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Angela D. Alsobrooks
County Executive



Prince George's County Rent Stabilization Working Group Meeting Two

September 15, 2023 | 12-1:30pm | virtual



Agenda

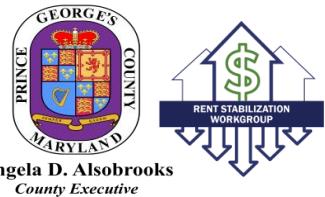
- 01 CURRENT CONDITIONS & TRENDS | Q&A
- 02 DISCUSSION: POLICY GOALS
- 03 LOOKING AHEAD



Angela D. Alsobrooks
County Executive



**Prince George's County formed the
Rent Stabilization Workgroup to
study and make recommendations for
a permanent rent stabilization bill.**



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County Executive

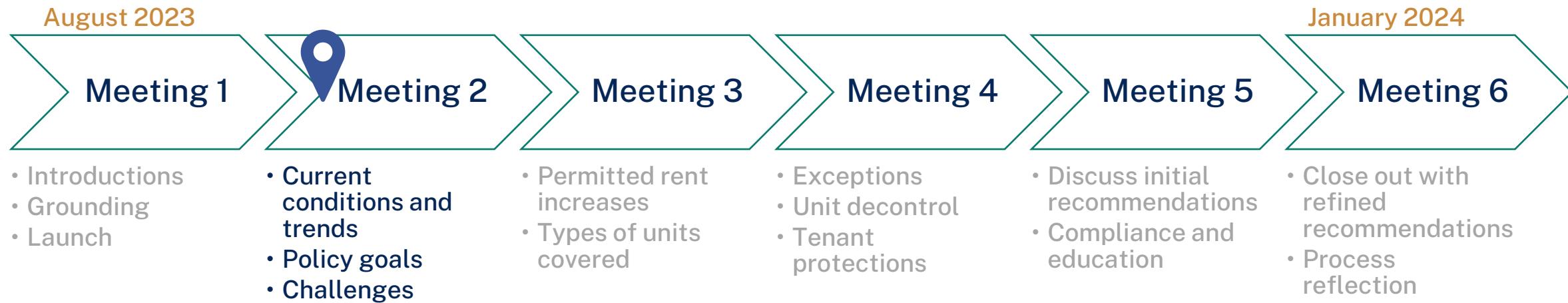




Angela D. Alsobrooks
County Executive

Where We Are Today

Prince George's County Rent Stabilization Working Group





Ground Rules

for engaging as a collaborative working group

Be present
with us

Respect
each other

Respect the
group

Listen in
good faith

*Speak your
truth*

*Give and
take space*

Remember
to breathe

Name harm
and ask for
clarification

How do these resonate? Is there anything the group would like to add or subtract?

WHEN GROUPS COME TOGETHER AND
USE THEIR KNOWLEDGE,
RESOURCES AND EXPERIENCE TO
INVEST IN A COMMUNITY, INCREDIBLE
THINGS CAN HAPPEN.

Co-Chairs

Hon. Krystal Oriadha
Councilmember, District 7

Aspasia Xypolia
Director, Department of
Housing & Community
Development

Members

Shola Giwa
National Housing Trust

Moha Thakur
National Housing Trust

Jorge Benitez
Housing Justice Coalition

Kia Jefferson
Housing Justice Coalition

Jessica Quincosa, Esq.
Community Legal
Services of Prince
George's County

Deloris Prioleau
Housing Advocate

Paul "Carlos" Lancaster
Prince George's County
Association of REALTORS

Ashley Powell
AOBA

Cheryl Cort
Coalition for Smarter
Growth

Lori Parris
Department of Permitting,
Inspections, and
Enforcement

Gloria Brown
Department of Social
Services

Carletta Lundy
NAACP

John Maneval
Oculus CAS, LLC

Michael Bodaken
University of Maryland

Jeff Jayce
Bozzuto Development
Company

Brad Frome
RISE Investment Partners

**Heather Raspberry (or
designee)**
Housing Association of
Nonprofit Developers
(HAND)

Oswaldo Acosta
City First Enterprise

Phuc Tran
Jair Lynch Team

**Prince George's County
Representatives**

Hager Franklin
Special Assistant to the
Director, Department of
Housing & Community
Development (*non-voting
participant*)

Jim Chandler
Assistant Deputy Chief
Administrative Officer –
Economic Development
(*non-voting participant*)

Tiffany Hannon*
Chief of Staff, District 7

*Designated proxy for Councilmember Oriadha

Joel Peebles
Policy Director, District 7



Angela D. Alsobrooks
County Executive





MARYLAND TENANT PROTECTION POLICIES

Tenant Protections

Right to Counsel

(MD. H.B. 18 (2021))

- Eligible tenants in Maryland are provided access to legal representation in eviction and subsidy termination cases.

Rent Escrow, When Landlord Fails to Make Repairs

(MD. Real Property Code Ann. § 8-211 (2021))

- If a landlord fails to repair serious or dangerous problems in a rental unit, tenant has the right to pay rent into an escrow account established at the local District Court.

Protection Against Retaliatory Actions or Evictions

(Md. Code, Real. Prop. § 8-208.1)

- A landlord **may** not threaten action or evict a tenant because they have filed a complaint or lawsuit against them or have joined a tenant's association.

Right to Redeem

(Md. Code, Real Property § 8-401)

- The tenant may pay the landlord or landlord's agent at any time before the eviction occurs



September 2023

Current Rental Landscape and Market Conditions in Prince George's County

Prince George's County Rent Stabilization Working Group

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Christina Stacy, Christopher Davis, Gabe Samuels, and Donovan Harvey

 Enterprise |

Summary of Data Requests and Their Status

Data requests from the working group

Data Request	Current Status
Information about housing choice vouchers	Complete
Data on vouchers that have been ported into the county and where they are coming from	This is not available from public data, but we are looking into whether we can get this from the housing authority
Data on landlord location	Complete
Data on institutional investors	Not available, but can infer a bit from our data
Net inflow of the population (over time)	Complete
Breakdown between single family units and multi-family units	Complete
Rental costs in single family units and multi-family units	Complete

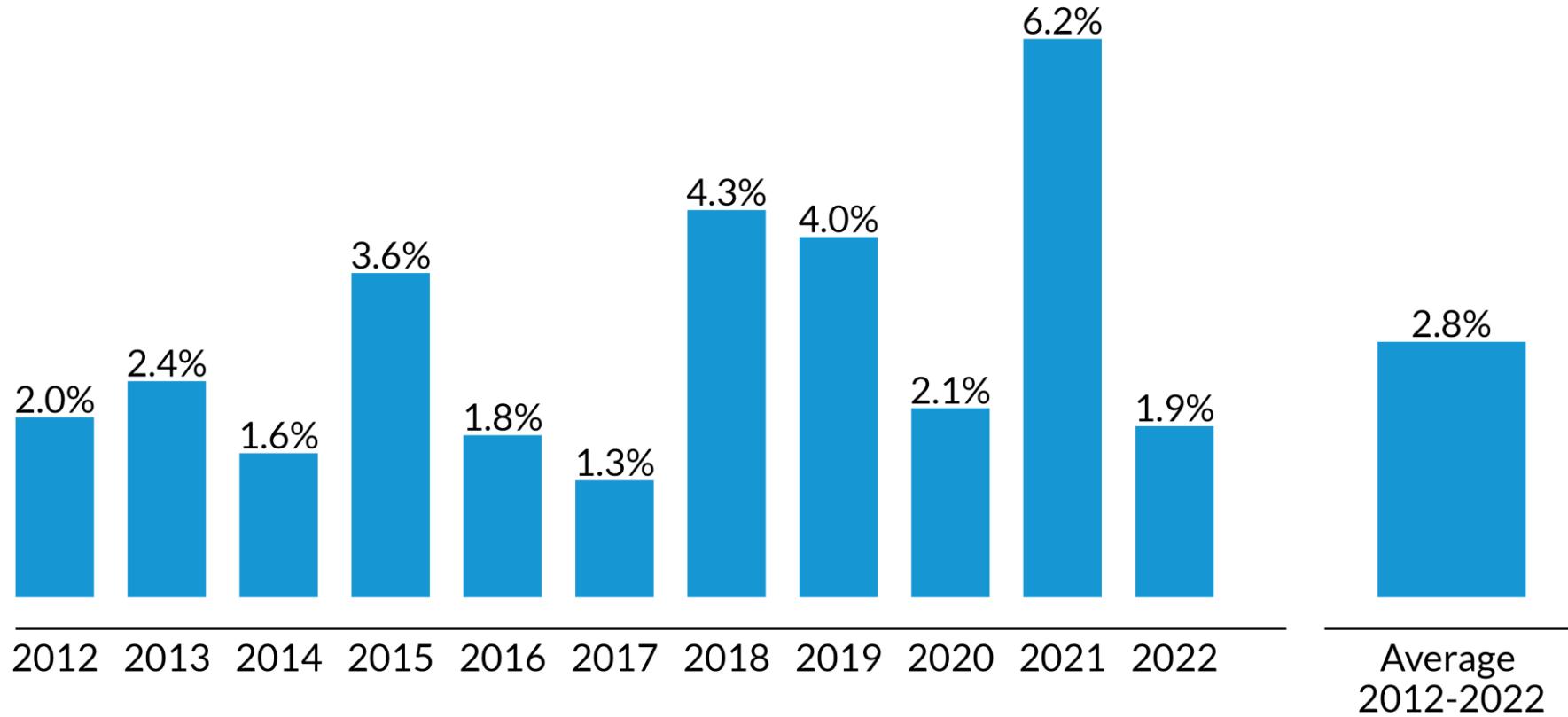
Data requests from the County

Data Request	Current Status
Rents over time	Complete
Operating expense trends for multifamily rental in the County	In progress
Household income change over time at the County level	Complete
Housing component in the Consumer Price Index	Complete
Age of current housing stock compared to nearby jurisdictions	Complete
Information on fees charged by landlords	Not available
Escalation of fixed expenses (insurance, property taxes, etc.) properties experience	Only have one year of data on taxes from CoStar -- previous years not available
Capital improvements required at different stages in the life of a project	Not available

Prince George's County Rental Costs

Average market rental costs have consistently grown over the past decade in Prince George's County, with a sharp uptick in 2021

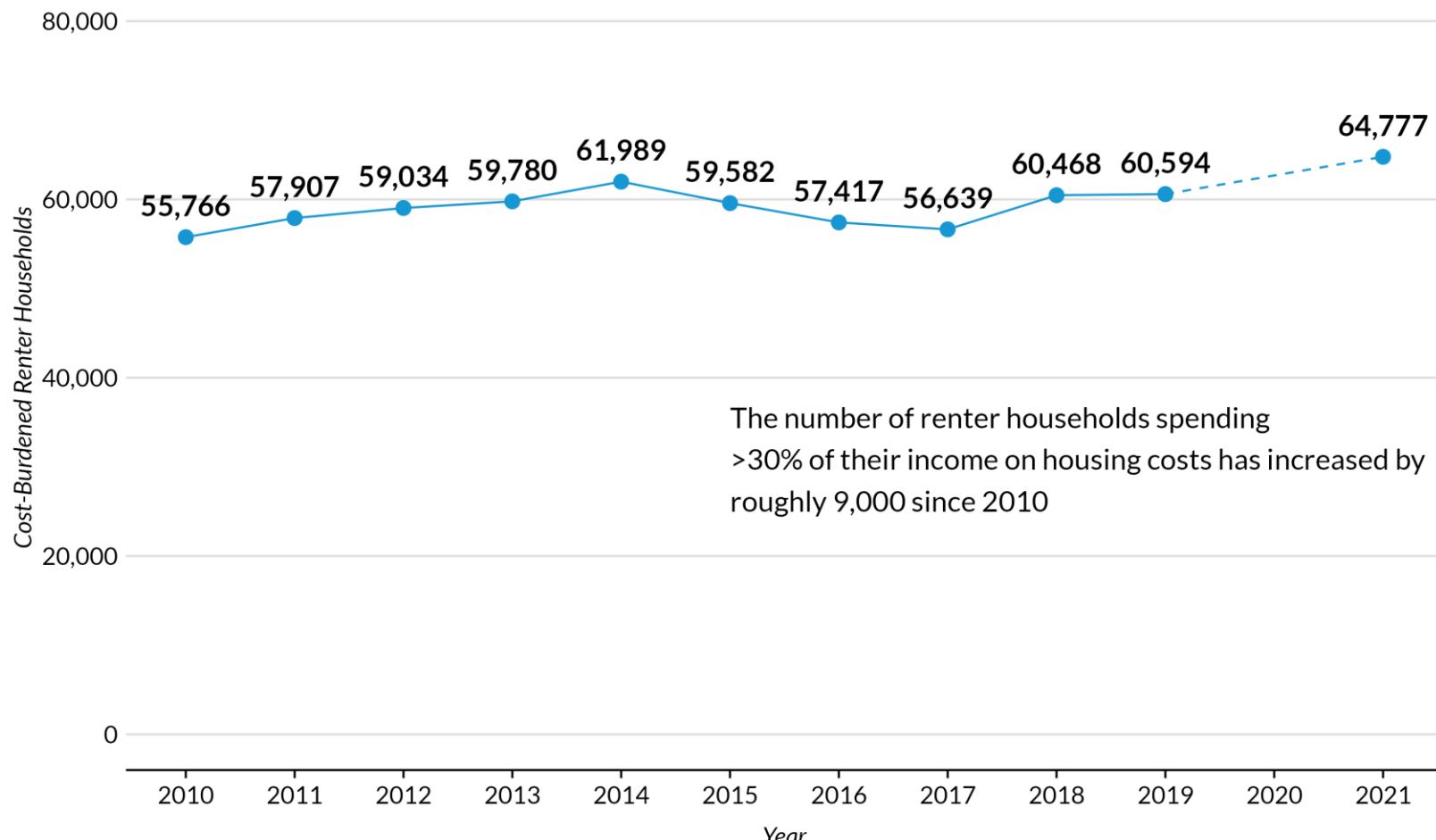
*Year Over Year Average Rent Growth in Prince George's County, Percent,
not Inflation Adjusted*



Source: 2012-2022 CoStar rent data

The number of cost-burdened renter households in Prince George's County has increased in the last decade

Number of Renter Households that are Cost Burdened in Prince George's County

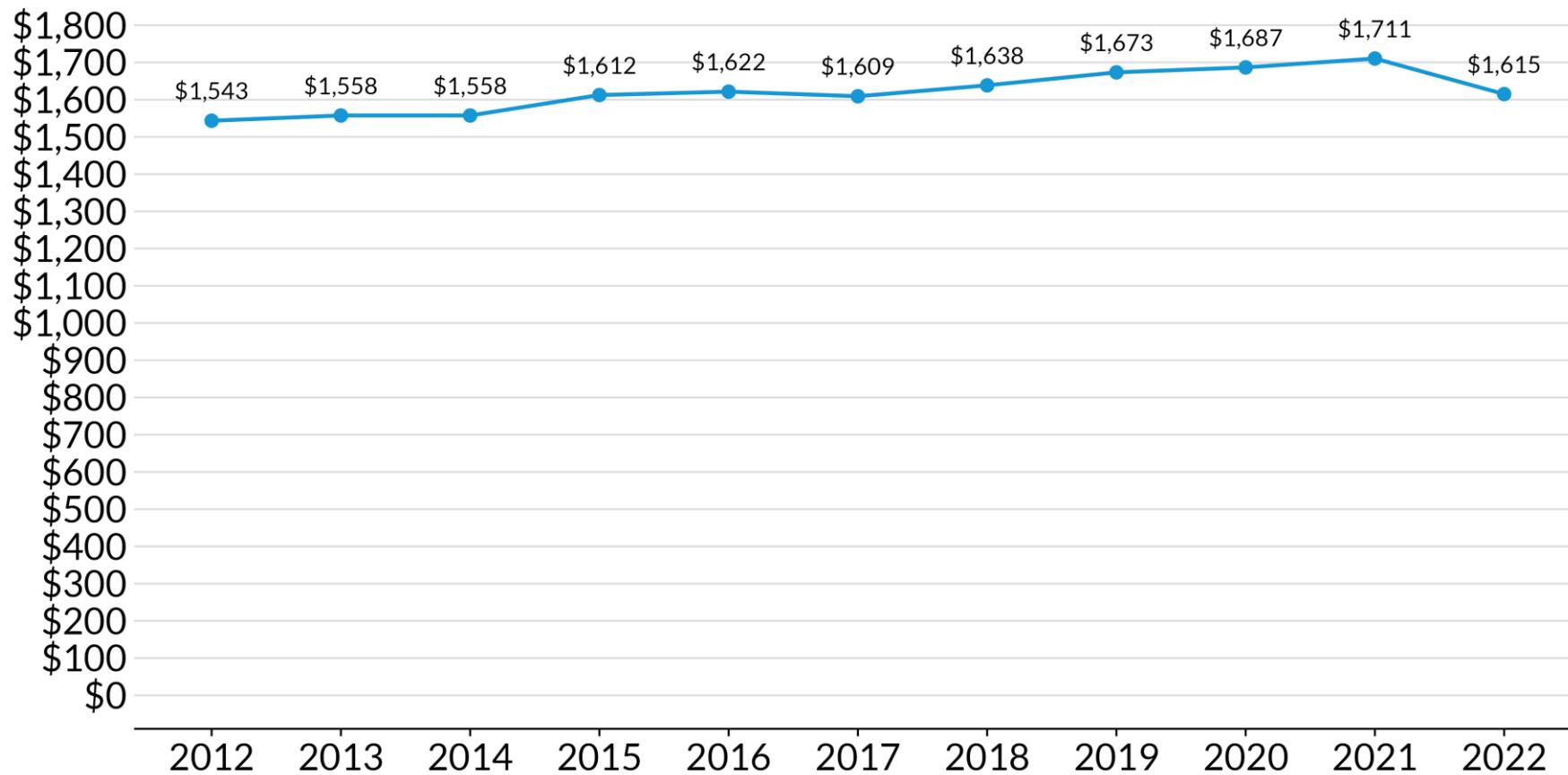


The number of renter households spending
>30% of their income on housing costs has increased by
roughly 9,000 since 2010

