



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations


June 1, 2022

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: Alex Hirtle 
Legislative Budget and Policy Analyst

Policy Analysis and Fiscal Impact Statement
CB-035-2022 Short-Term Rental, Single-Family Rental and Multi-Family Rental
License Fees

CR-061-2022 Short-Term Rental, Single-Family Rental and Multi-Family Rental
License Fees

CB-035-2022 & **CR-061-2022** (*proposed by*: Council Chair Hawkins by request of the County Executive)

Assigned to Planning, Housing and Economic Development Committee (PHED)

AN ACT CONCERNING SHORT-TERM RENTAL, SINGLE-FAMILY RENTAL AND MULTI-FAMILY RENTAL LICENSE FEES for the purpose of enacting new fees for second reviews and re-inspections of Short-Term Rental Licenses, Single-Family and Multi-family Rental Licenses, and expired Multi-Family Rental Licenses.

Fiscal Summary

Direct Impact:

Expenditures: Negligible additional expenditures.

Revenues: Modest increase in revenue.

Indirect Impact:

Potentially positive.

Legislative Summary:

CB-035-2022 and CR-061-2022, proposed by Council Chair Hawkins at the request of the County Executive, were presented and introduced, respectively, on May 17, 2022, and referred to the Planning, Housing, and Economic Development Committee (PHED). Specifically, this Bill (and accompanying Resolution) creates new fees for the following licensing activity: (1) \$100.00 fee for reinspection of Short-Term and Single-Family Rental License applications; (2) \$100.00 fee for the second review of the Short-Term Rental License, Single-Family, and Multi-family Rental License application; and (3) \$500.00 fee for the renewal of expired Multi-family Rental Licenses.

Current Law/Background:

County Code Subtitle 2, Section 2-253-63 provides for Fees and Charges for regulated activity that occurs within the jurisdiction, such as Building, Site Road, and Business Licenses. There is also a Department of Permitting, Inspections, and Enforcement (DPIE) Fee Schedule in that section, effective February 14th, 2022, that outlines all the fee values that DPIE charges for these regulated activities. The Code section and Fee Schedule, however, do not include exclusive charges for second reviews and re-inspections of Short-Term Rental Licenses, Single-Family and multi-Family Rental Licenses, and expired Multi-Family Rental Licenses

Resource Personnel:

Lori S. Parris, Senior Advisor to DPIE.

Discussion/Policy Analysis:

This legislation revises County Code Subtitle 2, Section 2-253-63 and the Associated DPIE Fee Schedule out of appropriateness and necessity to include second reviews and re-inspections of Short-Term Rental Licenses, Single-Family and multi-Family Rental Licenses, and expired Multi-Family Rental Licenses. DPIE regularly is required to provide second reviews of Short-Term Rental Licenses, Single-Family and multi-Family Rental License applications due to incomplete information or response error(s) on the part of the applicant. This requires resources from the Department in terms of staff time and effort. Additionally, applicants must go through an inspection of the premises for a Short-Term, Single-Family, and Multi-Family unit(s) to be rented;

requirements are provided to the applicant, but if they are not met in the initial inspection, the Department must make a re-inspection, thus requiring additional resources from DPIE. Finally, landlords of expired Multi-Family Rental Licenses will incur a fee to renew their license. This will ensure their business has the proper license in order and not allow future incidents of expiration, in essence running a business without paying the required fees.

Pursuant to Section 13-189, the schedule of fees contained in Section 2-253.63 shall be subject to review and revision periodically as experience dictates to ensure that the fees are equitable and in line with costs of administration. Prior to changing the fees, DPIE must hold a public information session to allow for public comment, must submit the fee changes to the County Executive for approval, and then must submit the fee changes to County Council by Resolution for approval after notice and a public hearing. Thus, this legislative initiative includes the Bill (CB-035-2022) to provide for a public hearing, and the Resolution (CR-061-2022) to fulfill the Code requirement of Section 2-253.63.

Fiscal Impact:

- *Direct Impact*

Enactment of CB-035-2022 (and CR-061-2022) will have a modest favorable fiscal impact on the County through additional revenue from the collected fees as outlined. There will also be an impact on the resources of the Department, in terms of staff time and effort in reviewing applications, re-inspections, and enforcement of ensuring landlords have up to date rental licenses.

- *Indirect Impact*

Enactment of CB-035-2022 (and CR-061-2022) could have a positive indirect impact by prompting business owners to have complete and accurate rental license applications, have inspection-ready rental units, and have up-to-date rental licenses. These actions would ease the burden of DPIE's responsibilities, reduce hirings, and allow the Department to focus more on higher priority duties within the County, such as illegal dumping, facilitating new business permits, and bringing property standards into compliance.

- *Appropriated in the Current Fiscal Year Budget*

N/A.

Effective Date of Proposed Legislation:

The Act (CB-035-2022) shall take effect 45 calendar days after it becomes law. The Resolution (CR-061-2022) takes effect immediately.

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