500 rental units affordable to households earning less
11 than \$60,000 per year, compelling thousands of households to spend more than 30% of their
12 income on housing every month; and

13
14 **WHEREAS**, between 2018 and 2021, the vacancy rate for rental apartments dropped from
15 3.1% to 1.5%, which is far below the recommended vacancy rate of 5% that indicates a stable and
16 healthy rental market. The low rental vacancy rate reflects a significant undersupply of rental
17 housing and a high demand for housing in Howard County; and

18
19 **WHEREAS**, the lack of adequate housing supply and high demand for housing has led to
20 increases in rental prices in recent years. Data collected by CoStar on the Howard County housing
21 market has found that the average cost of rent has risen by approximately 23% over a three-year
22 period in the County; and

23
24 **WHEREAS**, the sharply-rising cost of housing and rent in Howard County is pricing many
25 existing residents out of their homes and contributing to displacement and housing instability in
26 the County; and

27
28 **WHEREAS**, one of the core tenets of a healthy, stable, safe, and supported community is
29 ready access to affordable and attainable housing options; and

30
31 **WHEREAS**, it is in the County’s interest to address the local housing crisis and mitigate
32 excessive rent increases to promote the public safety, health, and welfare of Howard County
33 residents; and

1
2 **WHEREAS**, anti-rent gouging policies in the United States have proven to be effective at
3 mitigating excessive rent increases, preventing price-gouging at the local level, and reducing
4 displacement and housing instability for the benefit of renter households.

5
6 **Section 1. *Be it Enacted*** by the County Council of Howard County, Maryland, that
7 *the Howard County Code is amended as follows:*

8 *By amending:*
9 *Title 17. Public Protection Services.*
10 *Section 17.1010 “Prohibited lease provisions”.*

11
12 *By amending:*
13 *Title 17. Public Protection Services.*
14 *Section 17.1016 “Penalties and other relief”.*

15
16 *By adding:*
17 *Title 17 “Public Protection Services”*
18 *Section 17.1018 “Rent Stabilization”*

19
20 *By adding:*
21 *Title 17 “Public Protection Services”*
22 *Section 17.1019 “Severability”*

23
24 **Title 17. Public Protection Services.**
25 **Subtitle 10. Landlord tenant relations.**

26
27 **Section 17.1010. Prohibited lease provisions.**

- 28 A lease may not:
- 29 (1) Authorize a person to confess judgment on behalf of the tenant for rent due or any other
 - 30 claim arising out of the lease;
 - 31 (2) Authorize the landlord to take possession of the leased premises or the tenant's personal
 - 32 property unless the lease has been terminated by action of the parties or by operation of

1 law, and the personal property has been abandoned by the tenant without the benefit of
2 formal legal process;

3 (3) Waive a tenant's right to a trial by jury;

4 (4) State that the tenant agrees to pay court costs, legal fees, or attorney fees other than those
5 that a court awards for a breach of lease by the tenant;

6 (5) State that the tenant agrees to a period required for landlord's notice to quit that is less
7 than that provided by law;

8 (6) Waive the landlord's liability for damage caused by the landlord's negligence or violation
9 of law;

10 (7) Waive a right or protection afforded under this subtitle or other law;

11 (8) Establish a lien on the tenant's property except as provided by State law;

12 (9) Provide for a penalty or subject the tenant to legal action for non-payment of rent if the
13 delinquent payment is made within six days after the date on which the rent is due unless
14 the tenant is in arrears from the previous month;

15 (10) Impose a penalty in excess of five percent of the amount of rent due for the rental period
16 for which payment is delinquent;

17 (11) Require that the tenant pay to replace or repair structural elements of the building, major
18 appliances, or electrical, plumbing, heating, or air conditioning systems unless the
19 replacement or repair is required because of actions of the tenant or a person for whom
20 the tenant is legally responsible;

21 (12) Require the tenant to pay any money other than:

22 (i) An application fee that section 8-213 of the Real Property Article of the Maryland
23 Code allows;

24 (ii) A security deposit that section 8-203 of the Real Property Article of the Maryland
25 Code allows;

26 (iii) Rent that the lease specifies, ANY INCREASE OF WHICH SHALL COMPLY WITH SECTION
27 17.1018 OF THIS SUBTITLE;

28 (iv) Charges for services and utilities identified in the lease as required by section
29 17.1009(d) of this subtitle; OR

