

Enterprise®



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# Prince George's County Rent Stabilization Working Group Meeting Six

January 12, 2024 | 12-2pm | virtual



# Agenda

- 1 PROCESS GOALS AND RECAP
- 2 NEW RESEARCH FINDINGS
- 3 DISCUSSION: ADMINISTRATION AND COMPLIANCE
- 4 SCENARIO EXERCISE FOLLOW-UP
- 5 WORK GROUP CLOSING



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



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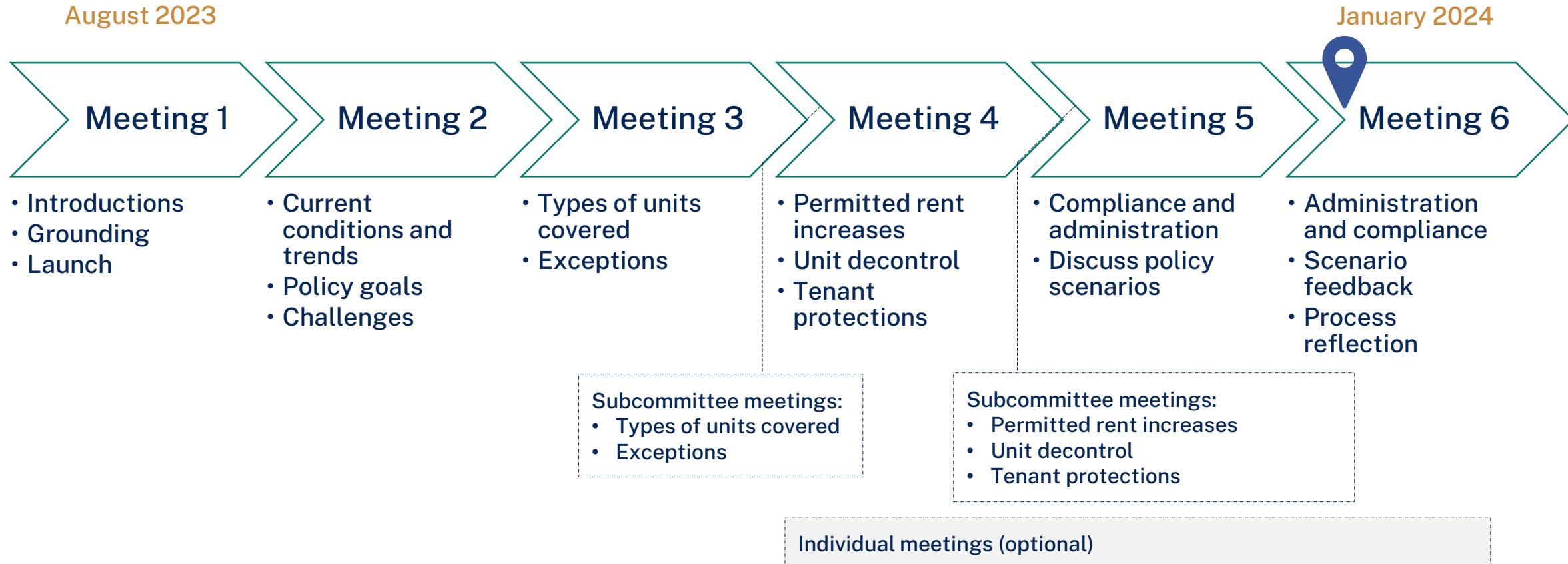


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# Where We Are Going

Prince George's County Rent Stabilization Working Group





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# 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

# Recap of Goals

## Policy goal

- Increase housing stability for renters, especially those who are most vulnerable to being priced out of their homes

## A successful rent stabilization policy

- Mitigates tenant displacement
- Ensures rental housing stock is maintained and managed well
- Supports increased supply of quality rental housing units

# Rent Stabilization Policy Components

- 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 might become unregulated
- Increases permitted to owners in specific circumstances (e.g., capital improvements needed)
- Policies to mitigate evictions and/or tenant harassment directly

1	Included and exempted rental units
2	Allowable rent increases
3	Exceptions for landlords
4	Decontrol
5	Related tenant Protections



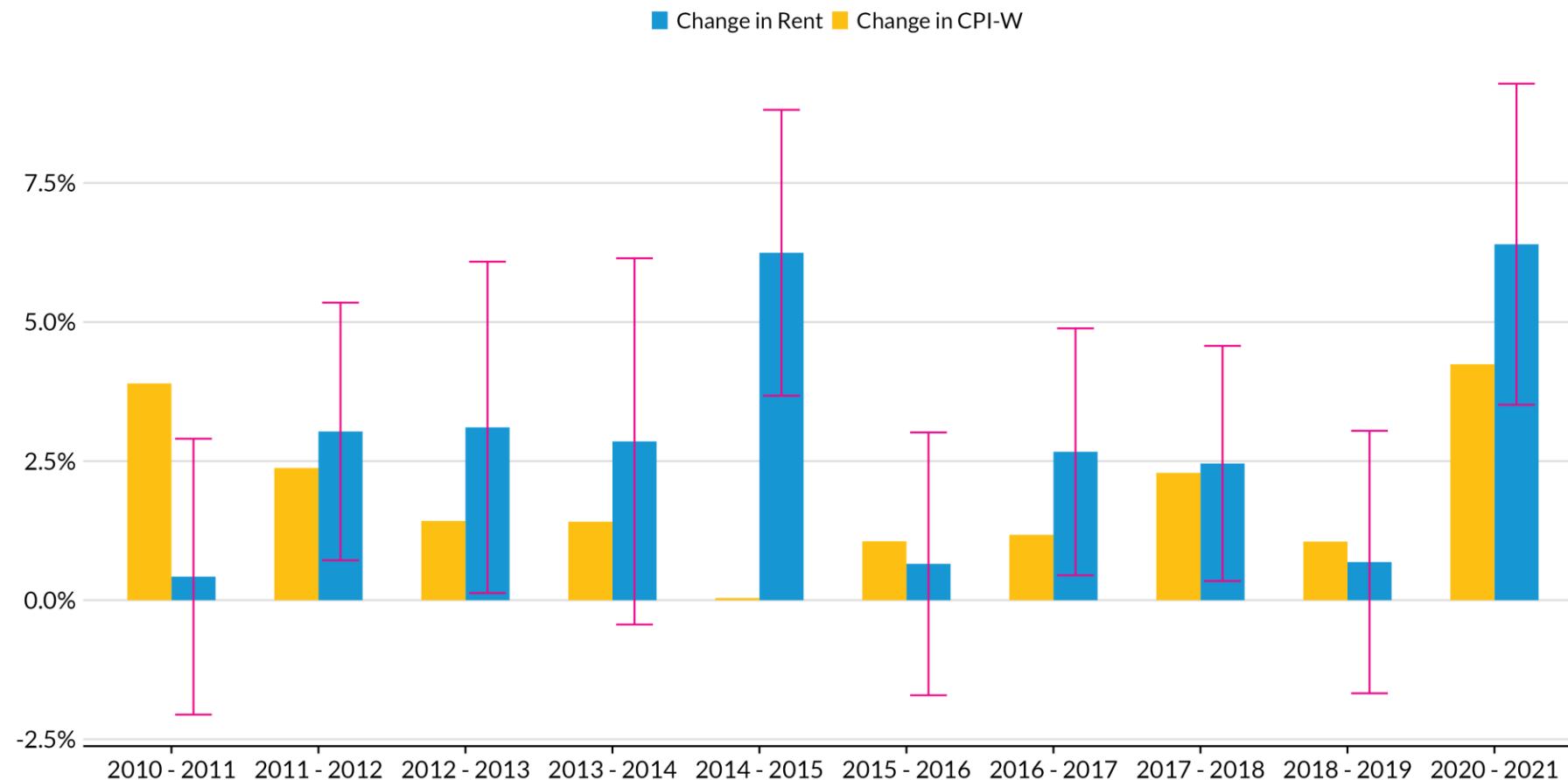
It is essential that policymakers consider these policy components as **an interrelated bundle** rather than five independent policy choices