Source: 2010-2019, 2021 1-year ACS
estimate

Inflation-adjusted average rent prices increased fairly steadily as well until 2022 when they dipped (partially because inflation was high)

Year Over Year Average Rent in Prince George's County, Inflation Adjusted

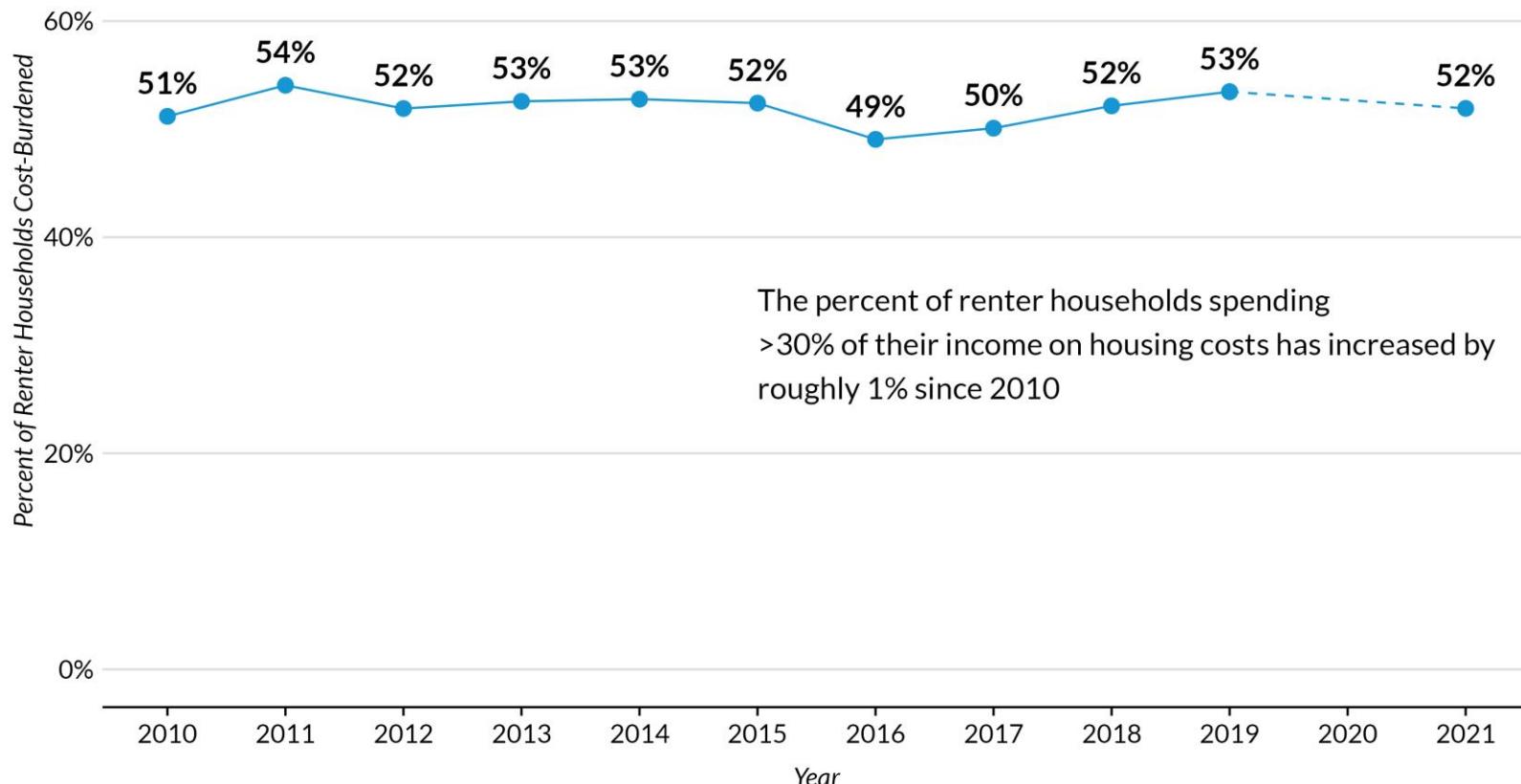


Source: 2012-2022 CoStar rent data



The percent of cost-burdened renter households in Prince George's County has remained between 51% and 54% since 2010

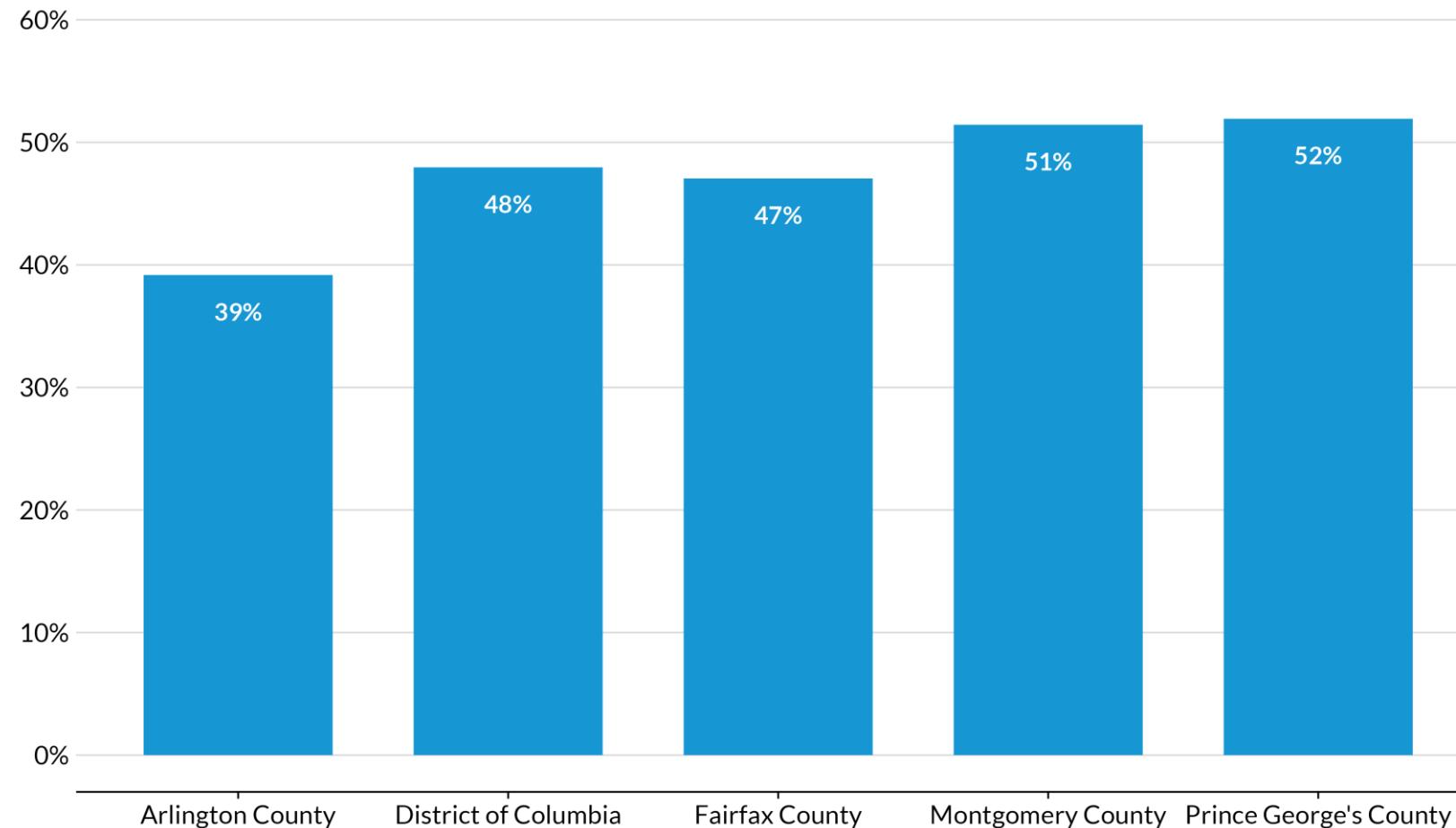
Percent of Renter Households that are Cost Burdened in Prince George's County



Source: 2010-2019, 2021 1-year ACS
estimate

Prince George's County's percent of renters who are cost burdened is the highest of nearby jurisdictions

Percent of Renters who are Rent Burden Compared to Nearby Jurisdictions (2021)

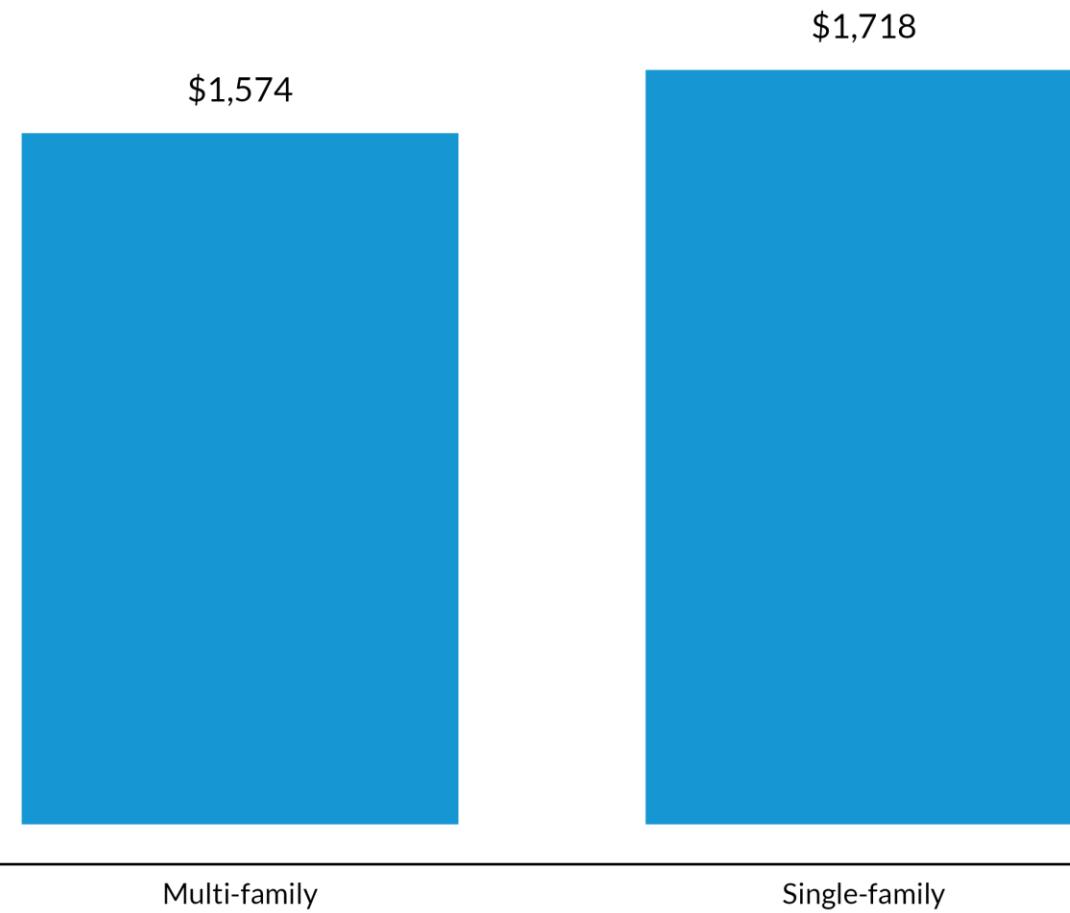


Source: 2021 1-year ACS estimate

Prince George's County Renter Characteristics

Multi-family renter units have lower average rents than single-family renter units

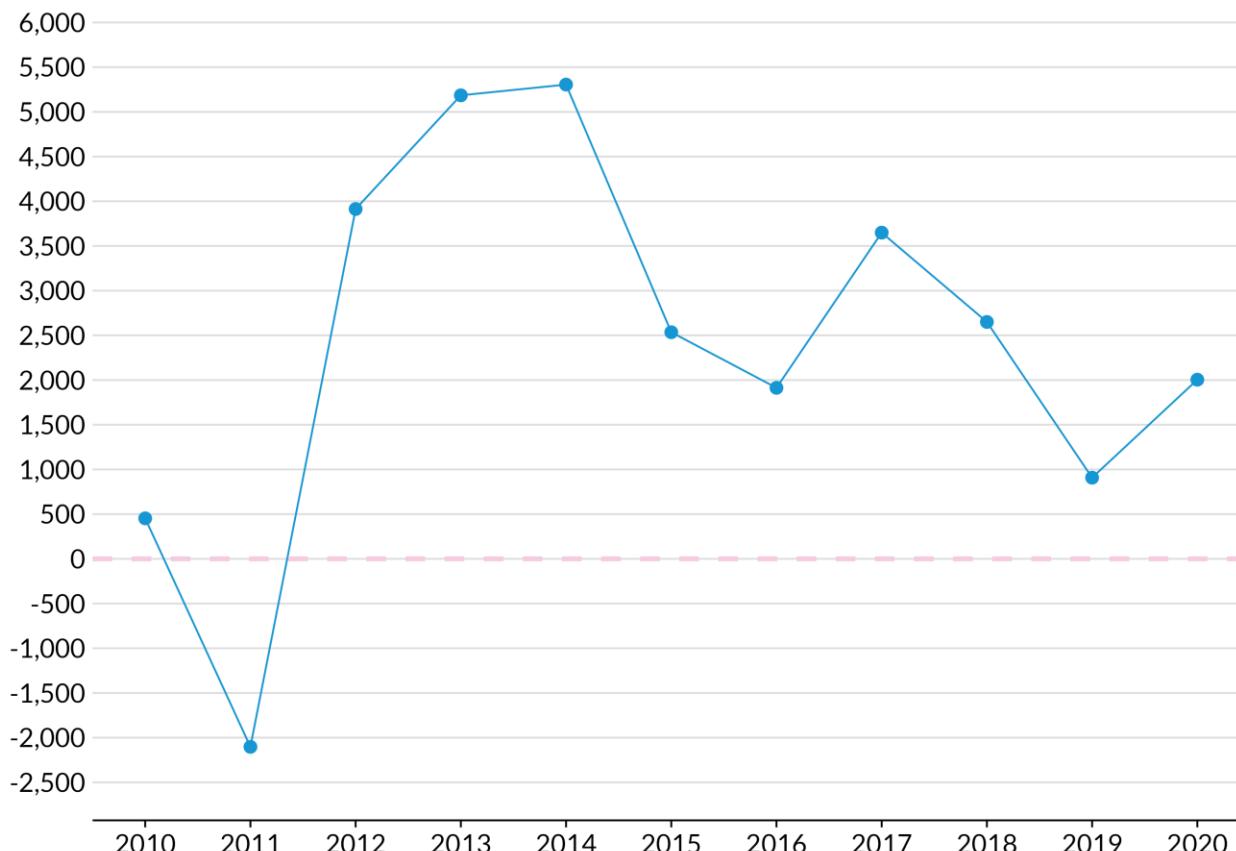
Average Rent by Number of Units in Structure in Prince George's County



Source: 2017-2021 5-year ACS estimate

Aside from 2011, more people have consistently migrated into Prince George's County than have left