30 (v) [[Fees for specified amenities or common areas that the tenant may elect to use,
31 including but not limited to dedicated parking spaces, pools; or fitness facilities; or

32 (vi)]] other FEES OR charges permitted by this subtitle or under applicable Maryland
33 law[[], including but not limited to transfer fees or]];

- 1 (13) Require the tenant to pay transfer fees or other money not otherwise permitted under
2 Maryland law for moving from one dwelling unit to another dwelling unit within an
3 apartment complex during the lease period, but a landlord may withhold money from the
4 security deposit on the original dwelling unit for damage to the unit and apply the
5 remainder to the security deposit for the new unit; or
6 (14) State that the lease is a contract under seal.

7
8 **Section 17.1016. Penalties and other relief.**

9 (a) *Not Exclusive.* The penalties and relief specified in this section are in addition to the other
10 penalties specifically provided in this subtitle AND IN TITLE 17, SUBTITLE 4 OF THIS CODE.

11 (b) *Civil Penalties.*

12 (1) The Office may enforce this subtitle with civil penalties under [[title]]TITLE 24, "Civil
13 Penalties" of the Howard County Code.

14 (2) EXCEPT FOR A VIOLATION OF SECTION 17.1018, [[The]]A first violation of this subtitle is a
15 Class B offense. A FIRST VIOLATION OF SECTION 17.1018 OF THIS SUBTITLE IS A CLASS A
16 OFFENSE.

17 (3) Subsequent violations OF ANY PROVISION OF THIS SUBTITLE are Class A offenses. EACH
18 DAY THAT A VIOLATION CONTINUES IS A SEPARATE OFFENSE.

19 (c) *Penalty Recoverable in Civil Action.* Alternatively, or in addition to and concurrent with other
20 remedies, the Office may impose a fine not exceeding \$500 for each violation of this subtitle,
21 recoverable in a civil action.

22 (d) *Injunctive and Other Relief.* The Office may also seek, and a court may issue, an injunction, a
23 restraining order, or other appropriate relief AS PROVIDED IN TITLE 17, SUBTITLE 4 OF THIS CODE
24 to correct a violation of this subtitle.

25
26 **SECTION 17.1018. RENT STABILIZATION.**

27 (A) *DEFINITIONS.* TERMS USED IN THIS SECTION SHALL HAVE THE MEANINGS INDICATED:

28 (1) *ADMINISTRATOR* MEANS THE ADMINISTRATOR OF THE OFFICE.

29 (2) *BASE RENT* MEANS RENT CHARGED FOR A REGULATED RENTAL UNIT UNDER A LEASE,
30 EXCLUSIVE OF ANY RENTAL DISCOUNTS, INCENTIVES, CONCESSIONS, CREDITS OR FEES
31 PERMITTED BY LAW WHICH ARE:

32 (I) OFFERED BY THE LANDLORD;

33 (II) ACCEPTED BY THE TENANT; AND

1 (III) ITEMIZED IN THE LEASE SEPARATE FROM THE RENT.

2 (3) *CAPITAL IMPROVEMENTS* MEAN PERMANENT STRUCTURAL ALTERATIONS TO A REGULATED
3 UNIT INTENDED TO ENHANCE THE VALUE OF THE UNIT. CAPITAL IMPROVEMENTS INCLUDE
4 STRUCTURAL ALTERATIONS REQUIRED UNDER FEDERAL, STATE, OR COUNTY LAW. CAPITAL
5 IMPROVEMENTS DO NOT INCLUDE ORDINARY REPAIR OR MAINTENANCE OF EXISTING
6 STRUCTURES.

7 (4) *CPI-U* MEANS THE MOST RECENT CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS
8 FOR THE (CPI-U) BALTIMORE-COLUMBIA-TOWSON, MD, PUBLISHED BY THE U.S. BUREAU
9 OF LABOR STATISTICS.

10 (5) *FAIR RETURN* MEANS A YEARLY RETURN ON INVESTMENT SUFFICIENT TO MAINTAIN THE
11 LANDLORD'S NET OPERATING INCOME FROM THE PRIOR YEAR.

12 (6) *REGULATED RENTAL UNIT OR REGULATED UNIT* MEANS A RENTAL UNIT THAT IS NOT
13 EXEMPTED UNDER SUBSECTION (E) OF THIS SECTION.