# RESEARCH UPDATES

# Additional Data Requests

# Change in rent versus change in CPI from ACS

*Change in Rents and CPI-W Over Time, including error*

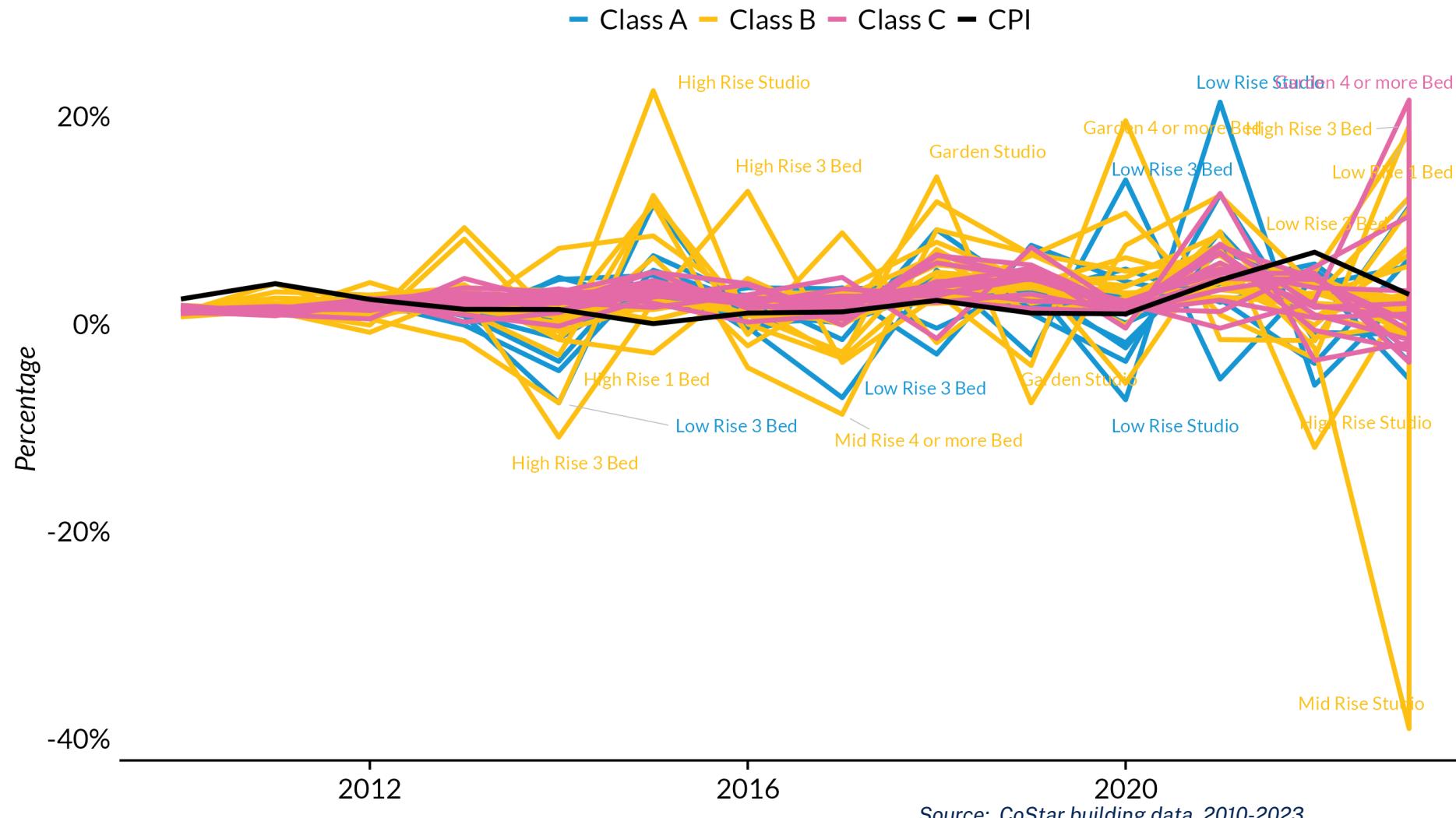


*Note: Error only applies to rents due to margin of error associated with ACS data*