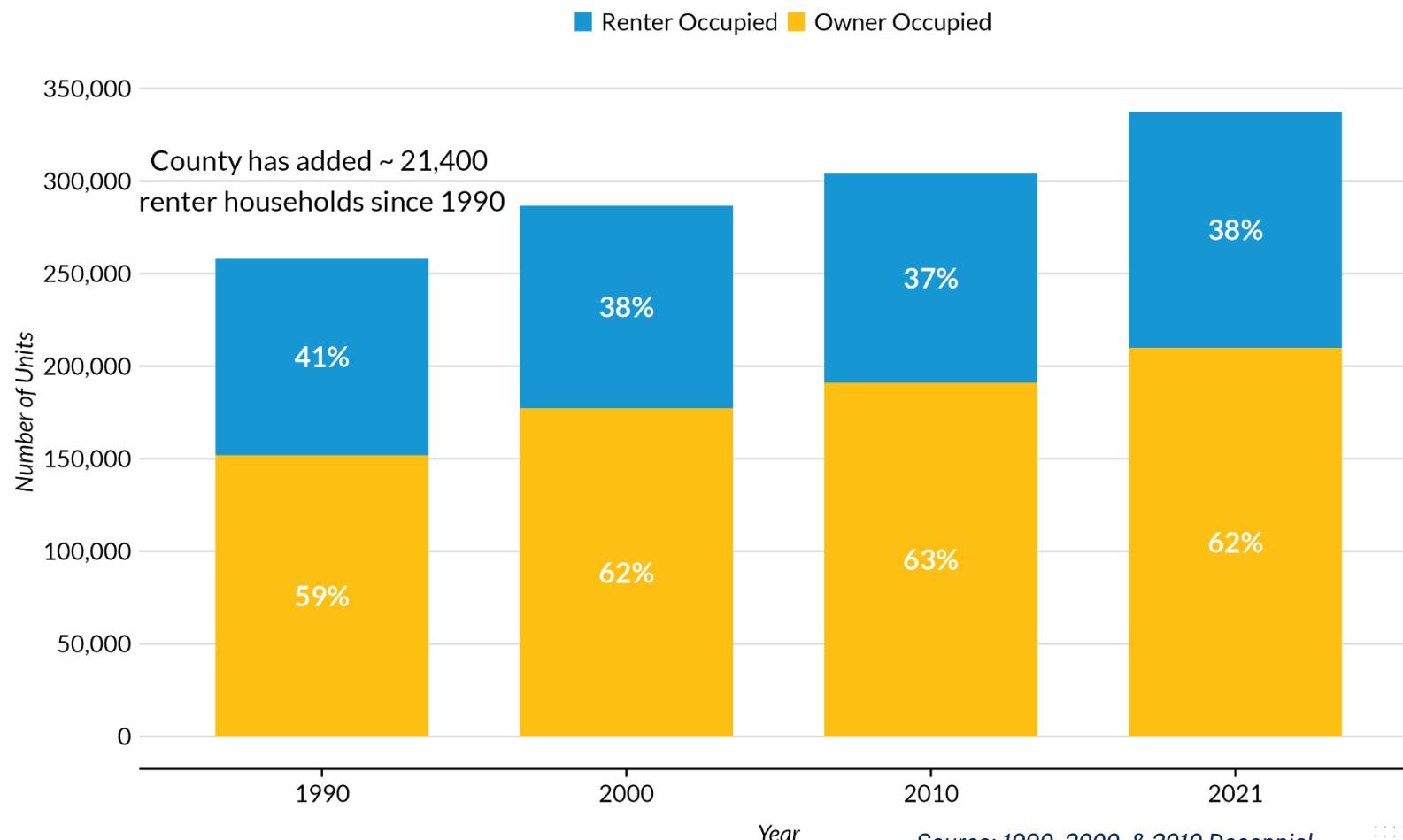
Net Migration Into and Out of Prince George's County



Source: 2010 – 2020 Census
County-to-County Flows Data

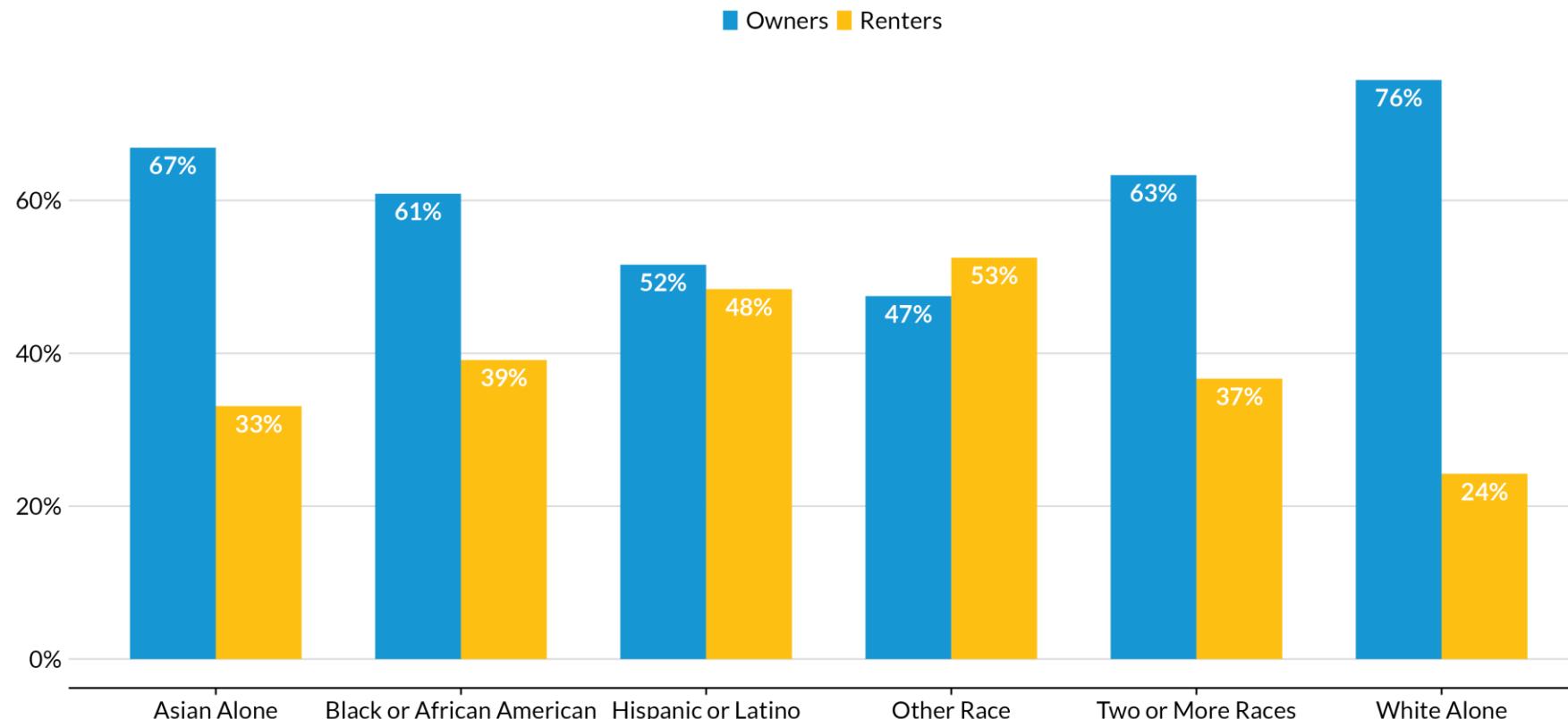
About 38% of housing units in Prince George's County are renter occupied, lower than in 1990 when it was 41%

Number and Percent of Housing Units by Tenure Over Time in Prince George's County



