



OFFICE OF CONSUMER PROTECTION

Marc Elrich
County Executive

Eric Friedman
Director

Memorandum

December 5, 2022

TO: County Council President Evan Glass
Planning, Housing, and Economic Development (PHED) Committee

FROM: Eric Friedman, Director
Office of Consumer Protection

SUBJECT: Expedited Bill #30-22

Expedited Bill #30-22 serves as a technical amendment to remedy a “loophole” in Chapter 8-27(g) of the County Code which unlicensed contractors have been using to build new homes without obtaining the required construction permits from the Department of Permitting Services (DPS).

As a result: 1) new home purchasers do not receive warranty protection; 2) certain construction code requirements and procedures are not followed; and 3) registered new home builders are unfairly paying fees that unregistered contractors are avoiding.

Bill #30-22 resolves the current “loophole” by better defining the word “entire” in Chapter 8-27(g). This amendment is supported by DPS, OCP, and the Maryland Building Industry Association (MBIA) and does not change the intent of the current code which requires contractors to obtain a new home permit when they demolish an existing home.

Understanding the current “loophole”

Some unlicensed contractors take advantage of the current residential building code’s definition of “demolish” and “entire”. These unlicensed contractors falsely state to DPS that the contractor is applying for an “Addition-Alteration” permit rather than a “New Home” construction permit, when in fact the contractor is tearing down an existing single-family house and constructing & selling a new home.

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When the existing house is demolished, the contractor temporarily leaves a small section of the existing house standing or incorporates a small section of the existing house into the construction of the new house. In doing so, the unlicensed contractor claims that the contractor is not demolishing the “entire” existing house; and therefore, claims that the contractor is not constructing a “New Home” for which: 1) a new home construction permit from DPS is needed; 2) a New Home Builder registration from OCP is needed; and 3) registration with the Maryland new home guarantee fund is required.

ESF/wd

CC: Mitra Pedoeem, Director, Department of Permitting Services (DPS)

Griffin Benton, Vice President Maryland Building Industry Association (MBIA)



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