*Source: ACS 1-Year Estimates (Rent), Bureau of Labor Statistics (CPI-W)*

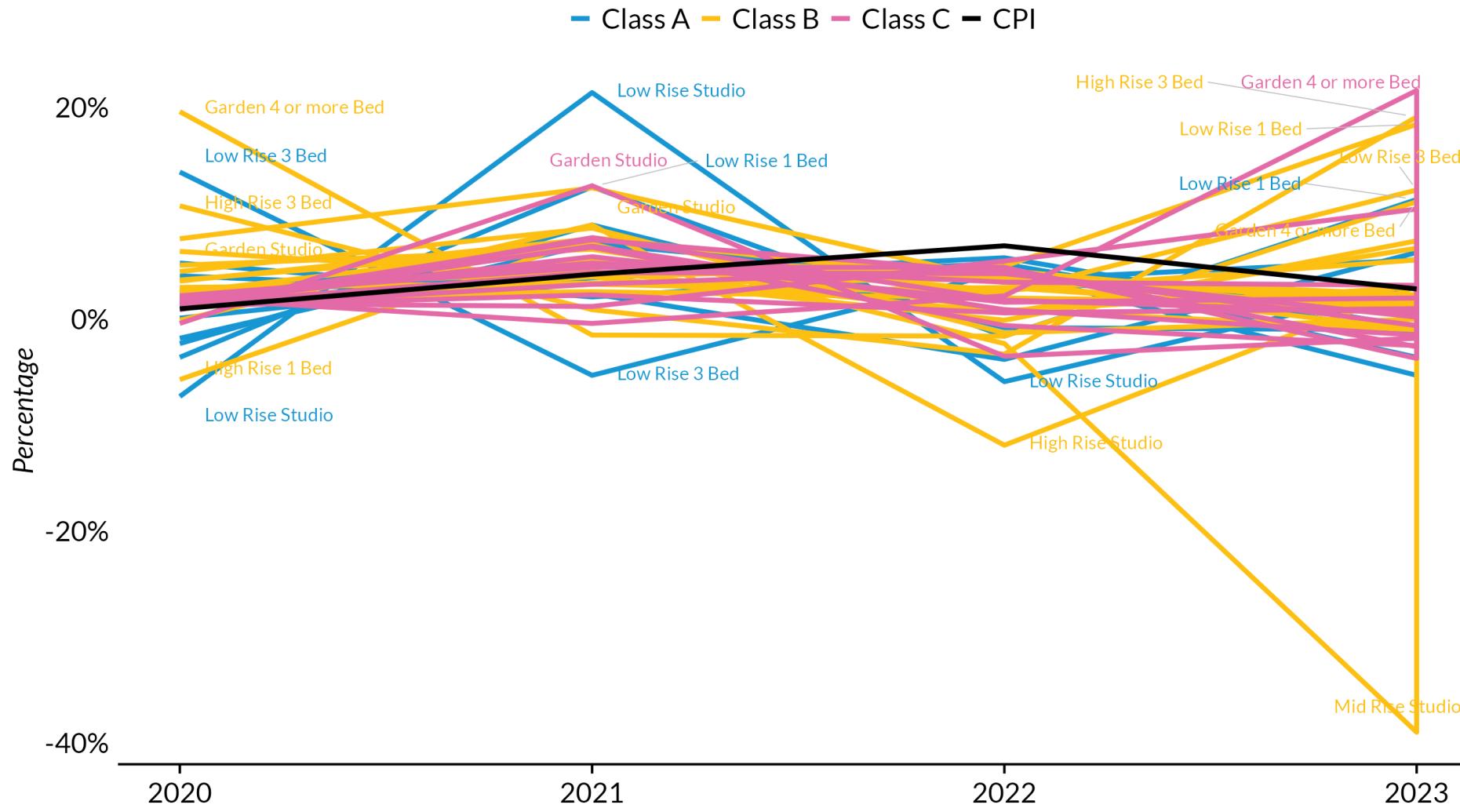
# Rent Changes in Prince George's County over time, all Classes

