



THE PRINCE GEORGE'S COUNTY GOVERNMENT


Office of Audits and Investigations


June 17, 2020

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin 
Senior Legislative Budget and Policy Analyst

FROM: Warren E. Burris, Sr. 
Senior Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CB-37-2020 Short-Term Rentals (DR-1)

CB-37-2020 (sponsored by: Council Chair Turner by Request of the County Executive)

Assigned to Committee of the Whole (COW)

AN ACT CONCERNING SHORT TERM RENTALS FOR THE PURPOSE OF MODIFYING THE PROVISIONS licensing Short-term rentals in the County and modifying the adjudication process for violations of those regulations.

Fiscal Summary

Direct Impact:

Expenditures: Minimal additional expenditures

Revenues: Potentially positive

Indirect Impact:

Likely positive

Legislative Summary

CB-37-2020, sponsored by Council Chair Turner, was presented to the County Council on June 9, 2020 and referred to the Committee of the Whole. CB-37-2020 would amend several sections of Subtitle 5, Division 8 of the Prince George's County Code, which governs short-term rentals. This legislation would provide the Director of the Department of Permitting, Inspections, and Enforcement (DPIE) with the ability to get usable data on a monthly basis from the rental platform hosts and would authorize the Director to issue a violation notice and/or Administrative Citation in response to any violations with the law. Consistent with the proposed CB-36-2020, this legislation would provide the authority for appeals to be decided by the Administrative Hearing Unit as opposed to the current Board of Administrative Appeals. This would provide the Director an in-house administrative appeals mechanism to deal directly with violators of the County Code.

If enacted, CB-37-2020 would:

- Enhance the definition of Dwelling Unit and add definition of Listing.
- Require applicants *attest* to liability insurance in addition to obtaining it.
- Require the posting of the Owners contact information in the rental unit.
- Require applicants to attest to its intent to apply for license and attest to ownership of the rental unit.
- Require Platforms to provide data in a usable format on a monthly basis as opposed to annually.
- Increase the parameters of the specific data needed to be collected
- Provide the Director the option of imposing a Notice of Violation and/or an Administrative Citation, which will comply with requirements with the appropriate sections on Section 13 of the Code.
- Authorize the Director to have appeals be conducted through an Administrative Hearing.
- Allow applicants opportunity to seek judicial review by petition to the Circuit Court as an appeal to decisions rendered by the Administrative Hearing Unit.

Background/Current Law:

Division 8 of Subtitle 5 of the County Code currently outlines the application, license requirements, and protocols for short-term rental units in the County. In addition, the law currently outlines the information that needs to be reported and the enforcement procedures for violations of the short-term rental licensing requirements. The current law requires an initial application fee of \$150, and \$150 for annual renewal. The current law also imposes a fine of not less than \$1,000 for violations of the law.

Policy Analysis

- *Potential Benefits of CB-37-2020's changes to existing law*

As DPIE continues to revamp its permitting processing, the Department has been looking to streamline and repeal and Reenact of necessary any outdated license requirements to ensure a more efficient and fair system for residents and businesses operating in the County. Also, the Department has been diligently seeking to impose mechanisms that give them the opportunity to enforce in-house through enhancement of the Director's Enforcement Toolbox. In reviewing the Short-term Rental licensing and enforcement processes, it was determined that there were insufficient tools to enforce the laws in the Code. Enactment of this law provides the ability to issue a Notice of Violation and/or Administrative Citation to enforce the valuations of the current law. This legislation also sets for the requirements and timelines of the specific data and

information that platforms hosts provide to the County. This benefits the County and community to ensure that all Short-term rentals meet the necessary requirements and have the appropriate insurance ensures; and the Director having direct recourse to correct violations ensures safe operation throughout the Community. There may be a need to increase staff to carry out citations and administrative hearing processes.

- *Potential Costs of CB-37-2020's changes to existing law*

Repealing and reenact this legislation ensures that the appropriate data and information is collected by the DPIE staff to make the necessary modifications to the program and monitor program activities. These changes in the legislation enhance the requirements put in place by CB-11-2018, and would necessitate the Department to increase staff for the enforcement, citation and Administrative Hearing Processes.

Fiscal Impact:

Direct Impact

Enactment of CB-37-2020 would likely result in the need for additional upfront expenditures to hire additional staff to handle enforcement and the new administrative hearing processes.

In addition, there potentially could be a significant positive fiscal impact through the collection of additional civil fines for each violation of the law.

Indirect Impact

There would likely be a positive indirect impact to the community as short-term rentals would be properly licensed, insured and enforce of the properties would could be quickly addressed. In addition, enactment of this legislation could reduce the caseload in the judicial branch as this legislation provides the opportunity to abatement of the violations without the necessity of a judicial process.

Appropriated in the Current Fiscal Year Budget

No.

Resource Personnel

DPIE Staff

Council Administration

Issues for Committee Consideration

NA