



THE PRINCE GEORGE'S COUNTY GOVERNMENT


Office of Audits and Investigations


March 15, 2023

FISCAL AND POLICY NOTE

TO: Jennifer A. Jenkins
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: David Williams 
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CB-024-2023 County Rental Assistance Program and Rental Assistance Fund (DR-2)

CB-024-2023 (Proposed and Presented by Council Members Franklin, Harrison, and Hawkins)

Assigned to the Planning, Housing, and Economic Development Committee

AN ACT CONCERNING PRINCE GEORGE'S COUNTY RENTAL ASSISTANCE PROGRAM for the purpose of enacting the Prince George's County Rental Assistance of 2023, prohibiting sudden increases in rent, known as rent gouging, establishing the Prince George's County Rental Assistance Program and Prince George's County Rental Assistance Fund, and generally relating to rental assistance for modest income Prince George's County residents.

Fiscal Summary

Direct Impact

Expenditures: Additional expenditures will be necessary for administration of the program and for awards. This will depend on the number of applications and subject to appropriation

Revenues: No anticipated impact

Indirect Impact:

Likely favorable.

Legislative Summary:

CB-024-2023, proposed and sponsored by Councilmembers Franklin, Harrison, and Hawkins was presented on February 21, 2023 and referred to the Planning, Housing, and Economic Development Committee. Draft 2 of the bill will generally prohibit landlords from increasing the monthly rent in an amount beyond 20% of the previous rental amount for non-senior and non-veteran housing and no more than 10% for senior-, disability- and veteran-restricted housing. The Bill excepts certain properties that have undergone a “major renovation” from the prohibition. Also, this bill will establish a Rental Assistance Fund to provide rental assistance for qualified Prince George’s County residents.

Background/Current Law:

The objective of this bill is to prevent landlords from gouging tenants and to establish a county rental assistance program to assist qualified, lower income tenants with rising rental costs. On March 2, 2023 the Rent Stabilization Act of 2023 was signed into law. This law prevents landlords from increasing the current rental amount by 3% over a 12 month period except in properties that have been occupied within the last 5 years or that have affordable covenants. This Rental Assistance Program would be a first of its kind within the county and one of the first in the nation following the end of the federally funded ERAP (Emergency Rental Assistance Programs) initiatives.

Relevant Legislation from Other Jurisdictions

In response to the economic turmoil caused by the pandemic lockdown Congress passed the CARES Act (Coronavirus Aid, Relief, and Economic Security Act) which provided billions to municipalities to mitigate displacement and mass homelessness with rental assistance programs. Most cities established rental assistance programs to administer the funds to protect renters and take maximize the eviction moratoriums. Due to the high volume of funds many of many of the RAPs during the period offered assistance with rent and utilities and had benefits periods of 12 to 18 months. Most programs established using ERAP funds were a finite solution to an emergency but this Rental Assistance program is meant to be a longer term program for low income tenants to have access to relief.

Resource Personnel:

- Brendon Laster, Chief of Staff, At-Large District
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Discussion/Policy Analysis:

CB-024-2023

CB-024-2023 would amend Subtitle 13. *Housing and Property Standards. Division 3. Subdivision 1. General Provisions*, to add new Sections 13-144 and 13-145. The new §13-144 prohibits landlords from increasing the rental amount over 20% per year on non-senior and non-veteran restricted housing. The section also prohibits landlords from increasing the rent more than 10% per year on senior and veteran restricted housing. The Bill does provide an exception from this limitation, under very specific terms. To be excepted, a landlord must perform a “*major renovation*” on 50% of the units on the property on which the tenant resides or have at least 50% of the units “*rebuilt*” prior to any rent increase. The landlord must also acquire a written certification from the county executive that the necessary improvements meet or exceed the aforementioned standards. The exception’s key operative terms are defined in the Bill as follows:

- *Major renovation*: any instance where the cost of renovation is equal to or exceeds 25% of the after-appraised value of the building excluding land value as determined by an independent appraiser.
- *Rebuilt or Rebuild*: total demolition and reconstruction.

§13-145 would establish the Prince George’s County Rental Assistance Program, a non-lapsing fund for the purposes of providing rental assistance to the residents of Prince George’s County. Funding for this program is subject to Council appropriation. Resident eligibility requirements are as follows:

- A Prince George’s County resident whose rent increases more than three percent (3%) over the previous rental amount.
- The renter resides within Prince George’s County and the rental unit is the primary residence.
- The tenant’s household income is within 50% or less of the Area Median Income (AMI) for the DC Metropolitan Statistical Area.

Payments will be limited to one person per rental unit within a three-year period. Payments will either cover 12 consecutive months of rental obligations or the remainder of the lease, whichever is lesser. The Department of Housing and Community Development will be charged with administering the program and maintaining compliance for the program. After an application has been approved, the department is expected to make a disbursement to the approved applicant within 30 days in a lump sum payment. The Department will be charged with creating a comprehensive report summarizing the program activities within 90 days after the end of each quarter annually.

Economic Evaluation

This legislation will derive its income eligibility from the Metropolitan Statistical Area index which has the area median income (AMI) at \$106,415. As noted above, to be eligible for RAP

assistance, applicants must have a household income of 50% of AMI or less, equating to \$53,208 or lower. It is worth noting that according to U.S. Census data, the County median household income is \$91,124.¹ As such, eligible tenants must have a household income at or below approximately 58% of *County* median income. Based on Prince George’s County Health Department data, roughly 25%, or 94,000 households in the County would be income-eligible for RAP assistance (see Figure 1, below).