2010-2023



# Rent Changes in Prince George's County over time, all Classes

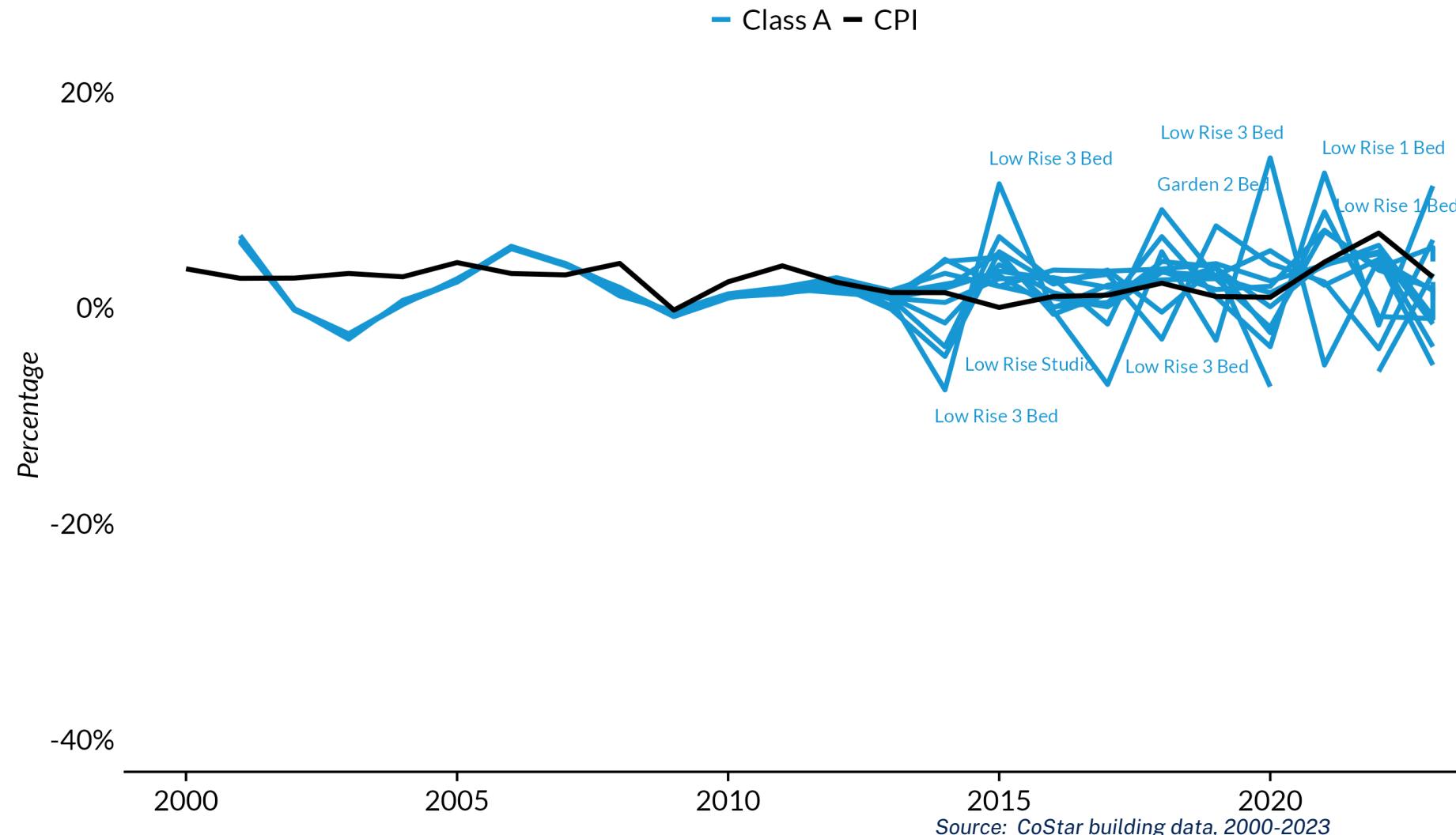
2020-2023



Source: CoStar building data, 2020-2023

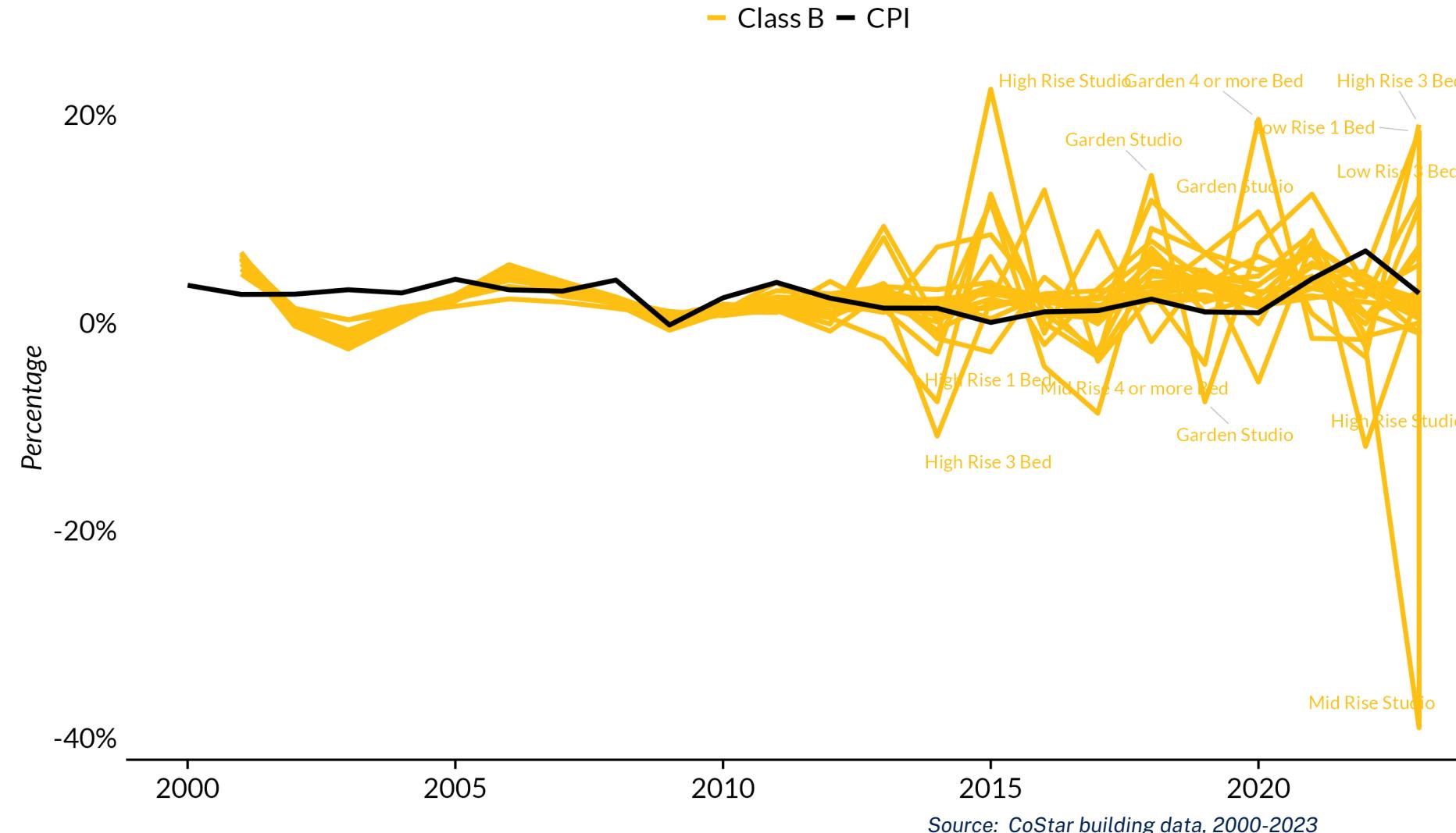
# Rent Changes in Prince George's County over time, Class A Buildings

2000-2023



# Rent Changes in Prince George's County over time, Class B Buildings

2000-2023



# Rent Changes in Prince George's County over time, Class C Buildings

2000-2023



# Additional Desk Research Requests

## When and how have other places exempted subsidized housing?

### NYC exempts unregulated apartments and subsidized housing

St. Paul exempts “housing restricted...as affordable housing for persons and families of very low, low, or moderate income, as defined by state or federal law, or subject to an agreement that provides housing subsidies for affordable housing for persons and families of very low, low, or moderate income, as defined in the state and federal law”

Takoma Park: landlords with tenants receiving rental assistance and those who provide affordable housing to low and moderate income households under contract with a gov’t agency such as the State of MD may apply to the City for an exemption from rent-stabilization

Montgomery County, MD exempts units subject to a regulatory agreement with a governmental agency that restricts occupancy of the unit to low- and moderate-income tenants

### Portland, ME exempts units where rent is publicly controlled or subsidized

Fort Lee, NJ exempts dwellings owned by the Fort Lee Housing Authority, dwellings in buildings of 12 units or less that meet all of the following criteria: premises are owned by a nonprofit entity designated as a Community Housing Development Organization, new tenancies are limited by the owner to receiving Section 8 assistance or participating in a Family Self-Sufficiency Program

Berkeley, CA exempts affordable housing units

Oregon exempts landlords that provide reduced rent to the tenant as part of a federal, state, or local program or subsidy

# How could partial vacancy decontrol work?

- Partial decontrol could work in such a way that landlords are allowed to increase rents at a rate higher than the regular allowance, but lower than complete decontrol
- For example, in St. Paul
  - The standard allowable increase without City approval is 3% normally
  - After a "just cause" vacancy, landlords can increase rents by up to 8% plus inflation, measured by Consumer Price Index (CPI).
- Rent banking can also allow for a sort of partial decontrol whereby landlords can bank unused increases and use them at the point of tenant turnover (often capped at a certain level)

# What is an acceptable number (or rate) of hardship exceptions per year? To what degree can that process be a “safety valve” for landlords?

- No true benchmark; however, it is something for the County to monitor over time
- Rent stabilization laws must fulfill the constitutional obligation to allow private owners to receive reasonable rates of return on their investments (referred to as a fair return): “The Takings Clause of the Fifth Amendment, made applicable to the states and local governments through the Fourteenth Amendment, provides that private property shall not ‘be taken for public use, without just compensation.’ U.S. Const. amend. V.
  - [The Challenges of Balancing Rent Stability, Fair Return, and Predictability under New York’s Rent Stabilization System](#)
- One important aspect of maintaining fair returns for owners is allowing rent increases that reflect basic inflation and rising operating costs (which underwriter, investor, and developer interviewees have reported they set at 2.5 to 3%)
- From our interviews we heard that it is important that the county be very clear about how rates of return are calculated and that approvals are swift to minimize uncertainty in the market, particularly for small landlords

# Examples of hardship exceptions



Montgomery County states that a landlord may increase rents above the allowable increase if the Department of Housing and Community Affairs (DHCA) approves a Fair Return Petition submitted by the landlord. The landlord must prove that the increase rent is required to offset operating expenses and is comparable to return on investments in other enterprises with similar risks.



Newark, NJ does not allow landlords to claim a fair return exception if the building was purchased for an excessive price.



Washington, DC guarantees landlords a 12% rate of investment return.



Takoma Park, MD and Los Angeles County, CA cap fair return increases at 15% and 10% respectively. Los Angeles County also reviews the landlord's request to ensure that it does not create an undue hardship for the tenant.



St. Paul, MN permits landlords to self-certify fair return applications for requests between 3% and 8%. For requests higher than 8%, the City conducts a formal review process.

