





September 27, 2024

FISCAL AND POLICY NOTE

TO: Jennifer A. Jenkins
Council Administrator

Colette R. Gresham, Esq.
Deputy Council Administrator

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: Shalene Miller-Whye 
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CB-089-2024 Rental Housing Licenses

CB-089-2024 (*proposed by: the Chair as request of the County Executive*)

Assigned to the Committee of the Whole

AN ACT concerning Rental Housing Licenses For the purpose of allowing the Department to require proof of a license exemption pursuant to Section 13-181, the suspension of a license for a violation of Subtitle, 4 Subtitle 5, Subtitle 11, Subtitle 13, or Subtitle 27, of this Code, deny the issuance of a rental license for failure to have a Use and Occupancy Permit, increase the fines for violation of this Section, and allow for the issuance of administrative citations and administrative Hearings.

Fiscal Summary

Direct Impact:

Expenditures: No expenditure impact likely.

Revenue: Some increase in revenue is likely due to the issuing of license and permit fines and the new requirement for documentation of single-family home exemptions.

Indirect Impact:

Potentially favorable.

Legislative Summary:

CB-089-2024,¹ sponsored by the Chair at the request of the County Executive, was presented to the Council on September 17, 2024, and referred to the Committee of the Whole. CB-089-2024 would amend Subtitle 13, Housing and Property Standards of the Prince George's County code to allow the Department of Permitting, Inspections and Enforcement (DPIE) to require proof of license exemption, suspend licenses for violations, deny the issuance of a rental license based on a use and occupancy permit and to increase fines for violations as well as allow for administrative citations and administrative hearings.

Resource Personnel:

- Dawit Abraham, P.E., Director, Department of Permitting, Inspections and Enforcement
 - Lori S. Parris, Senior Advisor, Department of Permitting, Inspections and Enforcement
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Current Law/Background:

The current Housing Code, 13-181, requires a license for single-family and multi-family rental facilities, but no license is required under the following circumstances:

- (1) If the tenant is the landlord's parent, son, daughter, sibling, grandchild, grandparent, or in-law;

¹ [Prince George's County Council - Reference No. CB-089-2023 \(legistar.com\)](#)

(2) If the landlord is an active member of any branch of the United States Armed Forces, Diplomatic Corps, or Foreign Service who maintains the subject property as her or his domicile and permanent residence; or

(3) If the landlord has been relocated for employment or education, maintains the subject property as her or his domicile and permanent residence, and the subject property has not been leased for more than two (2) consecutive years; or

(4) If a buyer or a seller of a single-family dwelling enters into a Pre-Settlement Occupancy Agreement and/or a Post-Settlement Occupancy Agreement.

Section 13-184 states that the Director issues licenses after all the Housing Code requirements have been met and certified. A written denial specifying defects is transmitted to the applicant if not met.

Section 13-186 includes a license that is not transferable and terminates upon change of ownership and that the purchaser may continue to operate the facility if applied within thirty (30) days of the settlement. The current law also includes a \$1,000 fine for each month a purchaser fails to apply for a new license of the single-family or multifamily that is being operated or occupied without a valid license.

Section 13-1133 details violations, including prepayable fines and provisions on penalties enumerated. This includes administrative citations issued only to sections 108, 301, 302, 303, 304, 405, 306, and 404 of the housing code with a \$300 per violation.

Discussion/Policy Analysis

CB-089-2024 will seek to add and reenact the following with amendments: Subtitle 13 Sections 13-181, 13-184, 13-186, 13-187, and 13-113. New provisions will establish the following:

- Require the Department to provide and accept exemption documentation for single-family housing, as established by Section 13-181.
- Permit denial of a rental license if the Director finds that a Use and Occupancy permit, pursuant to Subtitle 27 of the Zoning Ordinance, has not been issued.
- Increase the penalty for purchasers of single-family or multi-family rental facilities operating without a valid license or Use and Occupancy Permit to \$5000, to be established in Section 13-186.
- Section 13-1133 will allow an inspector to issue and an Administrative Hearing Office to adjudicate administrative citations pursuant to sections 108, 301, 302, 303, 304, 405, 306, and 404 and by adding sections 181, 184, 186, and 187, with these penalties notwithstanding penalties of \$5000 as established by 13-186.

The new requirements that CB-089-2024 would establish may increase efficiency by requiring additional documentation for a single-family housing exemption, assuring that use and occupancy standards are followed when issuing permits and increasing fines for penalties based on the lack of permits and/or single-family and multi-family operating without licenses.

Neighboring Jurisdictions

Montgomery County

Montgomery County's code also includes a Class A violation of up to \$1000 for penalties related to licensing in single-family and multifamily facilities.

Sec. 29-18.²

- (a) Any person has committed a class A violation if the person:
- (1) operates, attempts to operate, or permits the operation of rental housing that the person owns without first having obtained a rental housing license, or
 - (2) does not comply with a Commission order or summons.

Additionally, Montgomery County does require a license to be transferred within 15 days. This is also associated with a fee of at least \$5 per unit, not to exceed \$25 per unit.

Sec. 29-24³

- (a) If an applicant for or the holder of a license transfers ownership or no longer is an agent for the licensed rental housing or changes address, the applicant or licensee must notify the Department within 10 days of the change. The Director may reject an application or suspend or revoke a license if the applicant or licensee does not notify the Department as required by this subsection.
- (b) Any person who takes over the operation of licensed rental housing may transfer the license for the unexpired portion of the term for which it was issued by applying to the Director within 15 days after taking over operation and paying a license transfer fee of at least \$5 per dwelling unit, but not exceeding \$25. Nothing in this Section affects the validity of any sale, transfer, or disposition of any interest in real estate. This subsection does not apply to accessory dwelling units.

Administrative Impact

Administratively, the changes embodied in CB-089-2024 will be of no detriment to DPIE, which is currently operating within the capacity of these provisions through the issuing of fines, citations, and administrative hearings.

² [Sec. 29-18. Penalty for failure to license or to comply with Commission orders or summons.](#)

³ [Sec. 29-24. Transferability.](#)

Cost Considerations

These provisions should not result in additional costs, as they are within DPIE's ordinary operations to enforce licenses, permits and impose fines and citations as necessary.

Fiscal Impact:

- *Direct Impact*

Enactment of CB-089-2024 will have a favorable direct impact. While the exact amount is unclear, increasing the penalty from \$1000 to \$5000 per month for purchasers of single-family or multi-family rental facilities operating without a valid license or Use and Occupancy Permit will produce additional income for the Department. Provisions of the Bill will also likely increase license fees by requiring exemption documentation for single-family rental housing currently operating without a license under exemptions without documentation.

- *Indirect Impact*

Enactment of CB-089-2024 may have a favorable indirect fiscal impact. It will increase the efficiency of issuing licenses by establishing more concrete requirements related to single-family rental housing exemptions and Use and Occupancy permits. The increase in fines for those operating without a rental license will also likely deter such activity and encourage consistent and legal practices over time so that housing providers avoid citations and fines.

- *Appropriated in the Current Fiscal Year Budget*

N/A.

Effective Date:

CB-089-2024 shall be effective forty-five (45) calendar days after it becomes law.

If you require additional information or have questions about this fiscal impact statement, please call me.