



Angela D. Alsobrooks  
County Executive



# Prince George's County **Rent Stabilization** Working Group Kickoff

August 14, 2023 | 2-3:30pm | virtual



# Agenda

- 01 INTRODUCTIONS
- 02 OBJECTIVES & APPROACH
- 03 GROUND RULES & EXPECTATIONS
- 04 RENT STABILIZATION PRIMER / REFRESHER
- 05 DATA ANALYSIS PLAN
- 06 NEXT STEPS



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# Enterprise Goals

We focus on the greatest need – the massive shortage of affordable rental homes – to achieve three goals:



## Increase Housing Supply

Preserve and produce good homes  
that people can afford



## Advance Racial Equity

After decades of systematic  
racism in housing



## Build Resilience & Upward Mobility

Support residents and strengthen communities  
to be resilient to the unpredictable

# About the Urban Institute

- The Urban Institute is the trusted source for unbiased, authoritative insights that inform consequential choices about **the well-being of people and places** in the United States. We are a nonprofit research organization that believes decisions shaped by facts, rather than ideology, have the power to improve public policy and practice, strengthen communities, and transform people's lives for the better.

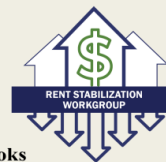
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OUR MISSION IS TO OPEN MINDS,  
SHAPE DECISIONS, AND OFFER  
SOLUTIONS THROUGH ECONOMIC  
AND SOCIAL POLICY RESEARCH.

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**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*)

**Kony Serrano\***  
Deputy Chief of Staff,  
District 7

\*Designated proxy for Councilmember Oriadha



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# OBJECTIVE & APPROACH

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



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# Approach

to meeting this objective over the next five months

|                             |  |
|-----------------------------|--|
| 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                           |

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



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# GROUND RULES & EXPECTATIONS



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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

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

# Expectations

## WHAT THIS GROUP IS HERE FOR:

- Share
  - experiences,
  - perspectives, and
  - expertise
- Provide community viewpoints throughout the policy development process
- Be fully prepared for and engaged in working group meetings
- Connect abstract concepts to realities of Prince George's County

## WHAT THIS GROUP IS NOT HERE FOR:

- Debate for the sake of debate
- Final decision-making body



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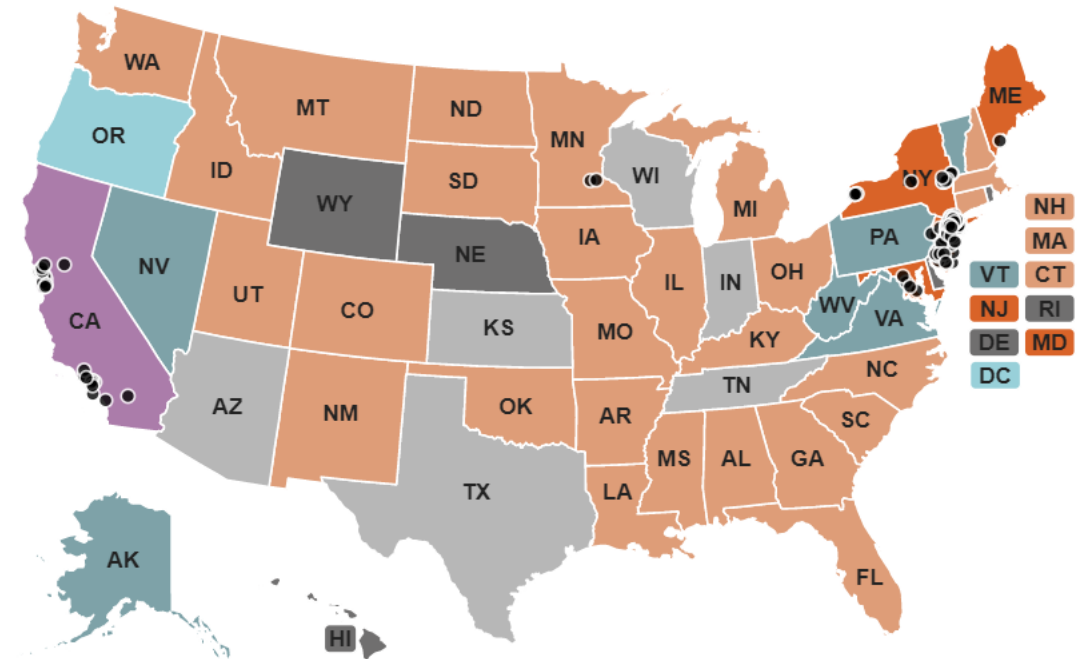
# RENT STABILIZATION PRIMER / REFRESHER

# Rent control/rent stabilization

- “Rent control” is a loose term used to cover a spectrum of rent regulations
  - Can vary from hard caps on maximum rents to limits on the amount that rent can increase over time
  - First implemented in the United States during World War II as a hard ceiling on rents (generally referred to as rent control)
  - Evolved into a less stringent and more nuanced regulatory scheme (generally referred to as rent stabilization)
    - Modern rent stabilization generally involves a cap on annual rent increases along with a set of accompanying regulations such as vacancy decontrol, condominium conversion regulation, hardship clauses, and exemptions based on building type and age

# The current state of rent stabilization

- As of 2022:
  - Seven states and the District of Columbia have localities in which some form of residential rent stabilization is in effect (California, New York, New Jersey, Maryland, Maine, Oregon and Minnesota)
  - Thirty-seven states either prohibit or preempt rent stabilization
  - Seven states allow their cities to enact rent stabilization but have no cities that have implemented it



