

# PRINCE GEORGE'S COUNTY COUNCIL

## COMMITTEE REPORT

2022 Legislative Session

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**Reference No.:** CR-061-2022

**Draft No.:** 2

**Committee:** PLANNING, HOUSING & ECONOMIC DEVELOPMENT

**Date:** 6/2/2022

**Action:** FAV(A)

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### **REPORT:**

Committee Vote: Favorable as amended, 5-0 (In favor: Council Members Franklin, Glaros, Hawkins, Harrison, and Turner)

The Planning, Housing, and Economic Development (PHED) Committee convened on June 2, 2022, to consider CR-61-2022. This legislation was transmitted by the County Executive for the Council's consideration to adopt three (3) 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. Specifically, this legislation creates new fees for the following licensing activity: (1) \$100.00 fee for reinspection of Short-Term and Single-Family 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. CR-61-2022 was discussed in conjunction with CB-35-2022, also transmitted by the County Executive for the Council's consideration to adopt the new fees as outlined above. The PHED Committee Director summarized the purpose of the legislation and informed the Committee of written comments received on referral.

The Office of Law reviewed the CR-61-2022 as it was introduced on May 17, 2022, and found it to be in proper legislative form. The Office of Law sees no legal impediments to its adoption. The Office of Audits and Investigations submitted a June 1, 2022, Policy Analysis and Fiscal Impact Statement that included the following Discussion/Policy Analysis and Fiscal Impact:

### **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 CR-061-2022 (and CB-035-2022) 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 CR-061-2022 (and CB-035-2022) 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.

Erin Bradley, Vice President of Government Affairs, Maryland Apartment and Office Building Association (AOBA) of Metropolitan Washington, submitted an electronic mail communication with comments as follows:

“AOBA has some specific concerns about the legislation as drafted and would like to raise one possible amendment and one point of clarification.

With regard to the \$500 fee for the renewal of expired Multi-family Rental Licenses, it is critical that fee not be levied against housing providers if the license expired through no fault of their own. There are instances where AOBA members have submitted all their paperwork and fee with ample time for renewal, however the Department did not issue a new license prior to the existing license expiring. As such we would request language that the fee shall not be paid by housing providers if the license expired through no fault of the property owner/property management company.

Additionally, we just want to clarify that this fee is a ‘surcharge’ rather than per unit—as the rental license fee is \$75 per unit.”

DPIE Director Melinda Bolling and Lori Parris, Senior Adviser to the Director, joined the meeting to provide additional background on the legislation and respond to Council Members' questions. Ms. Bolling explained that the fees will help the industry become more in line with surrounding jurisdictions and will account for time DPIE staff spends on re-inspections and second reviews. Ms. Parris informed the Committee of the agency's agreement with AOBA's comments and will include clarifying language to address both concerns raised by Ms. Bradley.

In response to Council Chair Hawkins inquiry regarding the duplicative legislative items, CB-35-2022 and CR-61-2022, the Council's Zoning and Legislative Counsel explained that the Bill is codifying a fee for a service and the Resolution is imposing the fee. On further discussion regarding the Council's authority to impose the fee pursuant to Section 813 of the County Charter, Counsel informed the Committee that this fee is part of a multi-family permit regime, is not a new fee, and is therefore not subject to voter referendum.

Council Chair Hawkins made a motion, seconded by Council Member Turner, for a favorable recommendation on CR-61-2022 including the amendments summarized by PHED Committee Chair Franklin during discussion of CB-35-2022 to address AOBA's comments. During discussion of the motion, Council Member Glaros requested clarification concerning Attachment A and the DPIE website indicating that the fee table is effective February 14, 2022. Ms. Parris responded that the date is based on the Council's adoption of CR-82-2021 on November 2, 2021, which provided a ten percent increase to all DPIE fees. Additionally, she explained that upon Council's adoption of CB-35-2022 and CR-61-2022, all DPIE fees will be in one place, including the new fees that are the subject of this legislation and the February 14, 2022, date will be removed. Council Member Turner and PHED Committee Chair Franklin commented on attachments included with CB-35-2022 and CR-61-2022 as a drafting issue since they do not include the new fees that are the subject of the legislation. Ms. Denison confirmed that in preparing the DR-2, she will also revise the attachments to remove the February 14, 2022, date and to reflect only the new fees that are proposed in the subject legislation.