[Bryant, Carrizoso, and Rubin 2023](#)

# What assumptions are made by underwriters about annual rent increases?

- Many investors use a 3% rental increase annually in their models
  - Historically (pre-Covid), a 3% - 5% rent growth assumption in Year 1 could put an investor in a good position to win a bidding war on a widely-marketed offering.
  - Today, with inflationary pressures and record-setting rent growth etched in the rear-view mirror, the bar has been raised on what “modest” rent growth means and how you must underwrite it to win a deal.
- From our interviews:
  - And underwriter said they assume a 3% increase. So for them, it doesn’t massively affect things.
  - A developer noted that they assume a 2% rent growth.
  - The underwriter also stated that DC’s rent stabilization regulations don’t factor into their decisions because the district has had rent control in place for so long so it’s just a way of life.
  - Another interviewee noted that to be competitive, they often have to go above the 2.5 or 3% assumption for rent increases, but that can get them in trouble down the line.
  - They noted one experience where they underwrote a 5% increase in perpetuity and that was too aggressive and it got into financial troubles

# COMPLIANCE AND ADMINISTRATION

# ENFORCEMENT

# Compliance Considerations

## Enforcement

- **Complaint-driven vs. proactive enforcement approaches:**
  - Tenants responsible for reporting a violation
    - Pros: least administration for County staff and property owners
    - Cons: tenants need to be well-informed and could fear retaliation
  - Landlords able to self-certify compliance
    - Pros: some administration for County staff and landlords
    - Cons: tenants may be vulnerable to bad faith property owners
  - Jurisdiction proactively administers and enforces the rent stabilization policy
    - Pros: removes the fear of retaliation and onus of reporting violations from tenants
    - Cons: most intense administration responsibilities for County staff and property owners
- **Alternative to consider: sampling**
  - If there is proactive enforcement, could the County conduct spot-checking compliance or should it monitor the compliance of all unit subject to the policy?



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# How should the policy be enforced?

- Essential to account for uneven power dynamics between tenants and landlords
  - Knowledge, resources, time, status to navigate legal process
- Necessary for complaint process to move expediently to mitigate unlawful rent charges, evictions, and/or retaliation from bad actors
- Clear process and escalation can include:
  - Staff
  - Rent board or commission
  - Administrative hearing
  - Legal system



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# What penalties do jurisdictions use?

Penalties	Example Jurisdiction	Specific Policy
No penalty in policy	State of Oregon	Tenants must file lawsuit
Damages	State of New York	<p>“The penalty for a rent overcharge is the amount an owner collected above the legal regulated rent, plus either interest or treble damages.”</p> <p>“The tenant may deduct up to 20% of the penalty from the monthly rent until the penalty is completely offset”</p>
Revocation of rental license		
Property lien (if property is now vacant)	State of New York	The filing of a judgment may result in a lien being placed against the owner's real property. If the owner does not satisfy the judgment, the lien may be enforced against the owner's property by a county sheriff or the city sheriff.



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# What penalties do jurisdictions use?

Penalties	Example Jurisdiction	Specific Policy
Administrative fines	Washington, DC	<p>“Where it has been determined that any person has committed any violation of the Act, Chapters 41-44 of this title, or any order of the Rent Administrator, Office of Administrative Hearings, or the Commission, or has made a false statement in any document filed pursuant to the Act or Chapters 38-44 of this title, civil fines of not more than \$5,000 per violation may be imposed by the Rent Administrator, Office of Administrative Hearings, or the Commission the person acted willfully.”</p>
Civil action	Washington, DC	<p>Where a party has failed to comply with an order of the Rent Administrator, the Office of Administrative Hearings, or the Commission, the Rent Administrator, the Commission, or any adversely affected tenant or housing provider is authorized to commence a civil action in the Superior Court of the District of Columbia for enforcement pursuant to § 218 of the Act (D.C. Official Code § 42-3502.18), or a tenant may file an application for entry of the final order as a judgment in accordance with Superior Court Civil Rule 12-I(b)(1)(G).</p>
Misdemeanor	San Francisco	<p>It shall be unlawful for a landlord to increase rent or rents in violation of the decision of an Administrative Law Judge or the decision of the board on appeal pursuant to the hearing and appeal procedures set forth in Section 37.8 of this chapter. It shall further be unlawful for a landlord to charge any rent which exceeds the limitations of this chapter. Any person who increases rents in violation of such decisions or who charges excessive rents shall be guilty of a misdemeanor.</p>

# TECHNOLOGY AND INFRASTRUCTURE

# What systems should a jurisdiction have to manage a rent stabilization policy?



- Rental registry platform
  - Ability to track rent changes
  - Alignment with rental licensing systems
- Case management – complaints, questions
- Document management platform for organizing materials related to exception requests and appeals
- Where possible, utilize systems that can “talk” to other property/license-related platforms
- **Jurisdictions we interviewed advised against using spreadsheets to manage data and processes**

# OUTREACH AND EDUCATION



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# Ongoing outreach and education

The nuts and bolts

- Clearly-written documents that are accessible to tenants and landlords
  - FAQ documents
  - Lease riders
- Workshops/trainings
- Easy to search for online – not buried in search engine responses
- Identification of outreach partners
  - Trusted organizations with relationships with renters
  - Landlord industry groups
- Language access

# ADMINISTRATION



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# Key Administration Considerations

The nuts and bolts

- Critical that the County allocate the appropriate resources for creating and sustaining program
  - Without appropriate staffing and systems, policies are ineffective
- Ordinance v. regulations
- Funding
  - Common sources: registry fees, hearing fees, general fund

# Who does it take to establish a rent stabilization policy?

What roles do County staff have to play in standing up a new policy?

- Creating program regulations
- Developing/sourcing IT systems
- Hiring staff with the appropriate expertise/ skillsets
- Onboarding staff
- Creating necessary standard operating protocol
- Developing educational/training materials



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# What is required to manage a rent stabilization policy?

Key responsibilities *may* include, but are not limited to:

- Updating program regulations
- Revising necessary standard operating protocol
- Managing rental registry
- Educating the public on the policy and answering questions
- Reviewing complaints from tenants
  - Mediating conflicts
  - Staffing administrative hearings/board meetings
- Processing requests for exceptions
- Analyzing submitted
- Reviewing appeals from landlords/tenants
- Managing program staff and budget
- Producing reports
- Evaluating the policy periodically
- Coordinating with all respective departments (i.e., legal, communications, IT, code enforcement)





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# Montgomery County Estimates

Under the **Fiscal Impact Statement**, the Office of Management and Budget estimates that the bill would have a net negative fiscal impact of \$6,721,622 from FY24 through FY29. The annual costs would range between approximately \$1 million and \$1.2 million. The increased costs would be associated with a newly developed office within DHCA. The office would consist of 8 FTEs, who would implement the bill's requirements.