Households by Income	County: Prince George's	
	Households	% of Households
Under \$15,000	18,451	5.68%
\$15,000 - \$24,999	13,435	4.13%
\$25,000 - \$34,999	16,604	5.11%
\$35,000 - \$49,999	27,614	8.50%
\$50,000 - \$74,999	51,688	15.91%
\$75,000 - \$99,999	46,465	14.30%
\$100,000 - \$124,999	39,286	12.09%
\$125,000 - \$149,999	30,216	9.30%
\$150,000 - \$199,999	36,756	11.31%
\$200,000 - \$249,999	18,531	5.70%
\$250,000 - \$499,999	17,873	5.50%
\$500,000+	8,034	2.47%

Figure 1, Source: PGHealthZone, 2022 Demographics, Prince George’s County Health Department²

In assessing the impact of this Bill it is critical to keep in mind that it is essentially proffered as an alternative to rent stabilization consisting of permanent limitations on year-over-year rent increases. CB-007-2023, enacted by the Council on February 28, 2023 and signed into law by the Executive on March 2, 2023, caps most rent increases at three percent (3%) for one year from its effective date. As such, CB-024-2023 will likely have no impact, economically or socially, in that period. Further, if the stated intention of several Councilmembers to enact a permanent rent stabilization law comes to fruition, it is unlikely that CB-024-2023 will ever have a significant impact.

Equity Evaluation

This policy, if enacted in the absence of permanent rent stabilization, will target tenants that are directly experiencing a noticeable rent increase and provide special consideration for seniors and veterans which may be higher risk than traditional tenant housing. The income threshold of \$53,208 is below both the regional and nation medians which ensures that only the most vulnerable households will be eligible for rental assistance. This policy has an accountability measure for landlords in which they are prohibited from raising rents beyond prescribed levels for the year unless they must perform major renovations. This clause shields tenants from unreasonable

¹ U.S. Census Quick Facts- [Prince George’s County, Maryland](#)

² PGHealthzone- [2022 Demographics](#)

increases but assures that if they do experience significant rent hikes that some of their dollars will go toward an improved experience/amenities. As stated above making renovations mandatory for large rent increases has the potential to serve as a greater deterrent to a standard rent control/stabilization approach.

Administrative Evaluation

This bill tasks the Department of Housing and Community Development (DHCD) with creating and administering an application process, vetting applicants, verifying qualified recipients, and dispersing funds. The eligibility parameters of this bill cover a smaller number of households than the broader rental assistance bill (CB-023-2023) but will likely still require a noticeable administrative effort to effectively meet program goals. DHCD will need the appropriate staff, hardware, and software infrastructure to establish, oversee, and maintain this program.

Efficacy Evaluation

In the absence of a permanent rent stabilization law, this bill has the potential to have the same positive effects posed in the fiscal analysis of CB-023-2023. Based on empirical analysis acquired from federal level rent relief, renters will more than likely experience improvements in the following areas:³

- Poverty
- Crowding
- Geographic displacement
- Educational achievement for minors
- Healthcare outcomes
- Healthcare affordability
- Reliance on other forms of public assistance

Process Values

This bill exercises sound process values by delineating between traditional and veterans/senior housing which may have different levels of risk for housing insecurity. The 20% and 10% rent increase limitations on tradition and special case (senior/veteran housing) respectively will maintain equitable outcomes. Forcing landlords imposing very large rent increases to direct rental revenue to tenant conditions as opposed to more acquisitions or personal income is keeps the bill consumer focused and in keeping with policy goals.

Fiscal Impact:

- *Direct Impact*

³ Center on Budget and Policy Priorities- [Research Shows Rental Assistance Reduces Hardship and Provides Platform to Expand Opportunity for Low-Income Families](#)

Enactment of CB-023-2023 is not likely to have a significant direct fiscal impact on the County as long as the County has a rent stabilization law in place. Should the temporary rent stabilization protection in place pursuant to CB-007-2023 lapse without permanent replacement, the demand for assistance under CB-024-2023 may result in significant additional expenditures. It is important to remember, however, that funds for the program are subject to appropriation under the terms of the bill.

Cost of administration

The number of eligible applicants is dependent upon the number of tenants receiving a rent increase. Administrative costs will still be incurred as DHCD is responsible for establishing the internal policies and procedures for the operation of this program. Trained staff, software, and hardware assets will be necessary to achieve optimal performance and accomplish program goals.

Cost of assistance

As noted above, the potential cost of assistance provided under the provisions of CB-024-2023 will be driven by the continued existence (or not) of a rent stabilization law. At this point, formulating any precise cost estimate is impossible without knowing how many tenants will be subject to rent increases in excess of three percent (3%) over the previous rent, beginning after the sunset of the three percent (3%) limitation on increases imposed by CB-007-2023.

- *Indirect Impact*

The enactment of CB-024-2023 in the absence of a rent stabilization law may have a favorable impact in the form of increased tax revenues from savings passed down to renters under the RAP. Tenants may also experience increases in housing quality if landlords satisfy the rental renovation requirements for rent increases. Additionally, there may be unquantifiable favorable impacts resulting from increased housing stability.

- *Appropriated in the Current Fiscal Year Budget*

No

Effective Date of Proposed Legislation:

The Act shall take effect forty-five (45) days after it becomes law.

If you require additional information, or have questions about this fiscal impact statement, please reach out to me via phone or email.