White residents in Prince George's County are the most likely to own their homes

Tenure by Race and Ethnicity in Prince George's County

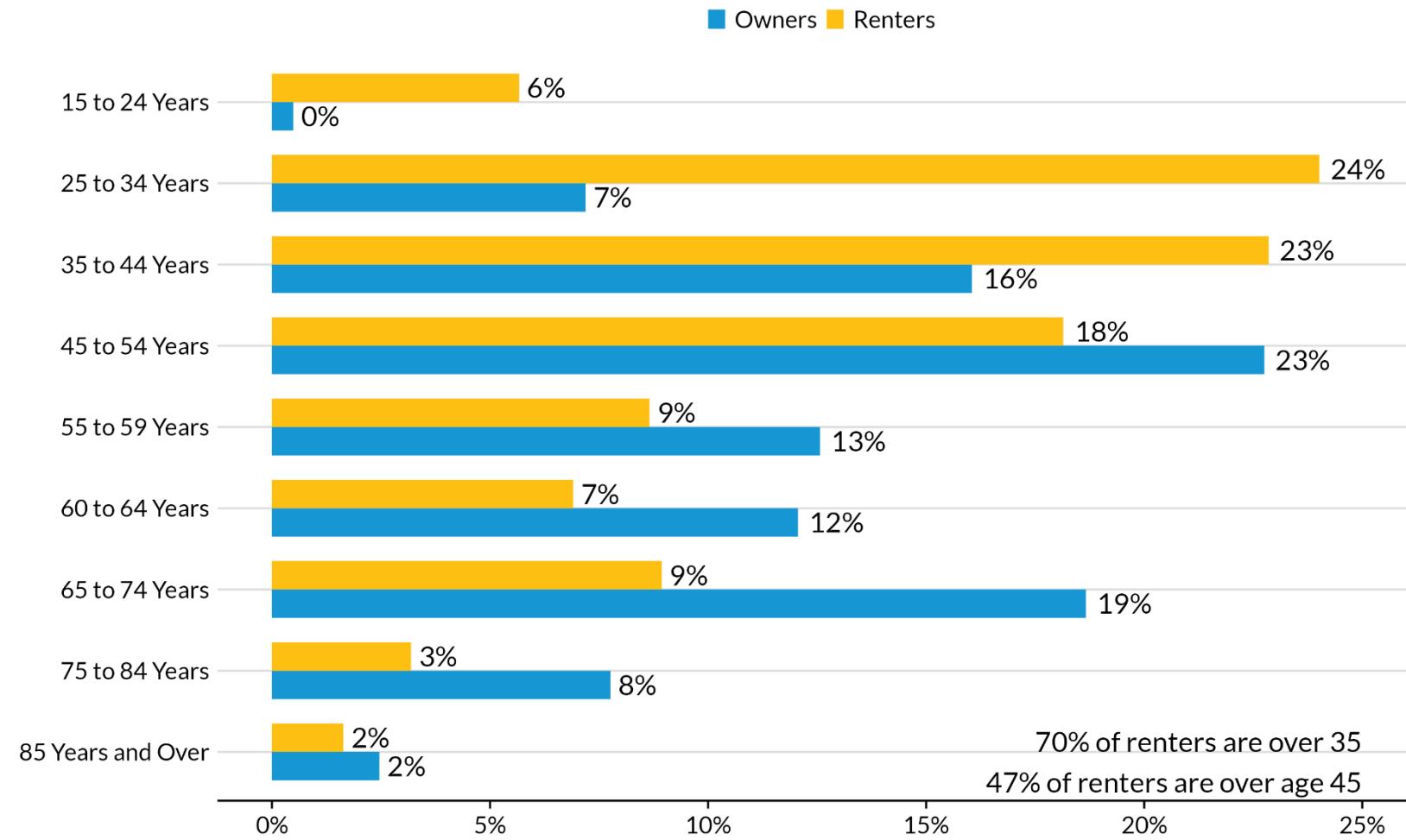


Note: White Alone does not include
Hispanic or Latino

Source: 2017-2021 5-year ACS estimate

Renters in Prince George's County tend to be younger

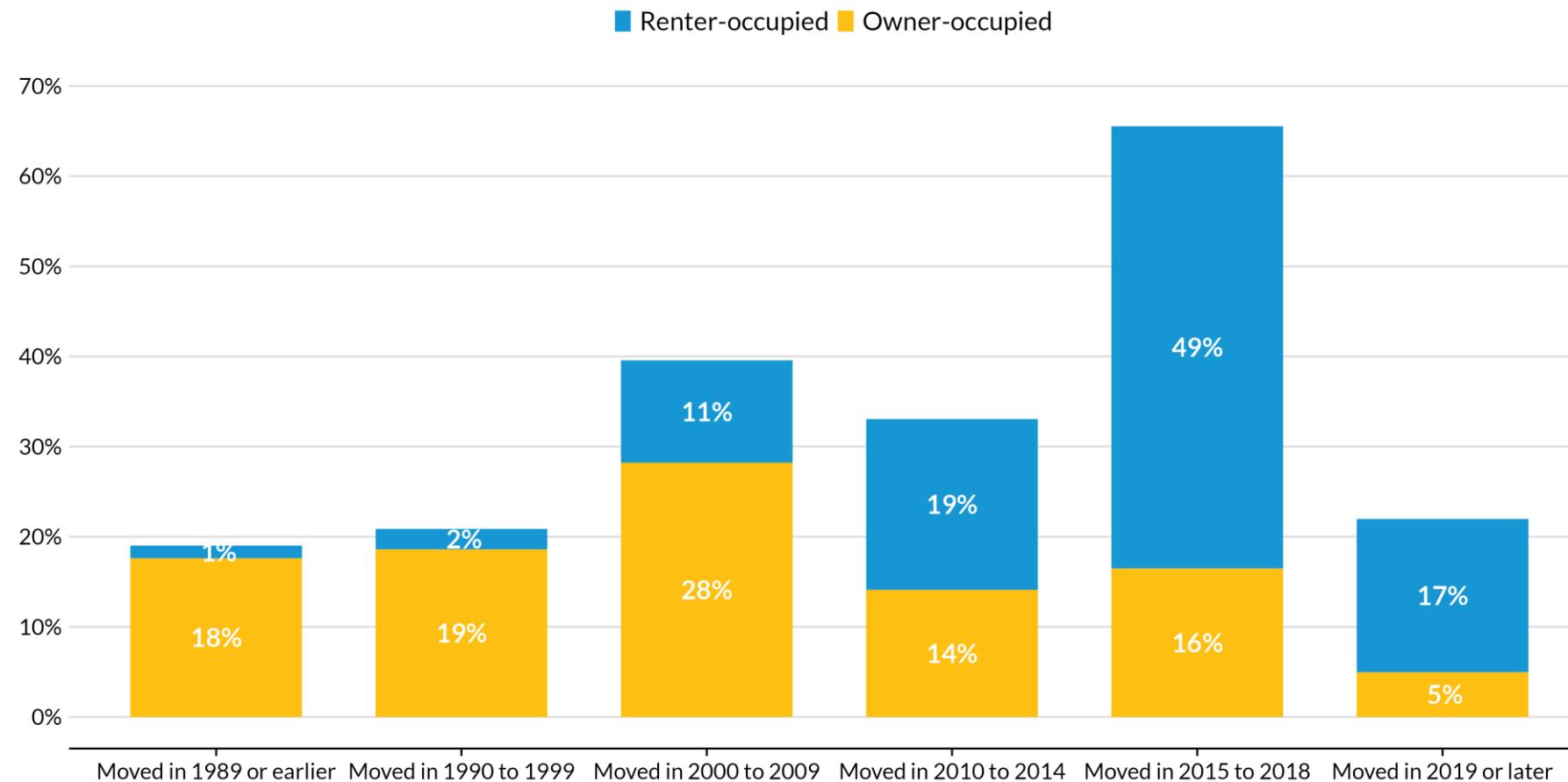
Tenure by Age in Prince George's County



Source: 2017-2021 5-year ACS estimate

And renters tend to move more frequently

Year Householder Moved Into the Unit by Tenure in Prince George's County

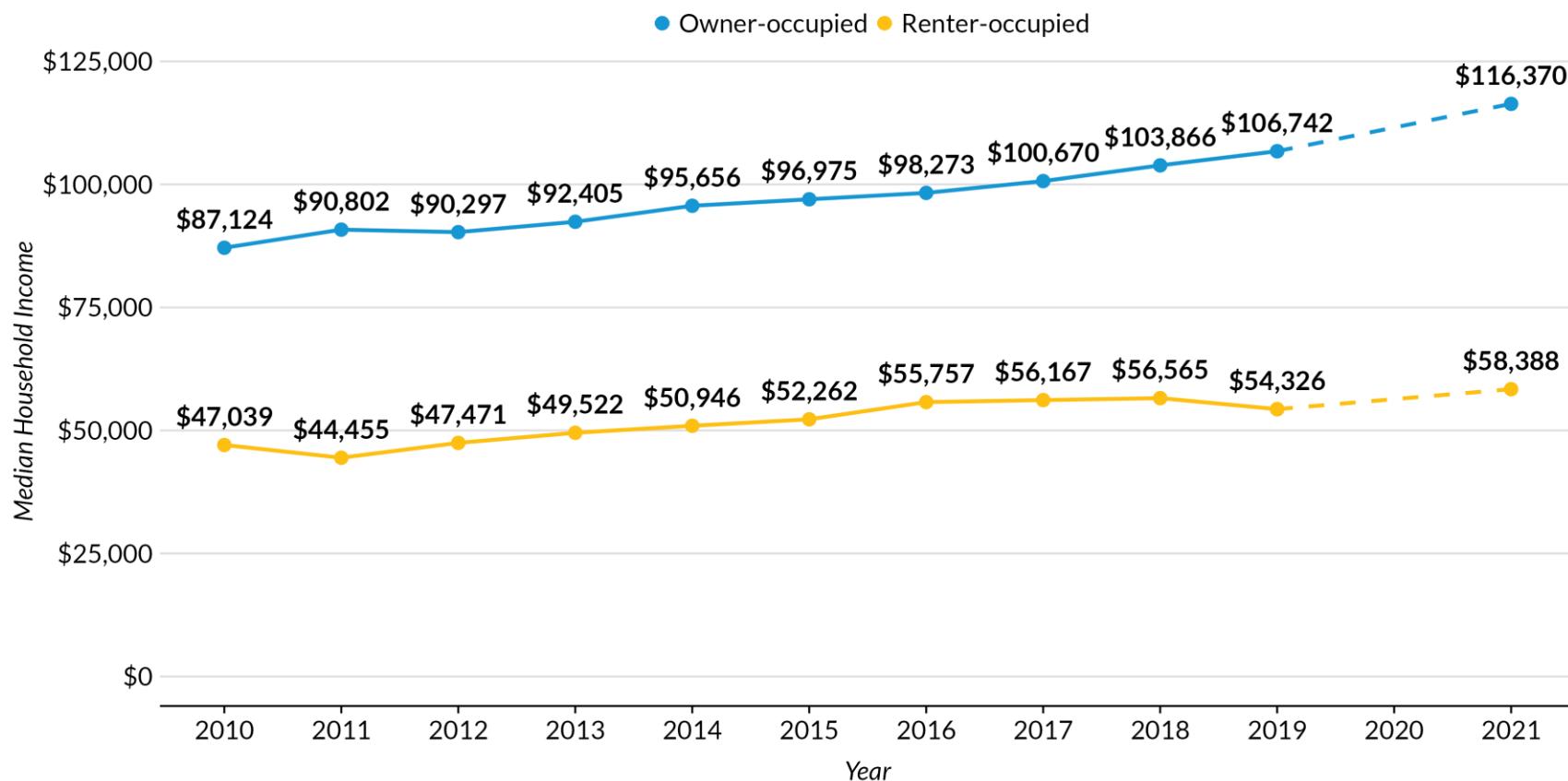


Source: 2017-2021 5-year ACS estimate



Owners have median incomes nearly double those of renters

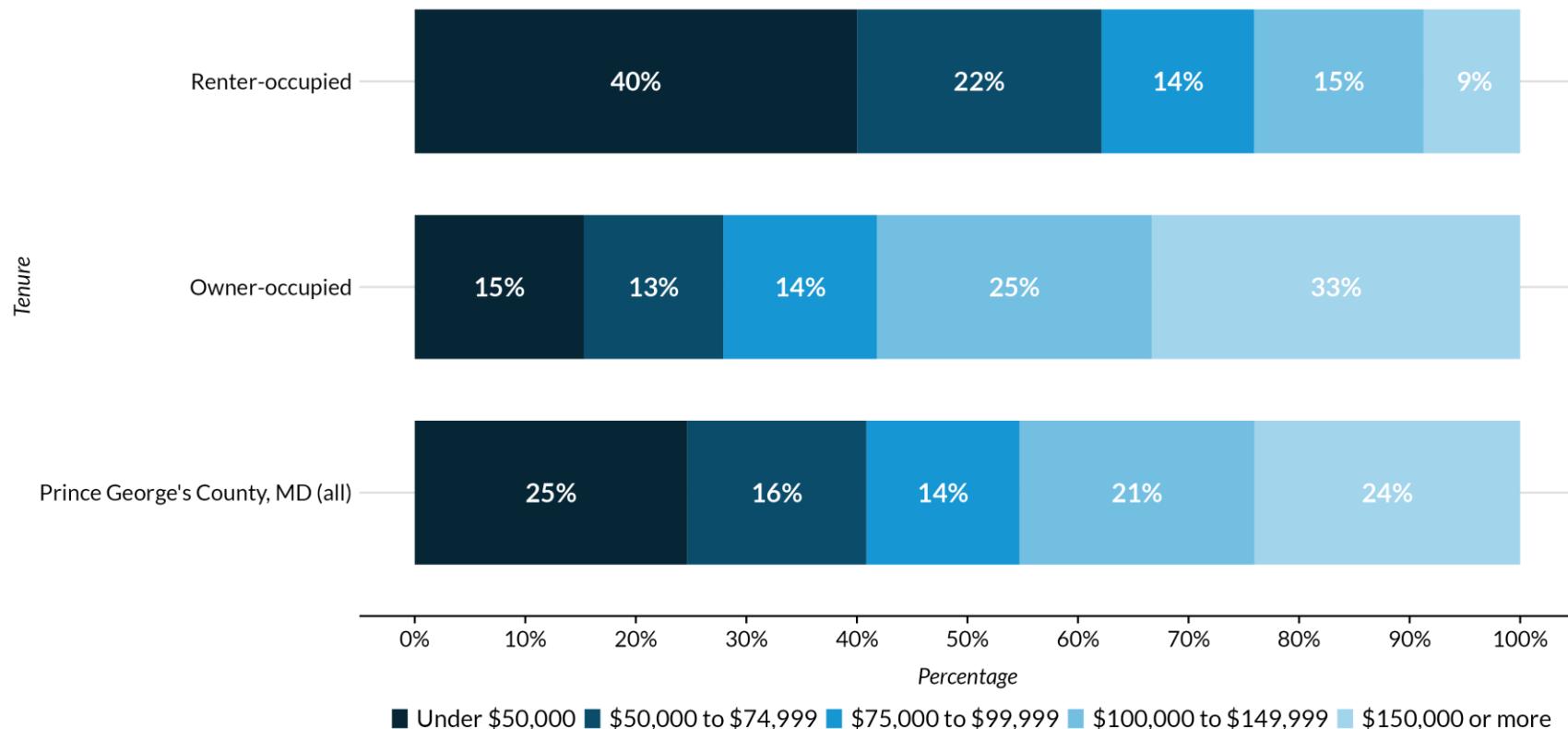
Median Household Income over time in Prince George's County (not inflation-adjusted)



Source: 2010-2019, 2021 1-year ACS estimate

Renters are also much more likely to have very low incomes

Tenure by Income Ranges in Prince George's County

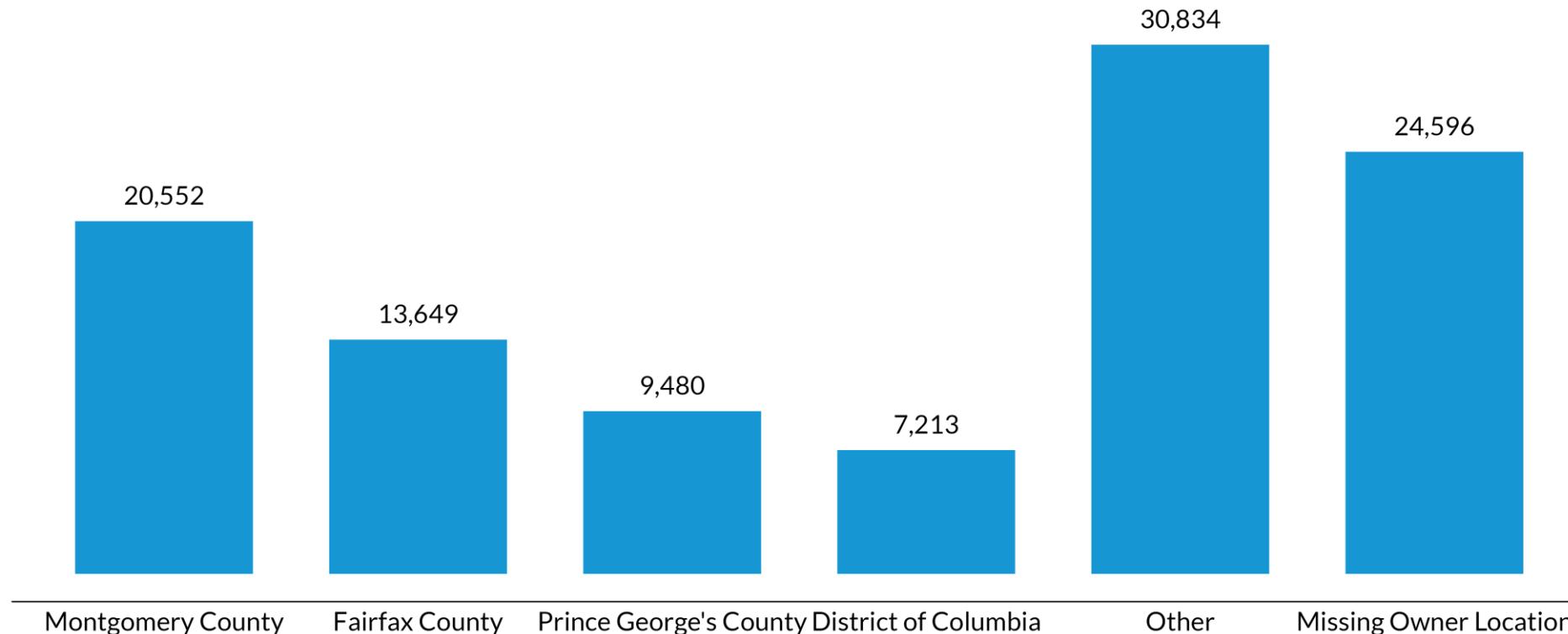


Source: 2017-2021 5-year ACS estimate

Prince George's County Landlord Characteristics

Most multi-family rental units in Prince George's County Are Owned by Owners Outside of Prince George's County

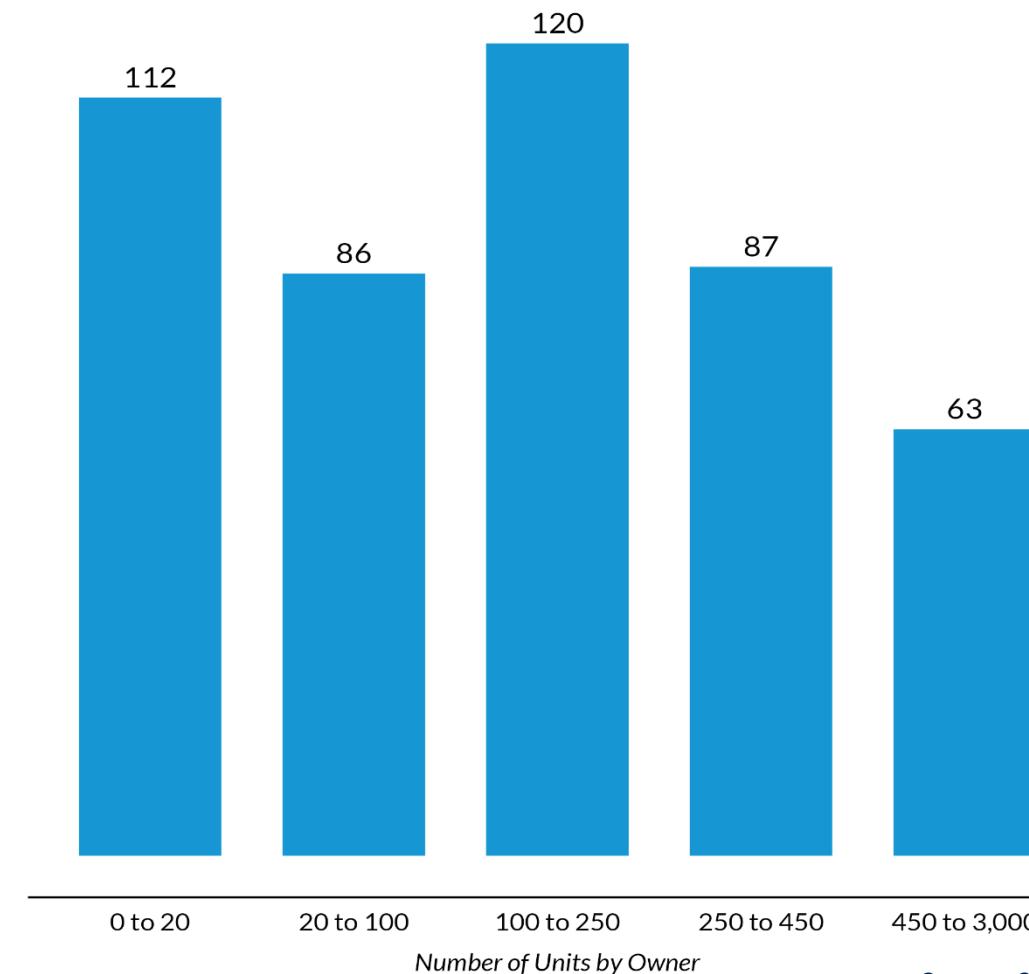
Total Number of Units in Prince George's County by Owner Location



Source: 2022 CoStar rent data

Most multi-family rental unit owners own more than 100 units in Prince George's County

Frequency of Owner Names by Number of Units They Own in Prince George's County

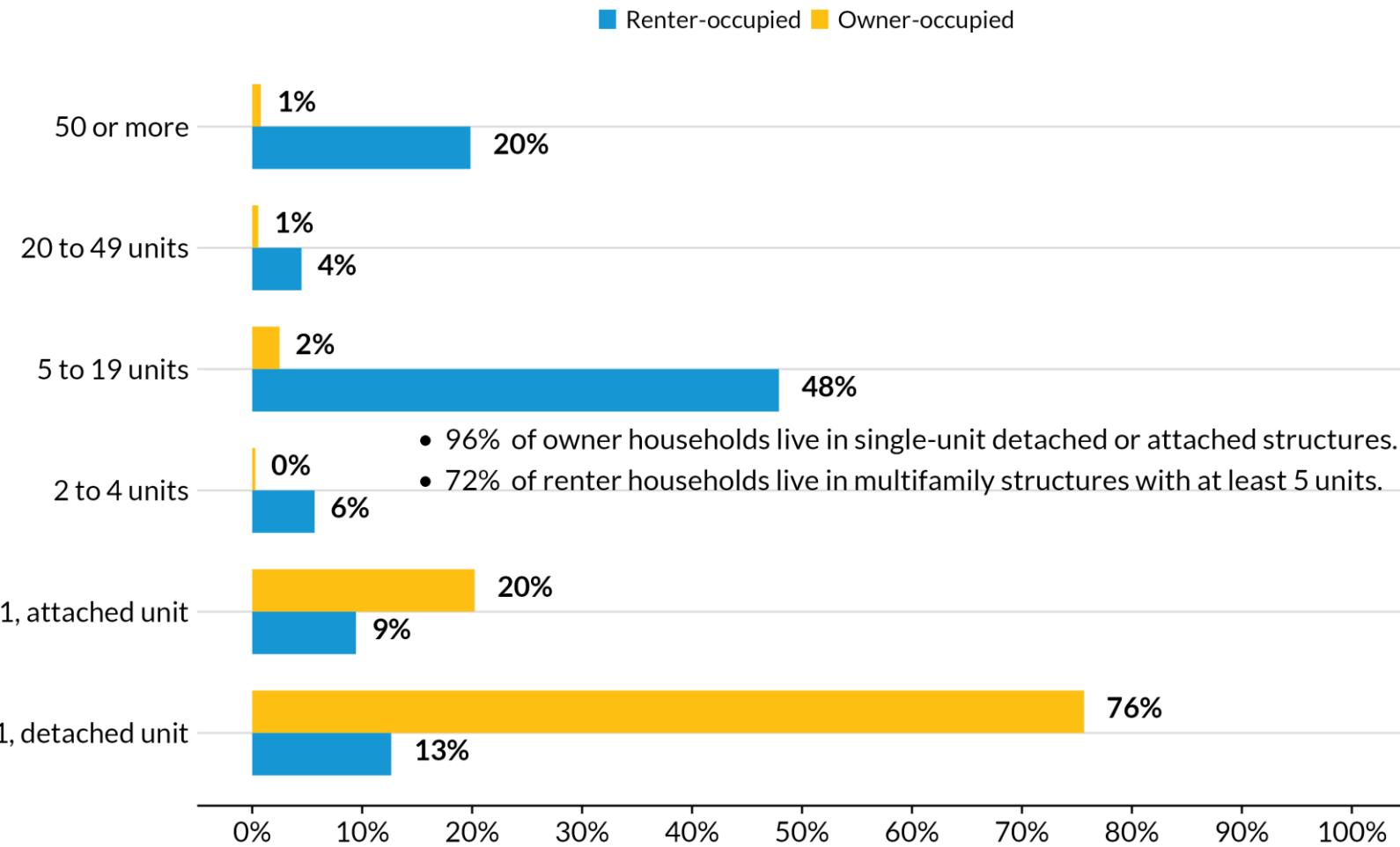


Source: 2022 CoStar rent data

Housing Stock in Prince George's County

Nearly all owner-occupied buildings contain only one unit, while most renter-occupied buildings have at least 5 units

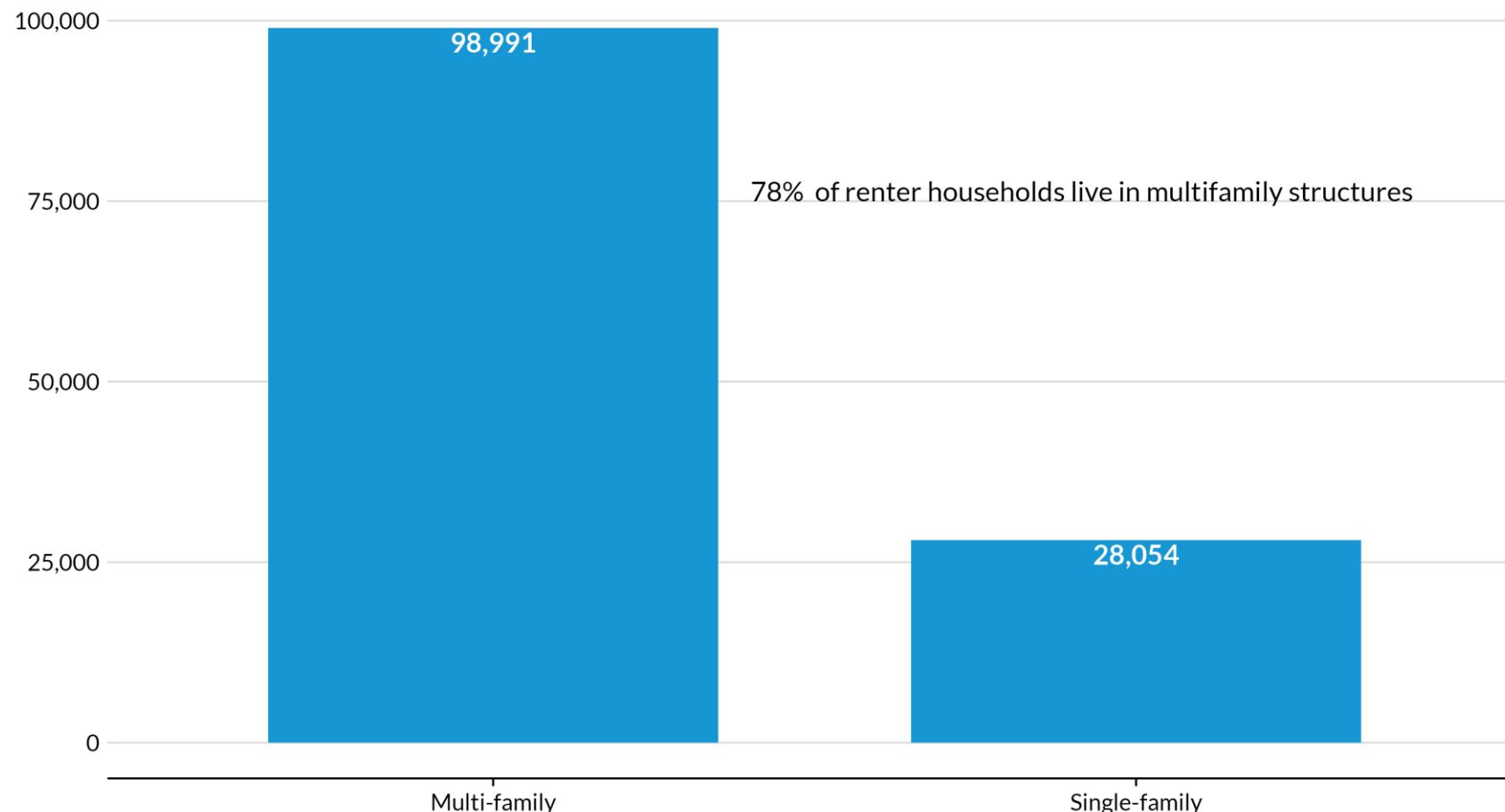
Tenure by Units in Structure in Prince George's County