### Exhibit 3: Registration Fees, Costs and Staffing in Active Enforcement Cities

City	# Stabilized Units	# Non-stabilized units	Development cost of registry	Annual program fee/unit	Total staffing (FTEs)	Registry staffing (FTEs)	Registry staffing per 1,000 units
Berkeley	20,000	5,000	Unknown. \$300,000 for recent upgrade	\$250	22	5.5 <sup>37</sup>	0.28
Beverly Hills	7700	N/A	\$35,000	\$0.00 <sup>38</sup>	7 <sup>39</sup>	Not Applicable	Not Applicable
East Palo Alto	2,500 <sup>40</sup>	N/A	\$300,000 <sup>41</sup>	\$222	2 <sup>42</sup>	Not Applicable	--
Sta. Monica	28,500	N/A	Unknown	\$198	26	11 <sup>43</sup>	0.39
Richmond	10,000	20,000 <sup>44</sup>	\$10,000 enhanced other systems	\$207 \$100 \$50 <sup>45</sup>	10	1 to 2 <sup>46</sup> .	0.15
West Hollywood	17,000	N/A	\$150,000 for recent upgrade <sup>47</sup>	\$144	8.5	3.5	0.21
San Jose	44,300 <sup>48</sup>	N/A	\$20,000 staff time	\$55.80 <sup>49</sup>	22.6 <sup>50</sup>	6 <sup>51</sup>	0.14
Los Angeles	600,000	N/A	\$427,000 for new system	\$24.00	94	18 <sup>52</sup>	0.03
<b>Median: all</b>				<b>\$122-171<sup>53</sup></b>	<b>16</b>	<b>4.5</b>	<b>0.18</b>
<b>LA/SJ only</b>							<b>0.09</b>
San Fran	172,394			\$45	36.46	--	n.a.

Source: Survey Responses, Rent Board Budget Reports; Los Angeles Tenant Protection Working Group Presentation, Los Angeles Housing and Community Investment Department

# San Francisco

## Understanding Scale

Fiscal Year		12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22
Tenant Petitions	Pet	773	959	1,260	791	919	907	854	824	641	664
Tenant Summary Petitions	Pet	42	28	19	21	13	13	12	9	4	11
Subtenant Petitions	Pet	61	92	87	115	95	75	84	62	63	32
Tenant ADR Requests	Pet	30	48	45	21	20	22	25	32	28	23
<b>TOTAL TENANT PETITIONS</b>		<b>906</b>	<b>1,127</b>	<b>1,411</b>	<b>948</b>	<b>1,047</b>	<b>1,017</b>	<b>975</b>	<b>927</b>	<b>736</b>	<b>730</b>
Capital Improvement Petitions	Pet	285	328	343	421	429	490	513	371	145	183
	Units	1,747	2,174	2,348	3,286	2,785	4,411	3,672	2,845	646	1,000
Operating & Maintenance Petitions	Pet	46	40	45	73	77	100	27	13	4	5
	Units	313	375	510	905	784	1,081	332	96	9	12
Comparable Rent Petitions	Pet	11	7	8	9	4	7	12	3	2	2
	Units	11	7	8	9	5	7	15	3	2	2
Costa-Hawkins Petitions	Pet	45	49	50	51	46	25	25	18	9	16
	Units	45	49	50	55	47	25	25	18	9	16
1.21 Tenant In Occupancy Petitions	Pet	44	40	45	36	36	30	22	12	4	8
	Units	44	40	45	37	36	31	22	10	4	8
Utility Passthrough Petitions	Pet	21	23	49	67	21	48	31	7	2	6
	Units	115	155	306	834	145	522	449	124	285	307
Utility Passthrough Worksheets	Pet	95	60	96	233	79	156	147	42	14	17
	Units	1,092	384	491	1,830	518	1,497	1,305	762	308	444
Extension of Time Petitions	Pet	11	13	13	17	7	14	16	19	3	3
	Units	59	26	30	31	10	23	39	25	6	3
Landlord "Other" Petitions	Pet	23	22	29	60	21	11	12	4	3	5
	Units	30	34	31	81	63	11	19	4	3	5
Landlord ADR Requests	Pet	35	33	35	27	25	34	24	15	30	24
	Units	6	45	42	38	30	45	34	11	35	22
Landlord ADU Declarations	Pet	0	0	0	0	0	0	0	0	0	106
<b>TOTAL LANDLORD PETITIONS</b>		<b>616</b>	<b>615</b>	<b>713</b>	<b>994</b>	<b>745</b>	<b>915</b>	<b>829</b>	<b>504</b>	<b>216</b>	<b>375</b>
<b>TOTAL ALL PETITIONS</b>		<b>1,522</b>	<b>1,742</b>	<b>2,124</b>	<b>1,942</b>	<b>1,792</b>	<b>1,932</b>	<b>1,804</b>	<b>1,431</b>	<b>952</b>	<b>1,105</b>
Landlord Appeals	App	55	44	60	75	76	62	50	61	34	27
	Units	77	67	106	95	85	104	143	112	43	77
Tenant Appeals	App	73	152	89	95	44	46	73	115	46	36
<b>TOTAL APPEALS</b>		<b>128</b>	<b>196</b>	<b>149</b>	<b>170</b>	<b>120</b>	<b>108</b>	<b>123</b>	<b>176</b>	<b>80</b>	<b>63</b>
Ellis Eviction Filings (Landlord)	Pet	57	76	63	68	95	98	81	53	48	45
	Units	192	304	191	273	260	278	230	150	133	122
Wrongful Eviction Reports (Tenant)	Rpt	497	471	559	484	397	381	304	172	124	184
Eviction Notices	Notice	1,934	2,064	2,194	2,304	1,798	1,657	1,544	1,044	813	1,160
OMI Rescissions	Rescissions	0	3	6	29	14	29	61	57	15	25
Pre-Buyout Declarations	Declaration	0	0	156	809	872	934	908	702	672	707
Buyout Agreements	Agreement	0	0	38	301	337	356	362	350	353	429
<b>GRAND TOTAL</b>		<b>4,138</b>	<b>4,552</b>	<b>5,289</b>	<b>6,107</b>	<b>5,425</b>	<b>5,495</b>	<b>5,187</b>	<b>3,985</b>	<b>3,057</b>	<b>3,718</b>



# Discussion

How does compliance impact

- Tenants?
- Property managers?
- County staff?

How does compliance interplay with the bundle of components?

What concerns / unintended consequences should the Enterprise team be aware of?