14 (B) *RENT INCREASES GENERALLY; PUBLICATION; DURATION.*

15 (1) UPON A LEASE RENEWAL OR NEW LEASE AGREEMENT, A LANDLORD SHALL NOT INCREASE
16 THE RENT OF A REGULATED RENTAL UNIT OR UNIT THAT HAS BEEN VACANT FOR NO MORE
17 THAN 12 MONTHS TO AN AMOUNT GREATER THAN:

18 (I) THE BASE RENT; PLUS

19 (II) THE RENT INCREASE ALLOWANCE, WHICH SHALL BE ANNUALLY CALCULATED BY THE
20 ADMINISTRATOR AND SHALL BE THE LESSER OF:

21 A. CPI-U PLUS 5 PERCENT; OR

22 B. 10 PERCENT

23 (2) *PUBLICATION.* THE ADMINISTRATOR SHALL PUBLISH THE ANNUAL RENT INCREASE
24 ALLOWANCE ON THE COUNTY WEBSITE BY OCTOBER 1 OF EACH YEAR.

25 (3) *DURATION.* A RENT INCREASE ALLOWANCE UNDER THIS SUBSECTION REMAINS IN EFFECT
26 FOR A 12-MONTH PERIOD, BEGINNING JANUARY 1ST OF EACH YEAR AND ENDING ON
27 DECEMBER 31ST OF EACH YEAR.

28 (C) *LIMITED SURCHARGES FOR CAPITAL IMPROVEMENTS; PETITION.*

29 (1) *PETITION; FINDINGS BY ADMINISTRATOR.* PRIOR TO STARTING A CAPITAL IMPROVEMENT, A
30 LANDLORD MAY APPLY FOR AND THE ADMINISTRATOR SHALL GRANT A LANDLORD'S
31 PETITION, FILED IN A FORM PROVIDED BY THE OFFICE, TO ADD A SURCHARGE TO THE
32 AMOUNT PERMITTED UNDER SUBSECTION (B) OF THIS SECTION IF THE ADMINISTRATOR
33 DETERMINES:

1 (I) THE SURCHARGE IS LIMITED TO AN AMOUNT NECESSARY TO COVER THE COSTS OF
2 CAPITAL IMPROVEMENTS TO THE REGULATED UNIT, EXCLUDING THE COSTS OF
3 ORDINARY REPAIR AND MAINTENANCE; AND

4 (II) THE APPLICANT HAS CERTIFIED TO THE ADMINISTRATOR THE COSTS OF THE CAPITAL
5 IMPROVEMENTS, INCLUDING ANY INTEREST AND SERVICE CHARGE.

6 (2) *SURCHARGE REQUIREMENTS.*

7 (I) A LANDLORD SHALL MAINTAIN, AND SHALL MAKE AVAILABLE TO A TENANT OR THE
8 OFFICE UPON REQUEST, ALL PLANS, CONTRACTS, SPECIFICATIONS, AND PERMITS
9 RELATED TO ANY CAPITAL IMPROVEMENTS FOR WHICH A SURCHARGE HAS BEEN
10 SOUGHT OR GRANTED.

11 (II) THE SURCHARGE FOR EACH UNIT ENDS ONCE THE COSTS OF THE CAPITAL
12 IMPROVEMENTS, INCLUDING ANY INTEREST AND SERVICE CHARGES, HAVE BEEN
13 RECOVERED BY THE LANDLORD.

14 (III) IF THE CAPITAL IMPROVEMENTS ARE FOR ALL RENTAL UNITS WITHIN THE BUILDING,
15 THE SURCHARGE:

- 16 A. IS DIVIDED EQUALLY AMONG THE UNITS;
- 17 B. IS PRORATED OVER AT LEAST 120 MONTHS; AND
- 18 C. DOES NOT EXCEED 20 PERCENT OF THE BASE RENT;

19 (IV) IF THE CAPITAL IMPROVEMENTS APPLY ONLY TO CERTAIN REGULATED RENTAL UNITS
20 WITHIN THE BUILDING, THE SURCHARGE:

- 21 A. IS DIVIDED EQUALLY AMONG THE AFFECTED UNITS;
- 22 B. IS PRORATED OVER AT LEAST 120 MONTHS; AND
- 23 C. DOES NOT EXCEED 20 PERCENT OF THE BASE RENT;

