

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1285

(Howard County Delegation)

Environment and Transportation

Budget and Taxation

Howard County - Fee for Rental Housing Services - Established
Ho. Co. 15-21

This bill establishes additional fees on rental housing licenses issued in Howard County to fund legal and educational services to tenants and landlords, as specified. The Howard County Executive is authorized to designate a county department or another entity, including a nonprofit corporation, to provide the educational and legal services required under the bill. The county must provide the legal and educational services under the bill beginning October 1, 2021. By December 1, 2022, and each December thereafter, the county executive must prepare and submit an annual report to the Howard County Delegation on funds collected, funds spent, and services provided under the bill. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: None.

Local Effect: Howard County revenues increase by at least \$500,000 annually beginning in FY 2022 from the collection of additional rental housing license fees under the bill, as discussed below. Howard County expenditures increase beginning in FY 2022 to the extent the county incurs additional legal and educational service costs under the bill. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Potential meaningful impact on small businesses that own or operate dwelling units that may be subject to additional rental housing license fees under the bill.

Analysis

Bill Summary: The bill defines “educational services” as services that (1) educate tenants and landlords about rights and protections afforded to them under federal, State, and local laws, regulations, and ordinances; and (2) provide information about, and referrals to, available resources including rental assistance and eviction prevention. The bill defines “legal services” as services designed to prevent tenants from being evicted, including representation during eviction proceedings or landlord-tenant mediation.

License Fee

Beginning in fiscal 2022, the bill establishes an additional \$30 rental housing license fee in the county for specified dwelling units. The bill excludes the fee for (1) an assisted living unit; (2) a group home unit; (3) a hotel, motel, or bed and breakfast unit; or (4) a continuing care retirement community licensed by the Maryland Department of Aging. Beginning in fiscal 2023, the Howard County Council is authorized to alter the fee by resolution. The fee remains in effect until it is altered by resolution by the county council.

For *moderate* income housing units or other units in the county for which rental rates are restricted through federal, State, or county agreements to ensure long-term affordability, the rental housing license fee in fiscal 2022 is \$15 per unit. Beginning in fiscal 2023 and each fiscal year thereafter, the fee is 50% of the set per unit amount.

Educational and Legal Services

Under the bill, educational services must be provided to any tenant or landlord in need of assistance. Legal services must be made available to any tenant with a household income of up to 60% of the median household income in Howard County.

Current Law: Under Section 14-901 of the Howard County Code, the owner of a dwelling unit is not authorized to rent or lease a dwelling unit unless they obtain a rental housing license. Exceptions to the licensing requirement include occupancies of less than 90 days if (1) the seller of a dwelling unit allows the purchaser to occupy the dwelling unit prior to settlement; or (2) the purchaser of a dwelling unit allows the seller to occupy the dwelling unit after the settlement. Hospitals and prisons are also excluded.

License Fee

The county council sets by resolution the amount of rental housing license fees and any other special fees associated with the licensing of rental housing. Currently, rental housing license fees are charged on a biennial basis in the county. The fee for single- and

multi-family dwelling units is \$85 per unit. The fee for a rooming unit (single sleeping room) is \$50 per sleeping room.

Local Revenues: In fiscal 2020, Howard County received approximately \$1 million annually from rental housing license fees. The Howard County Department of Inspections, License, and Permits (DILP) estimates that revenues will increase by \$500,000 annually beginning in fiscal 2022 from the additional \$30 rental housing license fee proposed under the bill. DILP advises that it cannot track specified moderate income housing units; therefore, any additional revenue received from the \$15 moderate income rental housing license fee proposed under the bill cannot be reliably estimated.

Local Expenditures: The county is required to use the revenues from the additional rental housing fees under the bill to offer educational and legal services to specified landlords and tenants. Howard County advises that expenditures cannot be reliably estimated as they are dependent on the number of eligible requests. Based on information provided by the Association of Community Services of Howard County, the number of eviction filings issued by the Howard County District Court (warrants of restitution received by the Sheriff's Office) were 6,234 in fiscal 2019 and 5,340 in fiscal 2018. There were 515 evictions in fiscal 2019.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Howard County; Department of Legislative Services

Fiscal Note History: First Reader - March 15, 2021
rh/tso Third Reader - March 23, 2021

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