# RENT STABILIZATION SCENARIO DISCUSSION

## Rent stabilization policy goal

- Increase housing stability for renters, especially those who are most vulnerable to being priced out of their homes

## A successful rent stabilization policy...

- Mitigates tenant displacement
- Ensures rental housing stock is maintained and managed well
- Supports increased supply of quality rental housing units

	Scenario A	Scenario B	Scenario C	Scenario D
<b>Permitted Rent Increase</b>	<b>Baseline:</b> CPI-W <b>Escalator:</b> 4% <b>Cap:</b> 7%	<b>Cap:</b> 3%	<b>Baseline:</b> CPI-U <b>Escalator:</b> 3% <b>Cap:</b> 6%	Whichever is higher: CPI-U OR 4%
<b>Decontrol</b>	<b>Rent banking:</b> capped at 10% <b>At vacancy:</b> no <b>Point of sale:</b> no <b>Condo conversions:</b> annual cap on units that can be converted	<b>Rent banking:</b> none <b>At vacancy:</b> CPI + 8% allowed with just cause evictions (not voluntary tenant transition) <b>Point of sale:</b> no decontrol <b>Condo conversions:</b> no policy	<b>Rent banking:</b> capped at 10% <b>At vacancy:</b> no <b>Point of Sale:</b> 1% <b>Condo conversions:</b> N/A	<b>Rent banking:</b> capped at 5% <b>At vacancy:</b> additional 2% <b>Point of sale:</b> no <b>Condo conversions:</b> annual cap on units that can be converted
<b>Unit Exemptions</b>	<b>Age:</b> properties built after 2024 <b>Size:</b> humans owning less than 10 units <b>Affordability:</b> dedicated affordable/mixed income properties <b>Substantial rehabilitations:</b> properties exempted for 20 years after rehabilitation is complete	<b>Age:</b> rolling 15-year exemption for new construction <b>Size:</b> none <b>Affordability:</b> dedicated affordable/mixed income properties <b>Substantial rehabilitations:</b> properties exempted for 15 years after rehabilitation is complete	<b>Age:</b> rolling 23-year exemption for new properties <b>Size:</b> owner-occupied duplexes and single-family dwellings <b>Affordability:</b> dedicated affordable/mixed income properties <b>Substantial rehabilitations:</b> 23-year rolling exemption for substantially renovated properties	<b>Age:</b> rolling 30-year exemption for new construction <b>Size:</b> none <b>Affordability:</b> dedicated affordable/mixed income properties <b>Substantial rehabilitations:</b> rolling 30-year exemption for new construction
<b>Landlord Exceptions</b>	<b>Fair return:</b> staff approval needed <b>Significant capital improvements:</b> staff approval needed <b>Services and facilities:</b> staff approval needed <b>Tenant petitions:</b> accepted	<b>Fair return:</b> landlords can self-certify up to 8%; staff approval needed for larger exceptions <b>Significant capital improvements:</b> landlords can self-certify up to 8%; staff approval needed for larger exceptions <b>Services and facilities:</b> no policy	<b>Fair return:</b> staff approval needed <b>Significant capital improvements:</b> staff approval needed <b>Services and facilities:</b> no policy	<b>Fair return:</b> staff approval needed <b>Significant capital improvements:</b> staff approval needed <b>Services and facilities:</b> staff approval needed
<b>Tenant Protections</b>	<b>Just cause eviction:</b> if permissible <b>Enforcement:</b> proactively enforced <b>Mediation:</b> required prior to judicial resolution	<b>Just cause eviction:</b> if permissible <b>Enforcement:</b> tenant-initiated <b>Anti-displacement &amp; mediation:</b> none tied to rent stabilization	<b>Just cause eviction:</b> no <b>Enforcement:</b> Tenant-initiated <b>Anti-displacement:</b> clause allows tenants to return if forced to leave due to needed improvements	<b>Just cause eviction:</b> if permissible <b>Enforcement:</b> proactively enforced <b>Anti-displacement:</b> clause allows tenants to return if forced to leave due to needed improvements



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	Scenario A
<b>Permitted Rent Increase</b>	<b>Baseline:</b> CPI-W <b>Escalator:</b> 4% <b>Cap:</b> 7%
<b>Decontrol</b>	<b>Rent banking:</b> capped at 10% <b>At vacancy:</b> no <b>Point of sale:</b> no <b>Condo conversions:</b> annual cap on units that can be converted
<b>Unit Exemptions</b>	<b>Age:</b> properties built after 2024 <b>Size:</b> humans owning less than 10 units <b>Affordability:</b> dedicated affordable/mixed income properties <b>Substantial rehabilitations:</b> properties exempted for 20 years after rehabilitation is complete
<b>Landlord Exceptions</b>	<b>Fair return:</b> staff approval needed <b>Significant capital improvements:</b> staff approval needed <b>Services and facilities:</b> staff approval needed <b>Tenant petitions:</b> accepted
<b>Tenant Protections</b>	<b>Just cause eviction:</b> if permissible <b>Enforcement:</b> proactively enforced <b>Mediation:</b> required prior to judicial resolution

# Scenario A

## Themes from feedback

- Alignment**
  - Provides more balance, but may impact property owners' ability to make needed investments in properties
- Tenant impact**
  - Provides more predictability and stability by setting a cap
  - Proactive enforcement lowers the burden on tenants
  - May have an impact on short-term tenants
- Landlord impact**
  - Rent banking allows flexibility
  - Setting a cap may allow space for misinterpretation, leading to landlords increasing by the cap instead of CPI-W + 4%
  - May cut back on operational costs to stay within the allowable rent increases
- Investor impact**
  - May deter acquisitions or investments in older properties
  - May discourage investment in new developments
- Revisions**
  - Lower cap
  - New construction exemption set on a rolling basis vs set date
  - Exemptions for subsidized properties
  - Including voluntary reporting requirement instead of proactive enforcement

	Scenario B
<b>Permitted Rent Increase</b>	<b>Cap:</b> 3%
<b>Decontrol</b>	<b>Rent banking:</b> none <b>At vacancy:</b> CPI + 8% allowed with just cause evictions (not voluntary tenant transition) <b>Point of sale:</b> no decontrol <b>Condo conversions:</b> no policy
<b>Unit Exemptions</b>	<b>Age:</b> rolling 15-year exemption for new construction <b>Size:</b> none <b>Affordability:</b> dedicated affordable/mixed income properties <b>Substantial rehabilitations:</b> properties exempted for 15 years after rehabilitation is complete
<b>Landlord Exceptions</b>	<b>Fair return:</b> landlords can self-certify up to 8%; staff approval needed for larger exceptions <b>Significant capital improvements:</b> landlords can self-certify up to 8%; staff approval needed for larger exceptions <b>Services and facilities:</b> no policy
<b>Tenant Protections</b>	<b>Just cause eviction:</b> if permissible <b>Enforcement:</b> tenant-initiated <b>Anti-displacement &amp; mediation:</b> none tied to rent stabilization

# Scenario B

## Themes from feedback

- Alignment**
  - A lower cap could lead to longer resident tenures and greater housing stability
- Tenant impact**
  - Lower, flat cap makes rents more predictable and stable for tenants
  - Tenants could suffer from worsening housing conditions if landlords cannot afford to reinvest in their properties
- Landlord impact**
  - Lower, flat cap is too restrictive and will disincentivize reinvestment
  - Higher decontrol threshold and robust exceptions provide a lot of flexibility for landlords to raise rents when needed
  - Landlords could be incentivized to evict tenants and/or file a lot of exceptions to raise rents beyond the standard 3%
- Investor impact**
  - Strong belief that the low cap will disincentivize reinvestment in properties and investment in new construction
- Revisions**
  - Greater staff capacity will be needed to review a higher number of landlord exceptions
  - The 3% cap needs to be higher to allow for reinvestment and not curtail new construction