24 (D) FAIR RETURN. IN ACCORDANCE WITH THIS SUBSECTION:

25 (1) A LANDLORD MAY APPLY TO THE ADMINISTRATOR, IN A FORM PROVIDED BY THE OFFICE,
26 TO INCREASE RENT FOR A REGULATED UNIT IN AN AMOUNT THAT EXCEEDS THE ANNUAL
27 RENT INCREASE ALLOWANCE; AND

28 (2) THE ADMINISTRATOR SHALL GRANT THE APPLICATION IF THE ADMINISTRATOR FINDS THAT
29 THE INCREASE IS NECESSARY FOR THE LANDLORD TO OBTAIN A FAIR RETURN ON THE
30 REGULATED UNIT.

31 (E) EXEMPT RENTAL UNITS.

32 (1) *EXEMPTIONS.* THE REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION SHALL NOT APPLY
33 TO A UNIT IN:

- 1 (I) A NEWLY CONSTRUCTED PROJECT OR DEVELOPMENT THAT HAS BEEN OFFERED FOR
- 2 RENT FOR LESS THAN 20 YEARS;
- 3 (II) A LICENSED FACILITY, THE PRIMARY PURPOSE OF WHICH IS THE DIAGNOSIS, CURE,
- 4 MITIGATION, AND TREATMENT OF ILLNESSES;
- 5 (III) A CONTINUING CARE RETIREMENT COMMUNITY;
- 6 (IV) A FACILITY OWNED OR LEASED BY AN ORGANIZATION EXEMPT FROM FEDERAL INCOME
- 7 TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE;
- 8 (V) AN OWNER-OCCUPIED GROUP HOME;
- 9 (VI) A RELIGIOUS FACILITY, INCLUDING A CHURCH, SYNAGOGUE, PARSONAGE, RECTORY,
- 10 CONVENT, AND PARISH HOME;
- 11 (VII) A LICENSED ASSISTED LIVING FACILITY OR NURSING HOME;
- 12 (VIII) A BUILDING ORIGINALLY DESIGNED AND CONSTRUCTED TO CONTAIN ONLY 2
- 13 DWELLING UNITS, ONE OF WHICH THE OWNER CURRENTLY OCCUPIES AS A PRINCIPAL
- 14 RESIDENCE;
- 15 (IX) AN ACCESSORY APARTMENT;
- 16 (X) THE POSSESSION OF A LANDLORD WHO OWNS 5 OR FEWER RENTAL UNITS WITHIN THE
- 17 COUNTY; AND IS EITHER (1) A NATURAL PERSON, OR (2) THE TRUST OR ESTATE OF A
- 18 DECEDENT; AND
- 19 (XI) A BUILDING FINANCED WITH LOCAL, STATE OR FEDERAL TAX CREDITS FOR THE
- 20 PURPOSES OF CREATING AFFORDABLE HOUSING AS LONG AS THOSE UNITS ARE STILL
- 21 SUBJECT TO AN AFFORDABILITY REQUIREMENT.

22 (2) *EXPIRATION OF EXEMPTION.* AN EXEMPTION EXPIRES WHEN THE CONDITIONS ENTITLING
23 THE UNIT OR FACILITY TO AN EXEMPTION CEASE TO EXIST.

24 (F) FEES.

- 25 (1) A LANDLORD SHALL PROMINENTLY PUBLISH ALL PERMISSIBLE FEES AND CHARGES ON THE
- 26 PROPERTY'S WEBSITE IN CONNECTION WITH EACH REGULATED UNIT OFFERED FOR RENT
- 27 AND SHALL PROVIDE A COPY OF SAME TO EACH PROSPECTIVE TENANT PRIOR TO ANY
- 28 APPLICATION FOR A REGULATED RENTAL UNIT BEING ACCEPTED.