Source: 2017-2021 5-year ACS estimate

78% of renter-occupied units are in multi-family buildings in Prince George's County

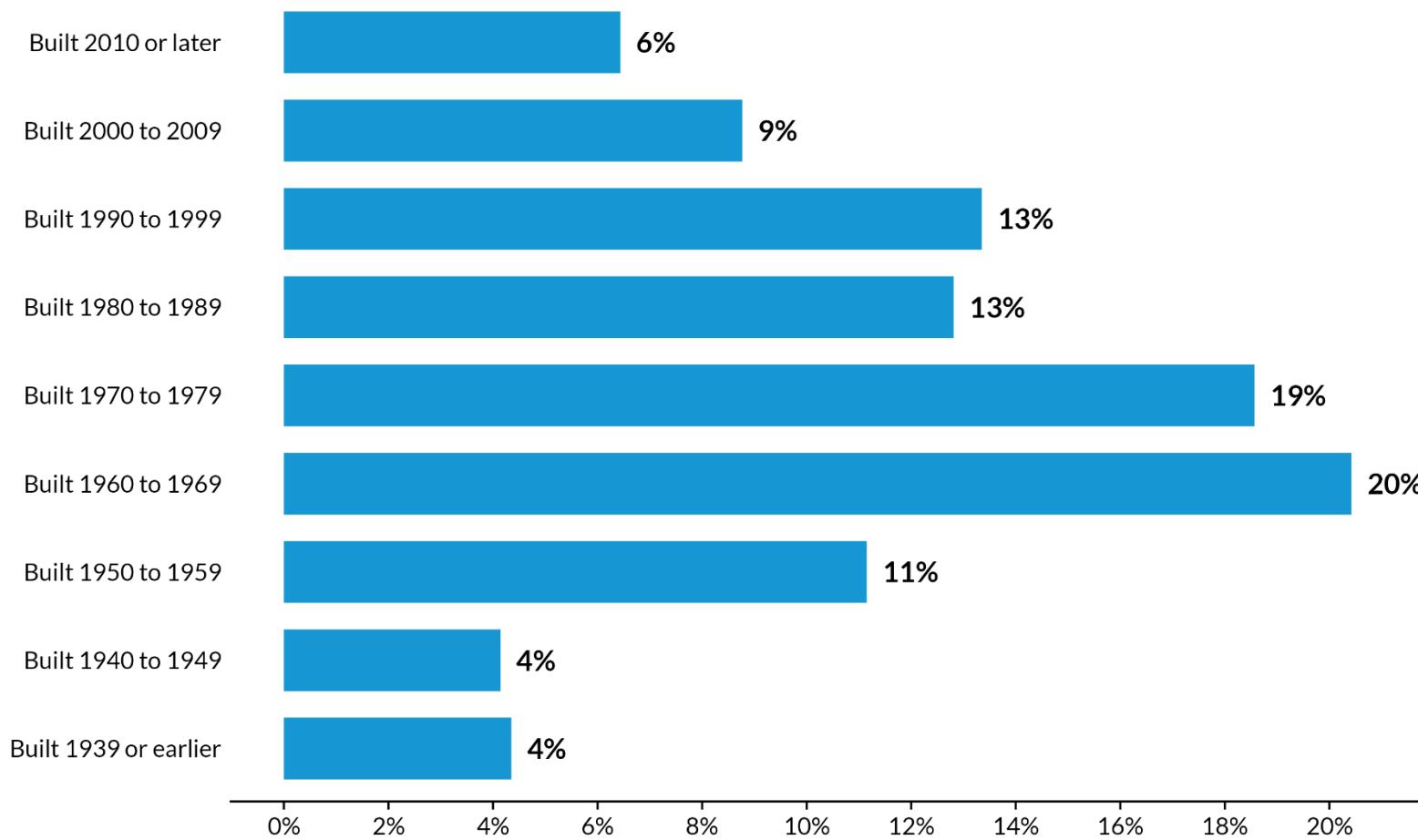
Tenure by Units in Structure in Prince George's County



Source: 2017-2021 5-year ACS estimate

80% of renter-occupied units in Prince George's County were built since the 1960's

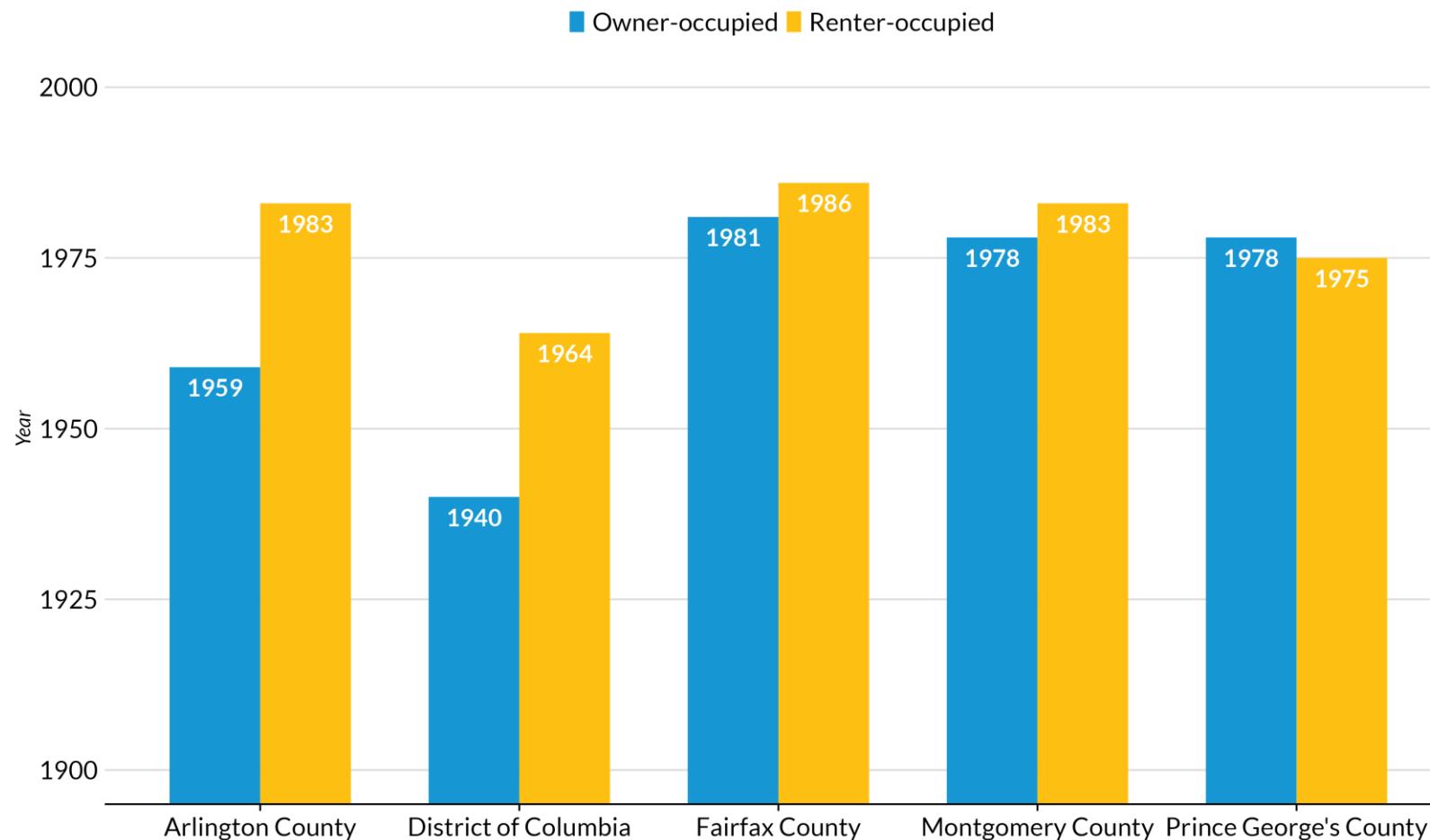
Year Structure Built for Renter-Occupied Housing in Prince George's County



Source: 2017-2021 5-year ACS estimate

Prince George's County is the only county in the region where renter-occupied units are, on average, older than owner-occupied units

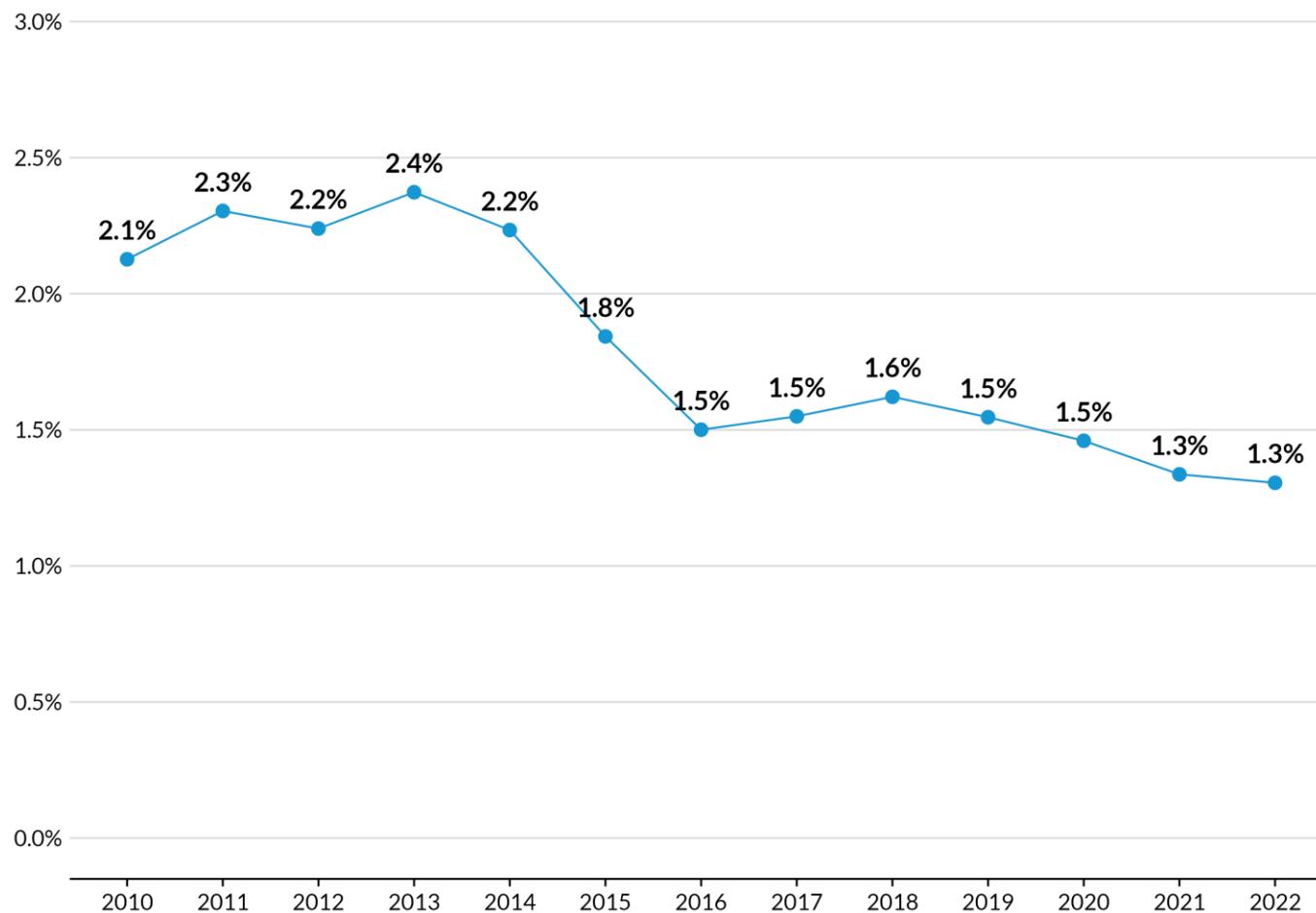
Median Year Structure Built by Tenure by County



Source: 2017-2021 5-year ACS estimate

The physical vacancy rate of all units has decreased since 2010 in Prince George's County

Overall Physical Vacancy Rate Over Time in Prince George's County



Source: USPS Vacant Address Data

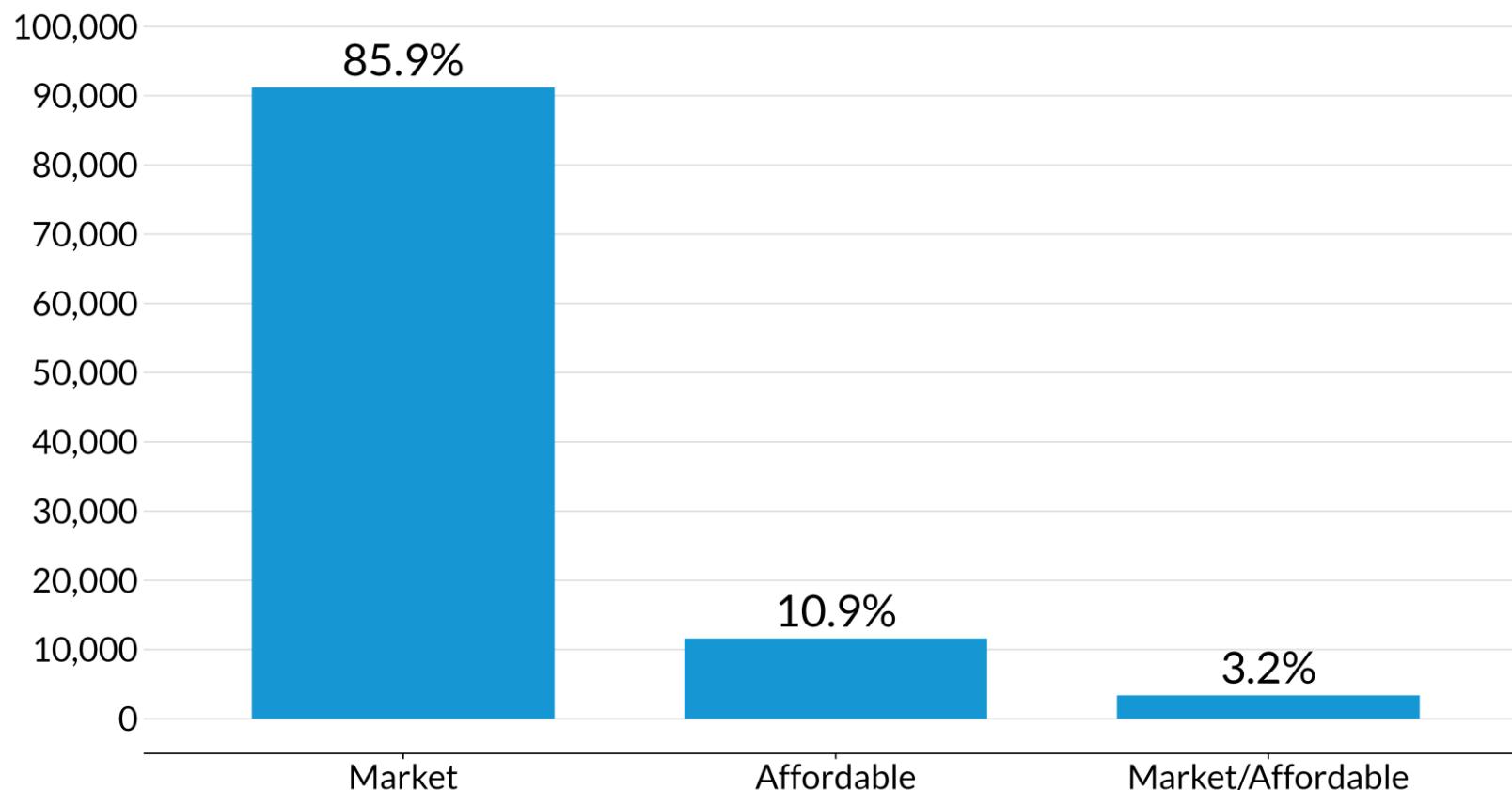
Affordable Housing in Prince George's County

Definitions

- **Affordable Units:** Units in which the rents are discounted or below market rate (not naturally occurring affordable housing). Affordable properties fall into the following subtypes:
- **Rent Subsidized Units:** Rents are subsidized by the Department of Housing and Urban Development (HUD) Section 8 or other federal programs. Renters at these communities generally have an annual household income that is less than 30% of AMI.
- **Rent Restricted Units:** Most commonly have rental rates based on Area Median Income (AMI). These properties typically receive tax-advantaged equity and/or debt financing, including Low-Income Housing Tax Credits (LIHTC). Renters at these communities typically have an annual household income that is less than 80% of AMI but greater than 30% of AMI.