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County Executive



	Scenario C
<b>Permitted Rent Increase</b>	<b>Baseline:</b> CPI-U <b>Escalator:</b> 3% <b>Cap:</b> 6%
<b>Decontrol</b>	<b>Rent banking:</b> capped at 10% <b>At vacancy:</b> no <b>Point of Sale:</b> 1% <b>Condo conversions:</b> N/A
<b>Unit Exemptions</b>	<b>Age:</b> rolling 23-year exemption for new properties <b>Size:</b> owner-occupied duplexes and single-family dwellings <b>Affordability:</b> dedicated affordable/mixed income properties <b>Substantial rehabilitations:</b> 23-year rolling exemption for substantially renovated properties
<b>Landlord Exceptions</b>	<b>Fair return:</b> staff approval needed <b>Significant capital improvements:</b> staff approval needed <b>Services and facilities:</b> no policy
<b>Tenant Protections</b>	<b>Just cause eviction:</b> no <b>Enforcement:</b> Tenant-initiated <b>Anti-displacement:</b> clause allows tenants to return if forced to leave due to needed improvements

# Scenario C

## Themes from feedback

- Alignment**
  - Generally well balanced and supports housing stability
  - Rent banking in combination with robust landlord exceptions can benefit both landlords and tenants
- Tenant impact**
  - Cap of 6% provides more predictability and stability
  - Tenant-based enforcement increases the burden on tenants
- Landlord impact**
  - Rent banking allows landlords flexibility year to year
  - The cap of 6% may not be enough to cover operational costs and reinvestment, especially when CPI change is low
- Investor impact**
  - A fixed-year exemption provides more certainty for investors than a rolling exemption, which could lead to less investment activity
  - Could lead to lower investment as properties age given the rolling exemption
- Revisions**
  - Re-balance by eliminating the rolling-exemption but adding more tenant protections



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# Scenario D

## Themes from feedback

- **Tenant impact**
  - Allowing increases of CPI-U above 4% may be harmful to tenants who are not seeing increases in salary.
- **Landlord impact**
  - Bad faith actors may take advantage of rent banking and increases at vacancy
- **Investor Impact**
  - May discourage investment
- **Revisions**
  - Lower cap
  - Should require an easier process for fair return petitions
  - Update MAARI to be the lower of the two
  - Set year exemption vs rolling exemptions

	Scenario D
<b>Permitted Rent Increase</b>	Whichever is higher: CPI-U OR 4%
<b>Decontrol</b>	<b>Rent banking:</b> capped at 5% <b>At vacancy:</b> additional 2% <b>Point of sale:</b> no <b>Condo conversions:</b> annual cap on units that can be converted
<b>Unit Exemptions</b>	<b>Age:</b> rolling 30-year exemption for new construction <b>Size:</b> none <b>Affordability:</b> dedicated affordable/mixed income properties <b>Substantial rehabilitations:</b> rolling 30-year exemption for new construction
<b>Landlord Exceptions</b>	<b>Fair return:</b> staff approval needed <b>Significant capital improvements:</b> staff approval needed <b>Services and facilities:</b> staff approval needed
<b>Tenant Protections</b>	<b>Just cause eviction:</b> if permissible <b>Enforcement:</b> proactively enforced <b>Anti-displacement:</b> clause allows tenants to return if forced to leave due to needed improvements

# CLOSING OUT

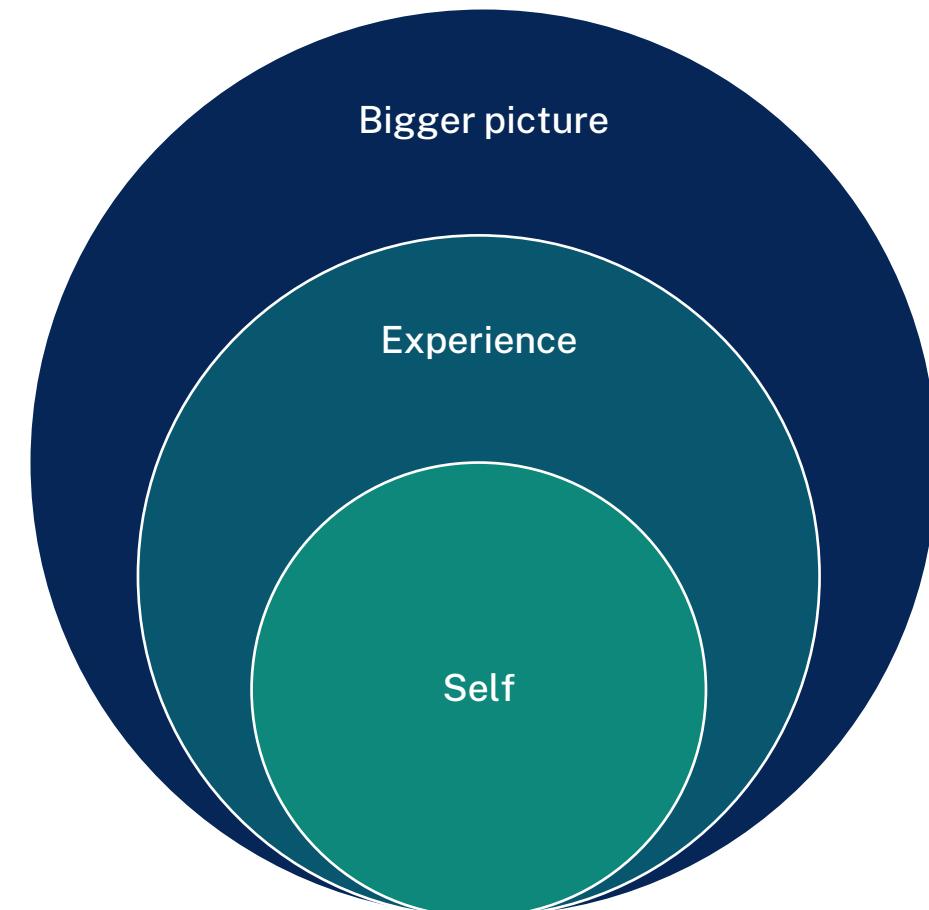
# Guided reflection: Mirror • Microscope • Binoculars

Get something to jot down your thoughts: a piece of paper and something to write with or open a document on your computer or note on your phone.

Take a few minutes to think about **your experience participating in the workgroup and its impact** on future action on housing in **Prince George's County** and on current and future residents.

Write responses to complete the following sentences:

- The impact of participating in this workgroup **on me** was...
- A lesson I learned about **collaborating on housing issues** was...
- The **legacy of our work** in Prince George's County will be...





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*County Executive*



# Where Have Been

# Prince George's County Rent Stabilization Working Group