Source: National Multifamily Housing Council



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# Policy Components

|                          |   |
|--------------------------|---|
| Permitted rent increases | <ul style="list-style-type: none"><li>• Greatest rent rate or increase in rent</li><li>• How jurisdictions determine rent increases</li></ul>   |
| Types of housing covered | <ul style="list-style-type: none"><li>• What housing is protected by the rent stabilization policy</li><li>• What housing is not protected by the rent stabilization policy</li></ul> |
| Unit decontrol           | <ul style="list-style-type: none"><li>• How units become unregulated</li></ul>  |
| Exceptions               | <ul style="list-style-type: none"><li>• Increases permitted to owners in specific circumstances (e.g., capital improvements needed)</li></ul>   |
| Tenant protections       | <ul style="list-style-type: none"><li>• Policies to mitigate evictions and/or tenant harassment</li></ul>   |



# Choice of cap/permitted rent increases



Set using a fixed formula determined by a state or local housing agency, or determined each year or in some other interval by a rent stabilization board



Programs with formula-based rent increases use a few common methods to set their yearly increases, such as the following:

- 1) increases equal to the full amount of the annual consumer price index (or some other flat percentage)
- 2) increases equal to a percentage of the annual consumer price index
- 3) changes in the cost of living throughout the duration of a lease



Anti-gouging: sets high max rent increase caps

# Defining the rent-controlled stock

- Most rent stabilization policies exempt new construction, exempt buildings constructed after a certain date, or offer a grace period before a building is incorporated into the controlled stock
- They also generally exclude small buildings and single-family homes. But this raises equity concerns:
  - Single-family homes have become an increasingly larger share of the rental housing stock, particularly in racially diverse neighborhoods, and their tenants are more likely to have children living in poverty
  - And some large landlords own many small units, allowing them to evade rent stabilization regulations
  - Potential solutions:
    - Washington, DC, uses an alternative approach that bases coverage on the size of the owner's portfolio, rather than on the number of units within a building
    - California's 2019 Tenant Protection Act differentiates between small landlords and investors by ensuring that real estate investment trusts and corporate owners of single-family rentals are included in the coverage

# Exceptions to rent caps

- Cost pass-throughs for maintenance or capital improvements
  - Meant to address property quality and maintenance concerns, but some tenant advocates argue that these improvements and subsequent pass-throughs can be unnecessary and overburden tenants
- Right to fair return
  - Hardship petitions seeking approval to raise rents over the standard permitted rent increases, typically calculated as a measure of income the property generates against the approved operating costs and valuation
    - In Washington, DC, landlords can file a petition if they earn anything less than a 12 percent rate of return on their investment property
- Banked increases
  - Allows landlords to not increase rents in some years but to bank them and use them in a later year

# Vacancy decontrol

- Allows landlords to raise rents to market rate or exclude units from regulation after a vacancy
  - Creates an incentive for landlords to displace current tenants and encourages them to select tenants who are more mobile and often have higher incomes
  - Studies have shown that cities with vacancy control—places 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)

*“We do like students. Number one, they leave...I always do raise the rents to market rates when they leave. The best tenants are the people that pay the most.” - Small landlord*

# Tenant protections

*“The landlord doesn’t have to evict them, they can just choose to not renew their lease if they think somebody else will come in and pay more.” – Housing policy researcher*

- Many jurisdictions have enacted tenant protections such as just-cause eviction requirements to mitigate the negative impacts of vacancy decontrol
- However, landlords have found so many loopholes around these protections that vacancy control may be the only way to truly ensure the stability and rights of tenants in rent-controlled units
  - Landlords may pressure and harass tenants to leave or reduce services and maintenance to rent-controlled units

# Data Analysis Plan

# Our initial analysis will focus on describing the current housing conditions and trends in Prince George's County

- Rental costs
- Renter characteristics
- Housing stock

# For rental costs, we will look at the following

Market rent per unit & year over year rent growth

Average asking rent by submarket

Rent growth by submarket

Rent growth compared to surrounding jurisdictions

Average asking rent by jurisdiction

Average asking rent by building class

Rent growth by building class



# For renter characteristics, we will look at the following

Age of  
population by  
tenure of  
housing

Renter  
households by  
race/ethnicity  
over time

Year householder  
moved into the  
unit by tenure

Tenure by  
median income

Tenure by  
income ranges

Household  
income range  
(over time)

AMI of cost-  
burdened renter  
households

Share of renter-  
households cost  
burdened (over  
time)

# For housing stock, we will look at the following

Number of housing units by tenure (over time)

Tenure by number of units in structure

Year structure built for renter-occupied housing

Year structure built for renter-occupied housing (compared to nearby jurisdictions)

Vacancy rate (over time)

# We will also explore the feasibility of collecting data on the following topics

- Fees incurred by landlords and developers
  - ☐ Operating expense trends for multifamily rental properties
  - ☐ Escalation of fixed expenses, such as insurance, property taxes, and maintenance costs
  - ☐ Capital improvements required at different stages in the life of a project
- Fees incurred by tenants
  - ☐ Co-op fees
  - ☐ Other fees
- Change in the housing component of the CPI over time for the region

## Other topics we'd like to explore



Descriptive information about rental property owners (how many are LLCs, how many units do they own, etc.)



Maps showing where all rental properties are located in the county overlaid with information about income and race/ethnicity of the census tract



Analyses of which rental units would be regulated under various rent control regulations

Based on building size, age of building, and owner characteristics



Rent growth adjusted by wage growth, since wages in many places did not keep up with inflation



Analyses of displacement/renter turnover for the county



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# What other data/topics would you like to see?



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# Looking Ahead

## Prince George's County Rent Stabilization Working Group