Most multi-family rental units in Prince George's County are market-rate units, and about 11% of units are affordable

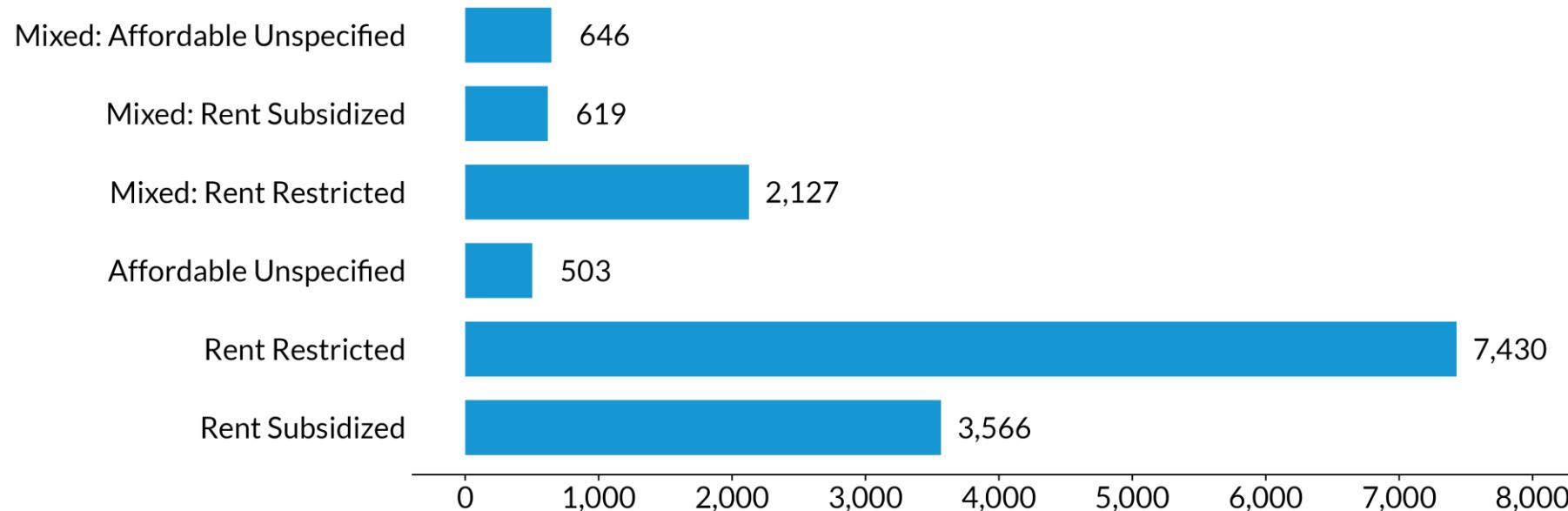
Total Number and Percent of Units by Affordability Type in Prince George's County



Source: 2022 CoStar rent data

Most affordable multi-family rental units are rent restricted units (i.e., LIHTC or similar)

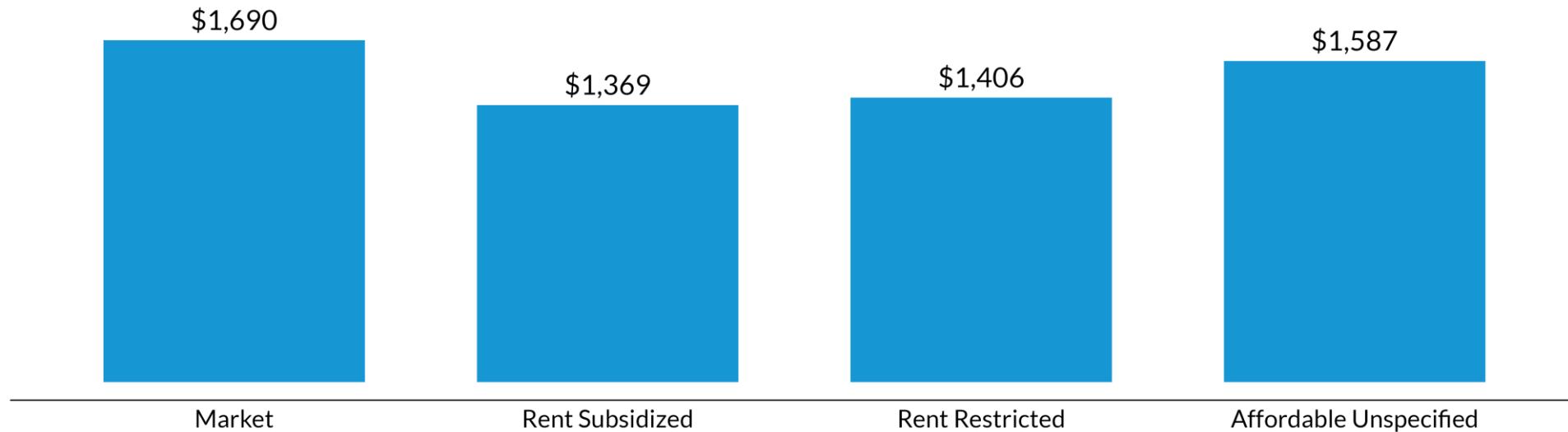
Total Number of Units by Affordability Type in Prince George's County



Source: 2022 CoStar rent data

Rent subsidized units have the lowest average rent compared to other rent types

Average Rent of Units by Rent Type in Prince George's County



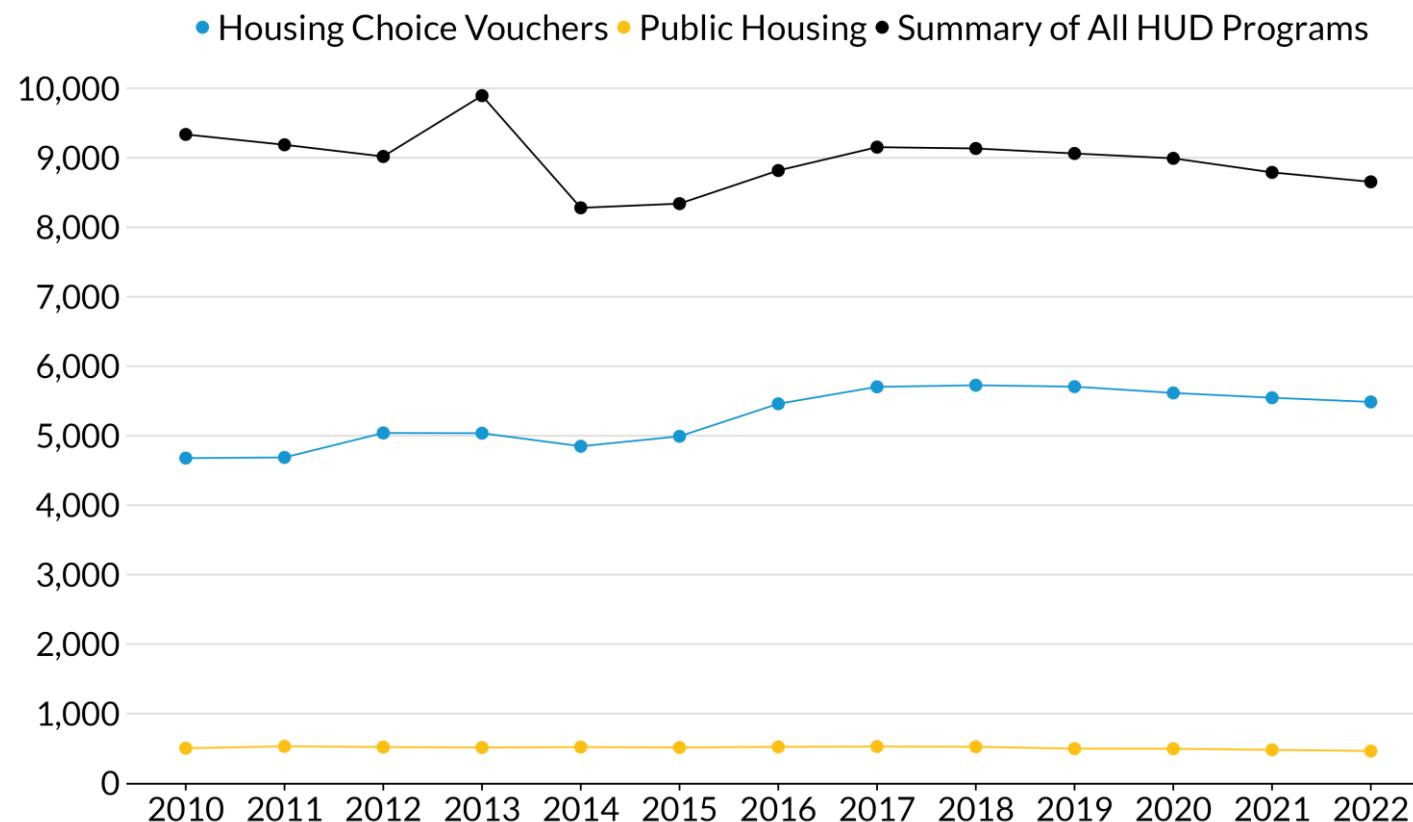
Source: 2022 CoStar rent data



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The number of rental units subsidized by HUD in Prince George's county has declined slightly since 2018 (this figure includes ported vouchers)

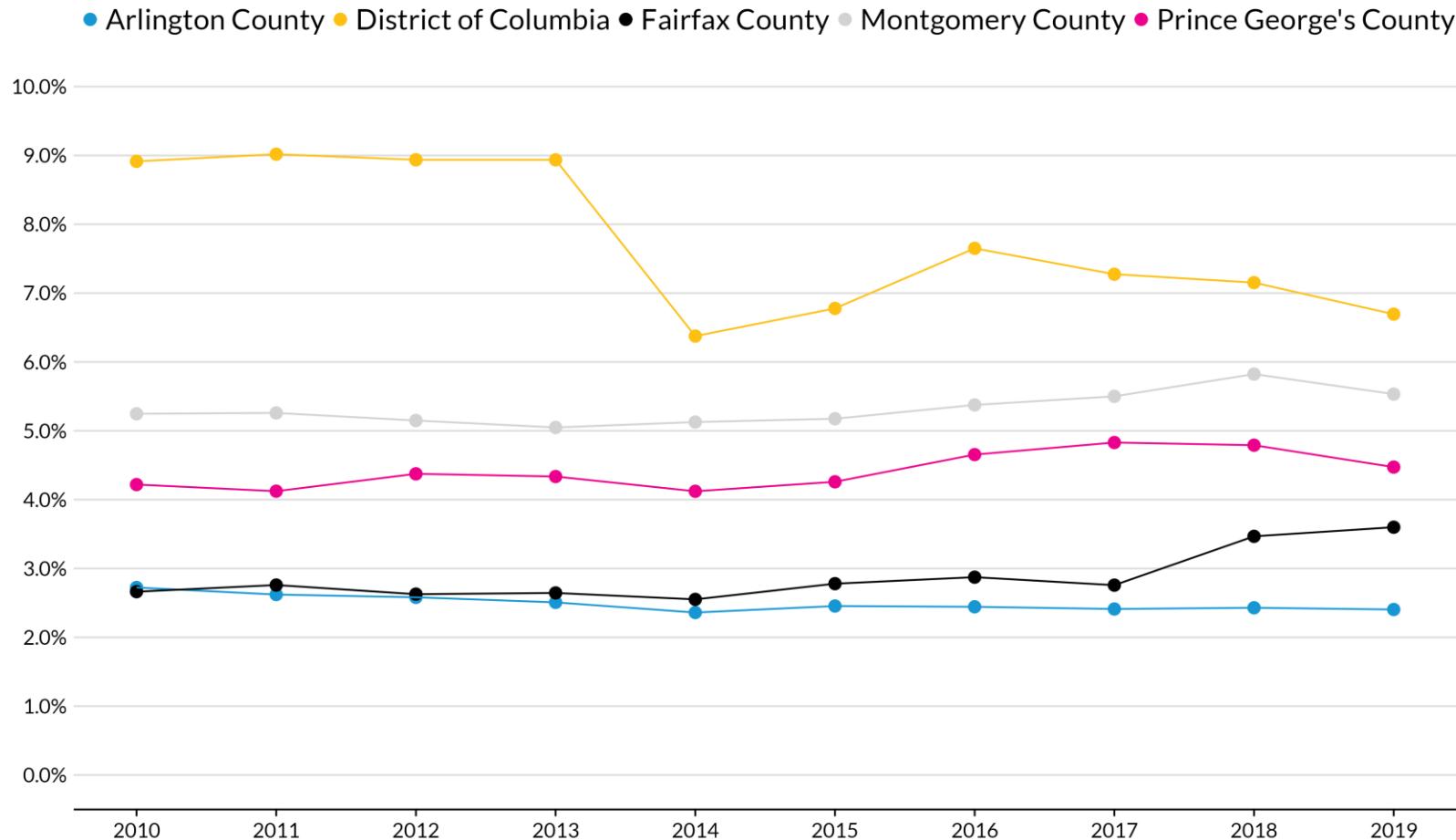
Total Number of Rent Subsidized Units by Type Over Time in Prince George's County



Source: Pictures of Subsidized Housing Data

Prince George's County has had a relatively stable percent of units that use housing vouchers over time, with less than Montgomery County and DC but more than Fairfax and Arlington

Proportion of Units With Housing Voucher Residents Over Occupied Renter Units by Jurisdiction



Source: Pictures of Subsidized Housing Data

Overview of research on rent stabilization

Rent stabilization is almost always found to decrease rents for tenants in controlled units

- In cities throughout the country — New York City, San Francisco, Berkeley, Los Angeles, Boston, and others — empirical studies show that rent stabilization lowers rent and decreases housing turnover for tenants in controlled units.
 - Gyourko and Linneman 1989; Diamond, McQuade, and Qian 2018; Heskin, Levine, and Garrett 2000; Sims 2007
- Some studies have also found that rent stabilization may protect controlled tenants from displacement in gentrifying neighborhoods.
 - Diamond, McQuade, and Qian 2018; Autor, Palmer, and Pathak 2014; Heskin, Levine, and Garrett 2000

It may also improve economic mobility for tenants and generate small benefits for some children that grow up in rent stabilized units

- Rent stabilization improves economic mobility for those who receive it.
 - In tracts with a high proportion of rental units, rent stabilization is associated with a \$1,300 increase in average tract-level income.
- Rent stabilization has small long-term benefits for children at the bottom of the parent income distribution.
 - Gross 2020

However, these benefits to controlled tenants may be offset by negative effects in the uncontrolled sector

- Rent stabilization has been shown to reduce the overall supply of rental units (often through condo conversions), which in some cases has increased rents in uncontrolled units.
 - In San Francisco, one study found that rent stabilization incentivized landlords to decrease the existing rental supply, increasing rents throughout the city.
 - Diamond, McQuade, and Qian (2018)
 - Benefits that accrued to current tenants were therefore offset by higher costs to uncontrolled and future tenants, potentially increasing the rate of gentrification over time.
 - Rent stabilization was found to have a negative impact on existing rental supply in other cities as well, but this did not always lead to an increase in overall rents.
 - Gyourko and Linneman 1989; Heskin, Levin, Garrett 2007; Autor, Palmer, Pathak 2014
 - In Cambridge, the end of rent stabilization actually led to an increase in overall rents due not just to controlled units, but spillover effects on uncontrolled ones as well.
 - Autor, Palmer, Pathak 2014

Critics also question whether the benefits of rent stabilization reach the people who need it most

- Some argue that its lack of targeting makes rent stabilization inefficient and provides subsidies for tenants who do not necessarily need them.

“You could have a doctor and their partner making \$300,000 a year benefiting from the lower rent and caps, whereas someone making minimum wage is forced into a more expensive unit. It doesn’t truly ensure low-income renters are the beneficiaries.”

- On the other hand, tenant advocates and other researchers believe its broad application is essential to rent stabilization’s strengths.

“Everybody needs low-cost housing if you want a better society... We want to make housing less of a commodity and more of a community asset, or we’re not going to have stable communities.”

“[Inclusionary zoning] is very heavily means-tested, but that has created so many procedural hurdles that make it difficult for people to access housing. I think [the lack of means testing] is a strength of rent control because there aren’t these procedural hurdles or the hurdles of discrimination, having to provide documentation — it’s just a normal person trying to find housing.”

And, it has been shown to have negative effects on economic mobility for people who live in cities with rent stabilization but who are not in controlled units

- Rent stabilization can improve economic mobility for those who receive it while also creating negative spillover effects for those that do not but live in cities with rent stabilization policies.
 - **This finding is based on an analysis of rent stabilization policies passed in the 1970s and early 1980s in New Jersey, California, and Massachusetts.**
 - Gross 2020

There is also some evidence that rent stabilization may lead to quality deterioration

- One study found that rent stabilization led to deterioration in the quality of rental units, but these effects appear to have been concentrated in smaller items of physical damage.
 - Sims 2007
- Another found some support for the belief that rent stabilization leads to a deterioration in housing quality but that further research is needed to confirm
 - Moon and Stotsky 1993
- Yet another found that New York City's rent stabilization had a large deleterious impact on rental structure quality, particularly in smaller buildings.
 - Gyorko and Linneman 1988

Components of rent stabilization policies may also encourage landlords to displace current tenants or select tenants who are more mobile and have higher incomes

- Vacancy decontrol allows landlords to raise rents to market rate or exclude units from regulation after a vacancy.
- Studies have shown that cities with vacancy control (where rent stabilization remains in place at the same level even after a tenant is replaced) experienced an increase in their share of Black and Latinx renters and were generally more affordable to low-income households.
- Conversely, jurisdictions with vacancy decontrol were less affordable and disproportionately displaced Black renters.
 - Heskin, Levine, and Garrett 2007

Therefore, it is important to design the regulation with balance

- Want to maximize benefits for people in controlled units while minimizing potential harm for those in uncontrolled units.
- Also want to ensure that it keeps rents reasonable without discouraging maintenance and upkeep.