29
30 **SECTION 17.1019. SEVERABILITY.**

31 THE PROVISIONS OF THIS SUBTITLE ARE SEVERABLE AND, IF ANY PROVISION, SENTENCE, CLAUSE,
32 SECTION OR PART THEREOF IS HELD ILLEGAL, INVALID OR UNCONSTITUTIONAL, OR INAPPLICABLE
33 TO ANY PERSON OR CIRCUMSTANCE, SUCH ILLEGALITY, INVALIDITY, UNCONSTITUTIONALITY OR

1 INAPPLICABILITY SHALL NOT AFFECT OR IMPAIR ANY OF THE REMAINING PROVISIONS,
2 SENTENCES, CLAUSES, SECTIONS OR PARTS OF THIS SUBTITLE OR THEIR APPLICATION TO OTHER
3 PERSONS AND CIRCUMSTANCES. IT IS HEREBY DECLARED TO BE THE LEGISLATIVE INTENT THAT
4 THIS SUBTITLE WOULD HAVE BEEN ADOPTED IF SUCH ILLEGAL, INVALID OR UNCONSTITUTIONAL
5 PROVISION, SENTENCE, CLAUSE, SECTION OR PART HAD NOT BEEN INCLUDED THEREIN, AND IF
6 PERSONS OR CIRCUMSTANCES TO WHICH THE SUBTITLE OR ANY PART THEREOF IS INAPPLICABLE
7 HAD BEEN SPECIFICALLY EXEMPTED THEREFROM.

8
9 ***Section 2. And Be It Further Enacted*** by the County Council of Howard County, Maryland,
10 *that the County Executive shall establish a work group by Executive Order that shall study the*
11 *effectiveness of the rent stabilization provisions added by this Act. The workgroup shall*
12 *complete their study and provide a report and recommendation to the County Executive by June*
13 *30, 2027.*

14
15 ***Section 3. And Be It Further Enacted*** by the County Council of Howard County, Maryland that
16 *Section 17.1018 of this Act shall remain effective through December 31, 2027 and, on January 1,*
17 *2028, Section 17.1018 of this Act shall be abrogated and of no further force and effect.*

18
19 ***Section 4. And Be It Further Enacted*** by the County Council of Howard County, Maryland,
20 *that this Act shall become effective 61 days after its enactment.*

Amendment 1 to Council Bill No. 44-2023

BY: Liz Walsh

**Legislative Day 15
Date: December 4, 2023**

Amendment No. 1

(This Amendment amends language related to other charges and fees; creates a frequency limit to rent increases; sets a limit on the rent increase for vacant units; adds an annual reporting requirement; and removes the abrogation of section 17.1018.)

1 On the title page, in the purpose paragraph:

- 2 • On line 5, after “displayed;”, insert: “creating certain reporting requirements”; and
- 3 • Starting on line 6, strike: “providing for the abrogation of certain provisions of this Act;”.

4

5 On page 3, line 32, strike “FEES OR charges” and substitute: “CHARGES OR FEES”.

6

7 On page 5, after line 27, insert:

8

9 “(4) FREQUENCY. A LANDLORD IS ONLY PERMITTED TO INCREASE RENT PURSUANT TO THIS
10 SECTION ONCE WITHIN A 12-MONTH PERIOD.

10

11 “(5) VACANT UNITS. IF A UNIT THAT HAD BEEN VACANT FOR MORE THAN 12 MONTHS RETURNS TO
12 THE MARKET FOR RENT, THE NEW RENTAL AMOUNT MAY INCLUDE THE ALLOWABLE RENT
13 INCREASES FOR EACH YEAR THE UNIT WAS VACANT, NOT TO EXCEED A 30% INCREASE OF THE
14 BASE RENT AMOUNT PAID BY THE MOST RECENT TENANT.”

15

16 On page 7, after line 28, insert:

17

18 “(G) ANNUAL REPORTING.

19 “(1) BY APRIL 1 OF EACH YEAR, EACH LANDLORD SHALL COMPLETE AND SUBMIT TO THE
20 DEPARTMENT A RENT REPORT FOR THE 12-MONTH PERIOD BEGINNING JANUARY 1ST AND
21 ENDING ON THE PRECEDING DECEMBER 31ST ON A FORM PROVIDED BY AND IN THE
22 MANNER PRESCRIBED BY DEPARTMENT REGULATIONS.

1 (2) VIOLATION OF PARAGRAPH (1) OF THIS SECTION IS A CLASS A OFFENSE, UNLESS AN
2 EXTENSION OF TIME FOR GOOD CAUSE IS GRANTED TO A LANDLORD BY THE
3 DEPARTMENT.”

4

5 On page 8, strike lines 15 through 17 in their entirety.

6

7 On page 8, line 19, strike “4” and substitute “3”.