

Montgomery County Council

Testimony on behalf of County Executive Marc Elrich on Expedited Bill 22-22 Landlord-Tenant Relations – Limitations on Rent Increases

July 26, 2022

1:30 p.m.

Good afternoon, Council President Alborno and Councilmembers, my name is Aseem Nigam, Director of the Department of Housing and Community Affairs. I am here on behalf of the County Executive in support of Bill 22-22,

This temporary limit will provide a transition time of six months for tenants to adjust to current extraordinary inflation impacts. We understand that landlords need to maintain their buildings and the increased operating costs, and the 4.4% limit represents the total Housing component of regional CPI, which reflects key components of the costs of operating residential buildings.

Even with low unemployment, the economy has not recovered to pre-pandemic levels: We have almost 30,000 fewer employed persons since the start of the pandemic. Census surveys indicate up to 20% of renters in Maryland have not been able to get current on rent, consistent with County surveys. Many households remain in distress due to lost jobs and businesses, as well as health impacts. These challenges are now compounded by cost-of-living increases that offset wage or benefit increases. This fall, the County Executive will be proposing approaches to address affordability for lower income residents.

DHCA has so far received 66 reports of rent increases ranging from 6% to 92%, averaging 22%, from tenants who reported excessive rent increases. Rents at \$1,730, affordable to households at MPDU level of 65% of area median income, would see increases of \$380 a month, \$4,560 a year at 22%. These reported rent increases represent amounts that create housing, food, and health insecurity. A transition period of six months will allow renters time to adjust their budgets and work on alternate housing arrangements – before unregulated rent increases go into effect.

This Bill will limit rent increases notices to 4.4% for six months, limiting the effective date of unrestricted rent increases for nine months, given the 90-day notice requirement.

By providing this reasonable period of limitations, we can support landlords and tenants in working together.

Thank you.