GROUP DISCUSSION: HOUSING CHALLENGES + POLICY GOALS



Angela D. Alsobrooks
County Executive

LOOKING AHEAD

Full working group meetings

Research findings & updates, including case studies

All member discussions

Focus group report outs

Convene monthly

Subcommittees

Deeper dives into the policy components

Responsible for reporting out key considerations & recommendations

Each group will meet once during process

- 1. Permitted rent increases
- 2. Types of units covered
- 3. Exceptions
- 4. Unit decontrol
- 5. Tenant protections

Subcommittees

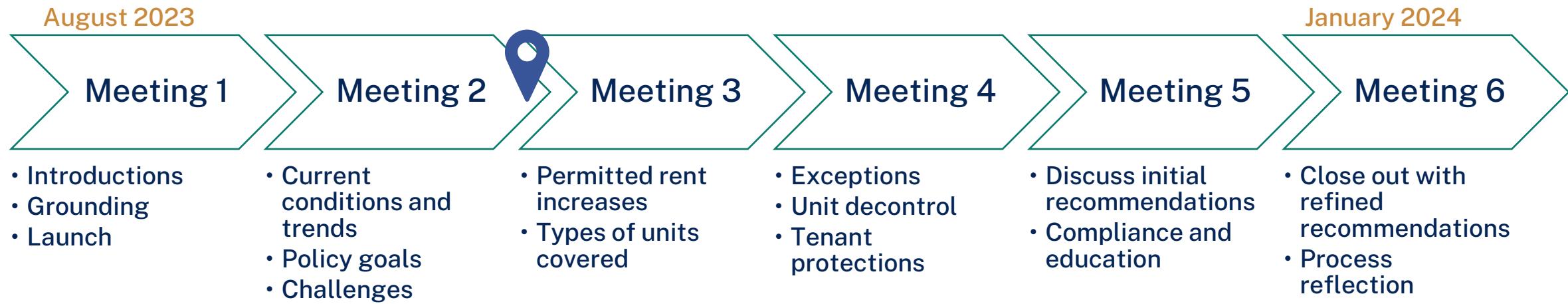
- Permitted rent increases
- Types of housing covered
- Unit decontrol
- Exceptions
- Tenant protections

- Greatest rent rate or increase in rent
- How jurisdictions determine rent increases
- What housing is protected by the rent stabilization policy
- What housing is not protected by the rent stabilization policy
- How units become unregulated
- Increases permitted to owners in specific circumstances (e.g., capital improvements needed)
- Policies to mitigate evictions and/or tenant harassment



Looking Ahead

Prince George's County Rent Stabilization Working Group



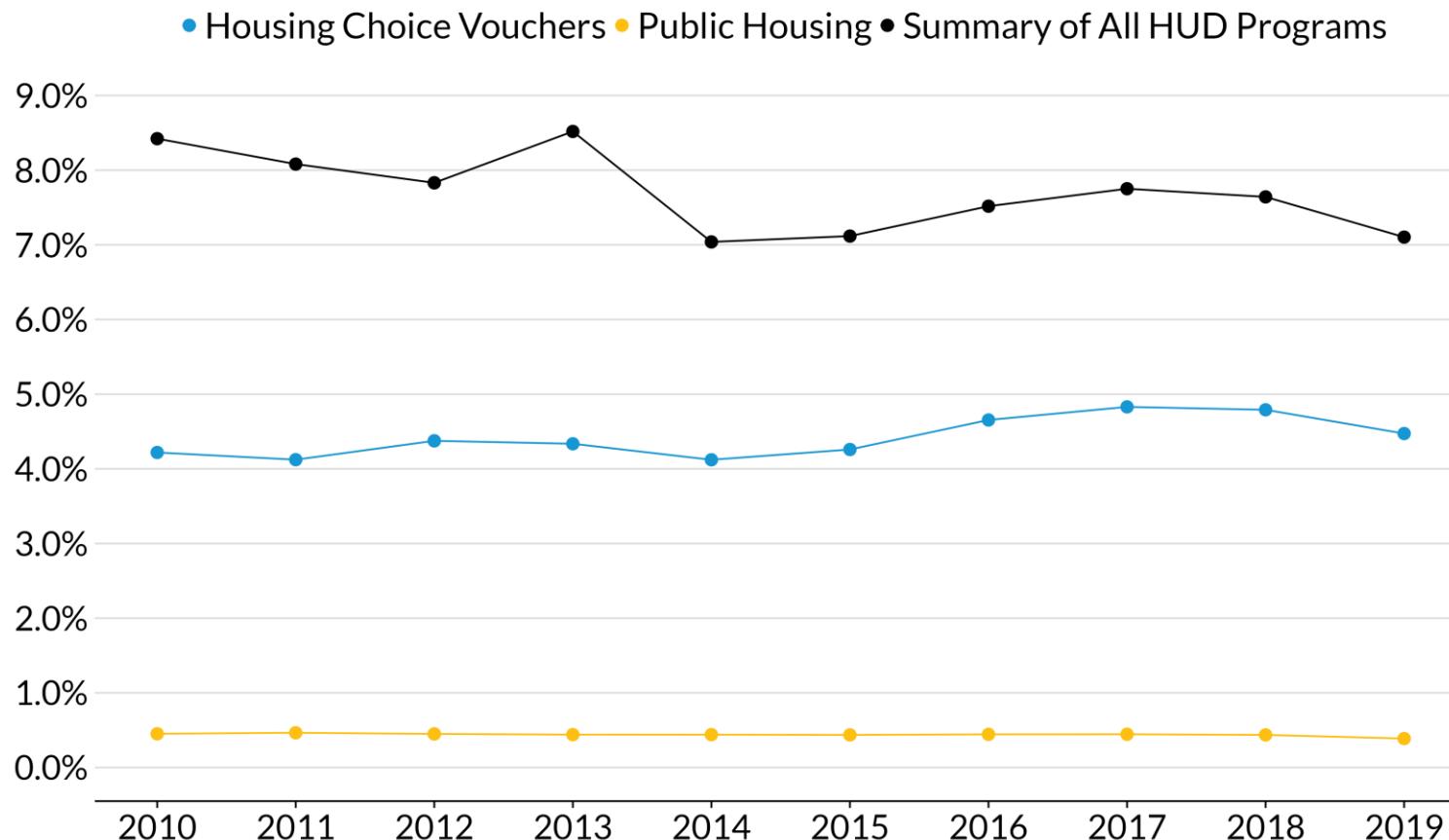


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ADDITIONAL FIGURES

The percent of units that are public/assisted in Prince George's County has dropped even more

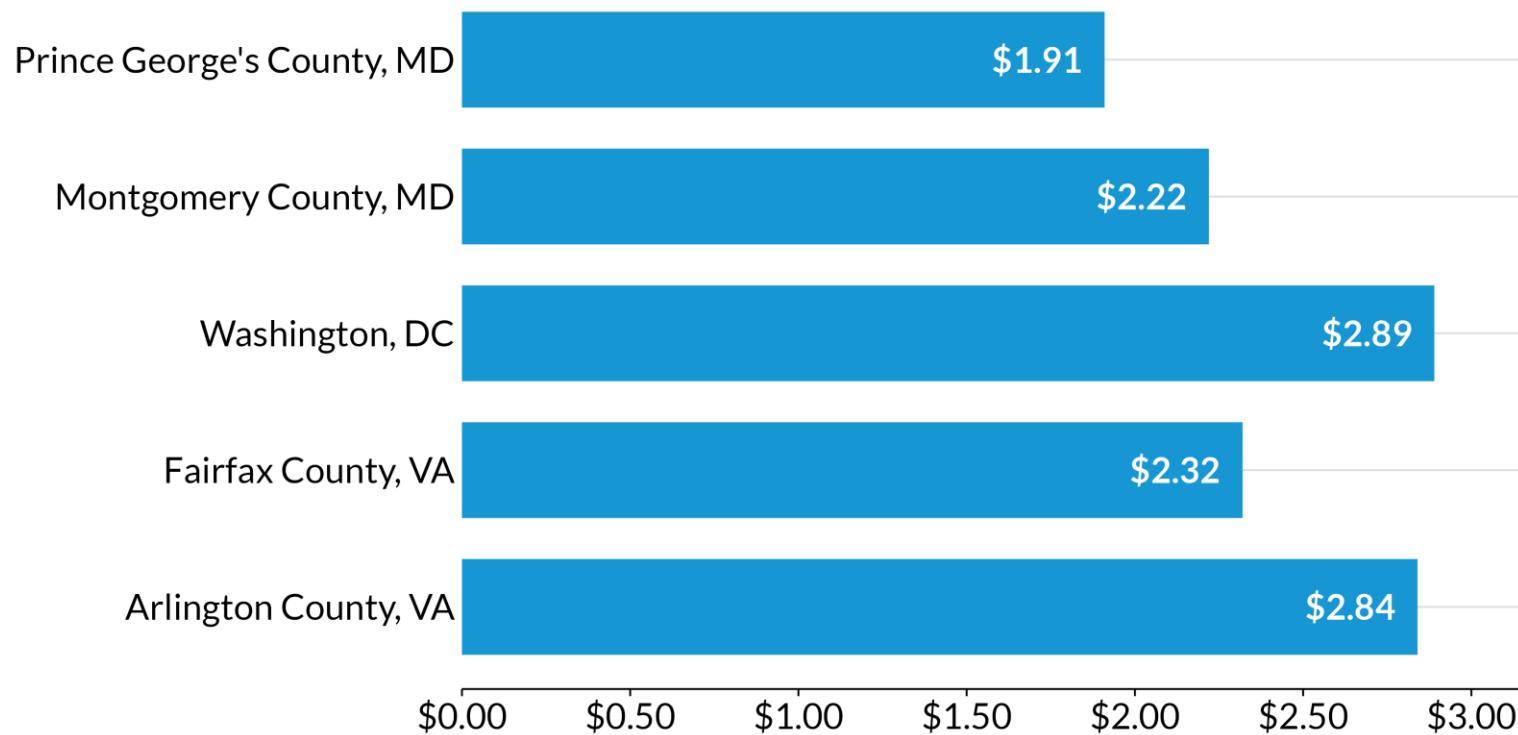
Percent of Units that are Affordable by Type Over Time in Prince George's County



Source: Pictures of Subsidized Housing Data and American Community Survey

Prince George's County has lower asking rent per square foot than nearby jurisdictions

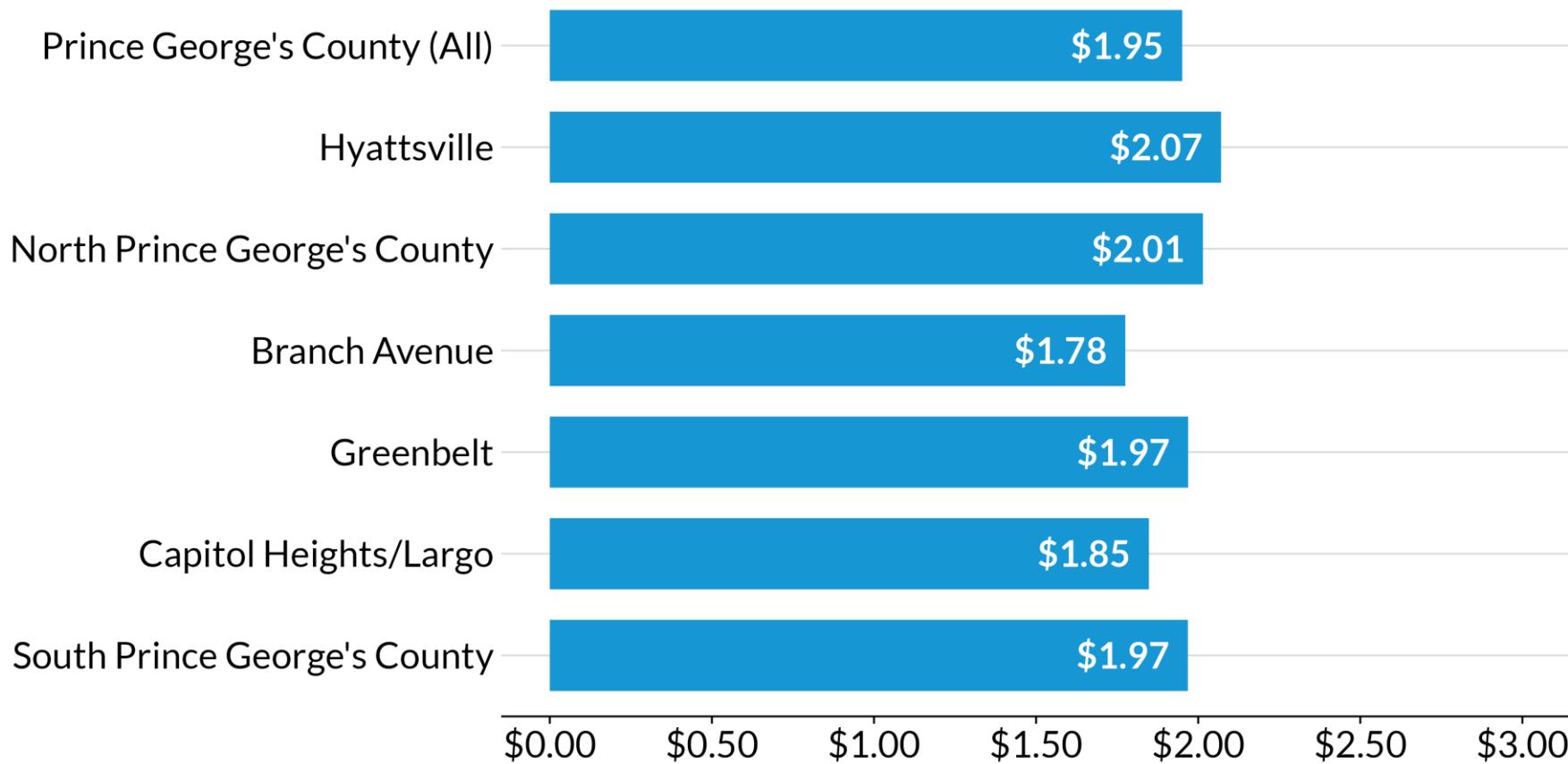
Average Asking Rent per Square Foot Compared to Nearby Jurisdictions (2022)



Source: 2022 CoStar rent data

Within the county, average asking rent per square foot is relatively consistent by submarket

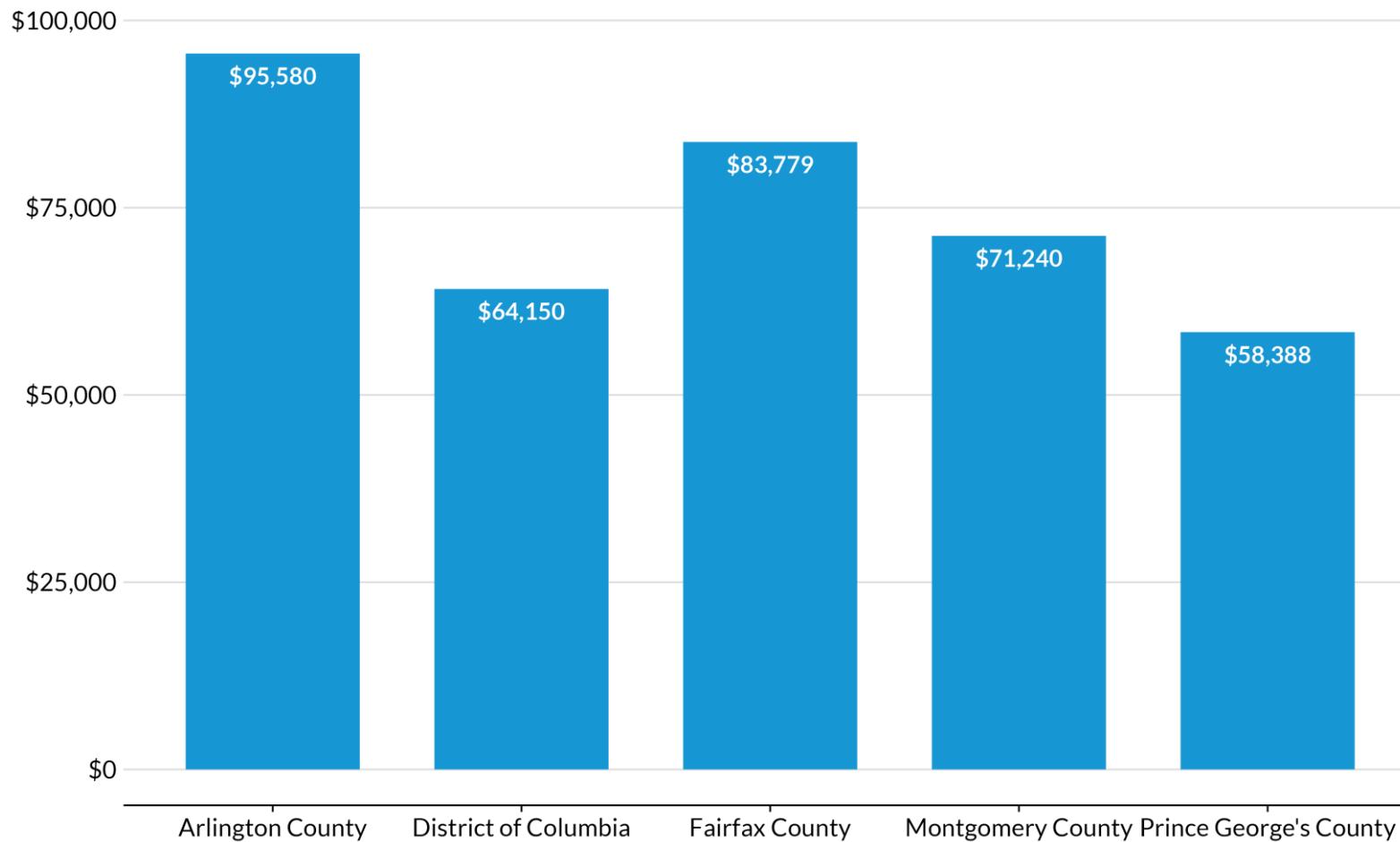
Average Asking Rent per Square Foot by Submarket in Prince George's County (2022)



Source: 2022 CoStar rent data

But Prince George's County also has lower median income than nearby jurisdictions

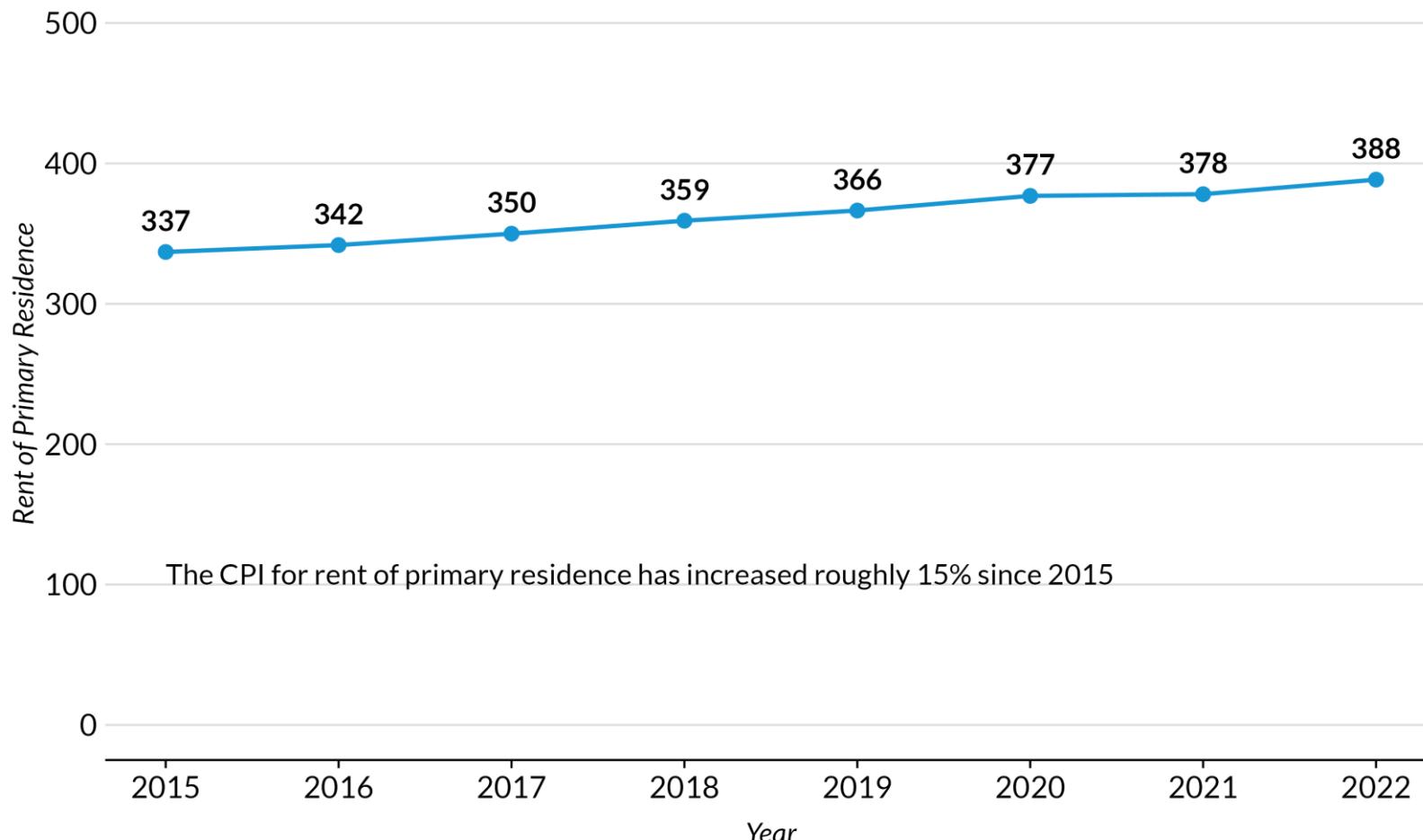
Renter Median Household Income by Jurisdiction (2021)



Source: 2022 CoStar rent data

The Consumer Price Index (CPI) for rent has steadily increased over the last decade in the DC metro area

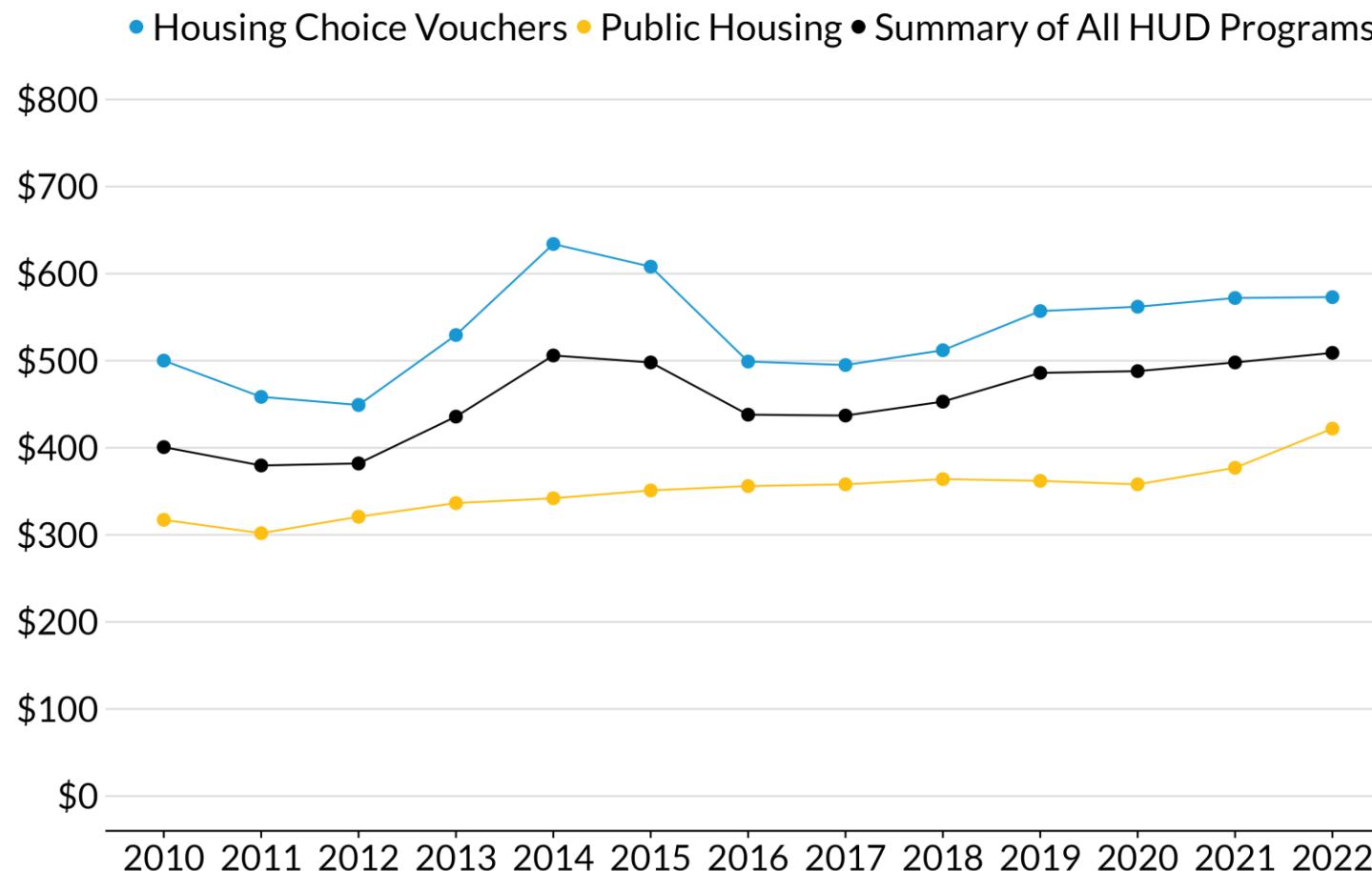
Average Monthly CPI for Rent of Primary Residence over time in the DC Metro



Source: 2015-2022 Bureau of Labor Statistics data

Average renter cost (what the tenant pays) in housing choice voucher units is higher than in public housing units

Average Rent of Affordable Units by Affordable Type in Prince George's County

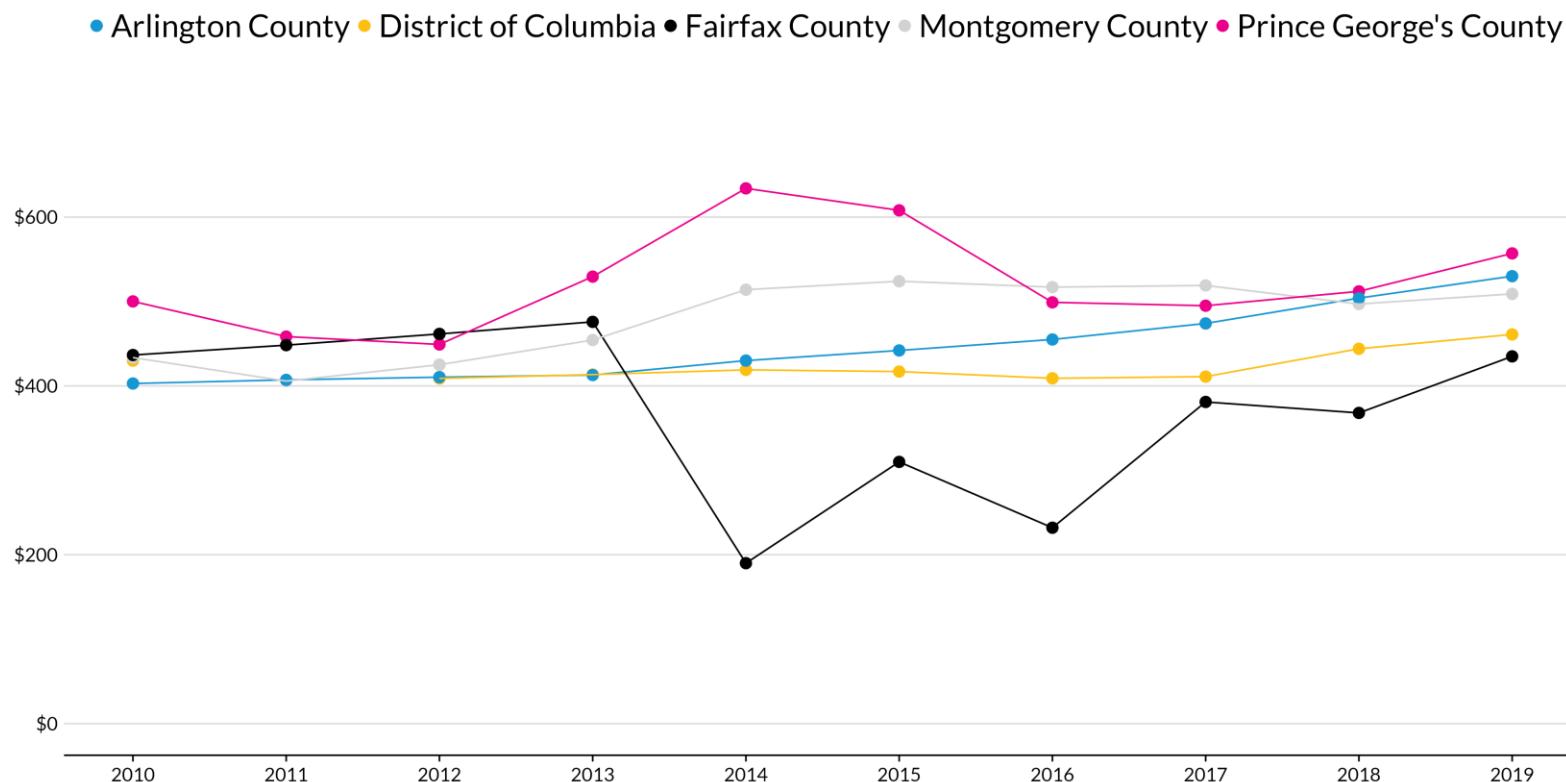


Note: Most HUD subsidized families only pay 30% of their monthly adjusted gross income on rent and utilities.

Source: Pictures of Subsidized Housing Data

Average renter cost for units with housing vouchers is higher in Prince George's County than nearby jurisdictions

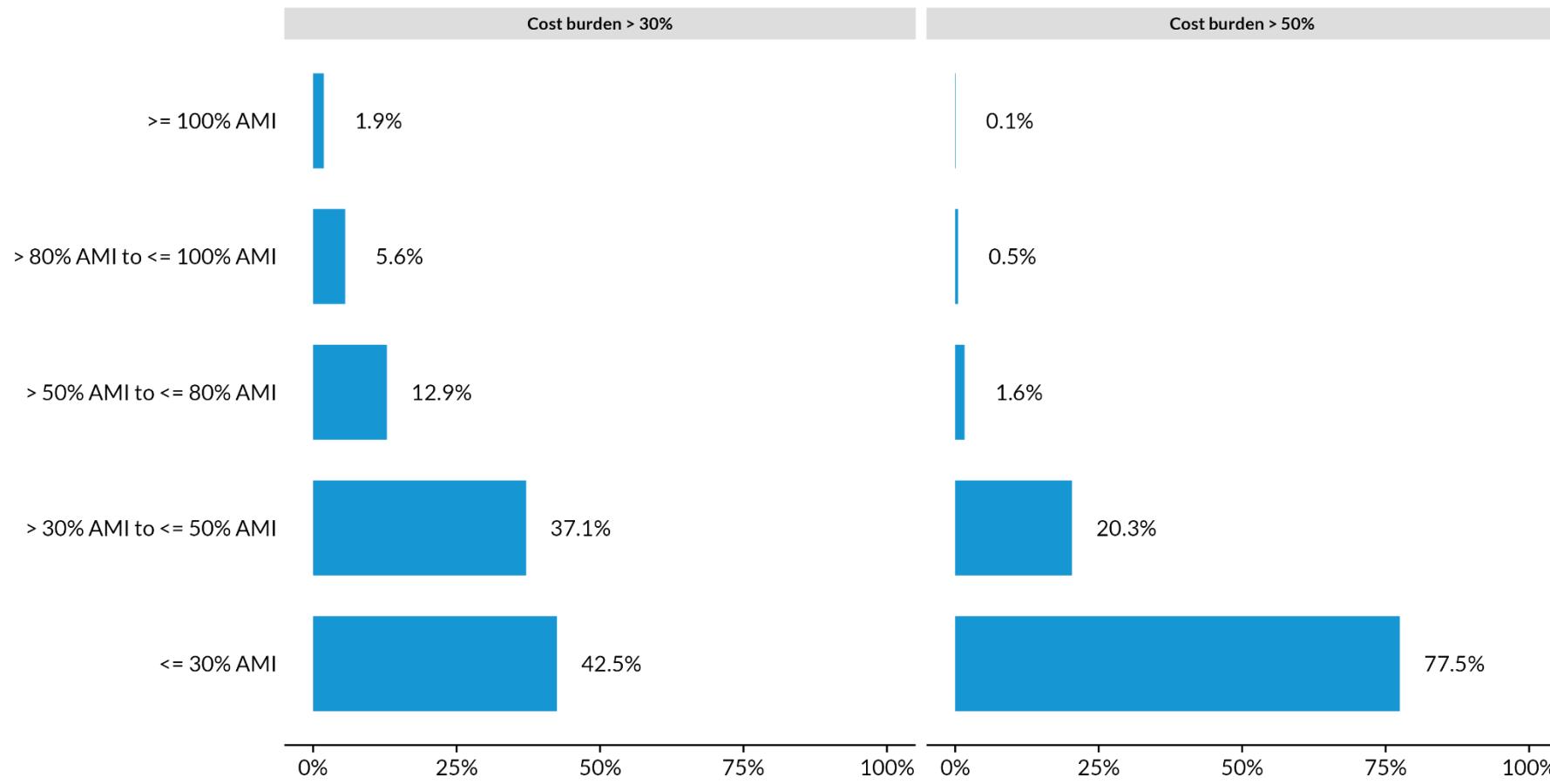
Average Renter Costs for Units with Housing Voucher Users by Jurisdiction



Source: Pictures of
Subsidized Housing Data

Nearly 80 percent of renters that are cost-burdened have household incomes of less than 50 percent of area median income

Household Income Percent of AMI for Cost Burdened Renters in Prince George's County



Source: 2015-2019 HUD CHAS Data