



Mayor and Council

Work Session – Chapter 18 Code Update,
Rental Facilities and Landlord-Tenant
Relations

December 8, 2025



Outline

- Requested Feedback
- Background
- Alterations to Current Code
- New Policies
- Next Steps
- Requested Feedback



Requested Feedback

Do you agree with staff's recommendations for:

1. Alterations to the current code?

→ Examples: Two-Year Lease Terms, Early Lease Termination, Lease Review and Receipt, Tenant Organizing, Non-Electronic Payments, Rental Payment History

2. New policies to be added?

→ Algorithmic Rent Pricing Ban, Court Costs and Legal Fees, Fee Transparency and Regulation, Guarantor Requirements, and Repair and Deduct

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Background

- Housing is one of five focus areas
- Fall 2024: Three work sessions on the city's housing strategies. Comprehensively updating Chapter 18 was approved as a strategy by the Mayor and Council.
- June 2025: Work session on data reporting and transparency in Chapter 18.
- November 2025: Work session on rental licensing inspections.

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Background

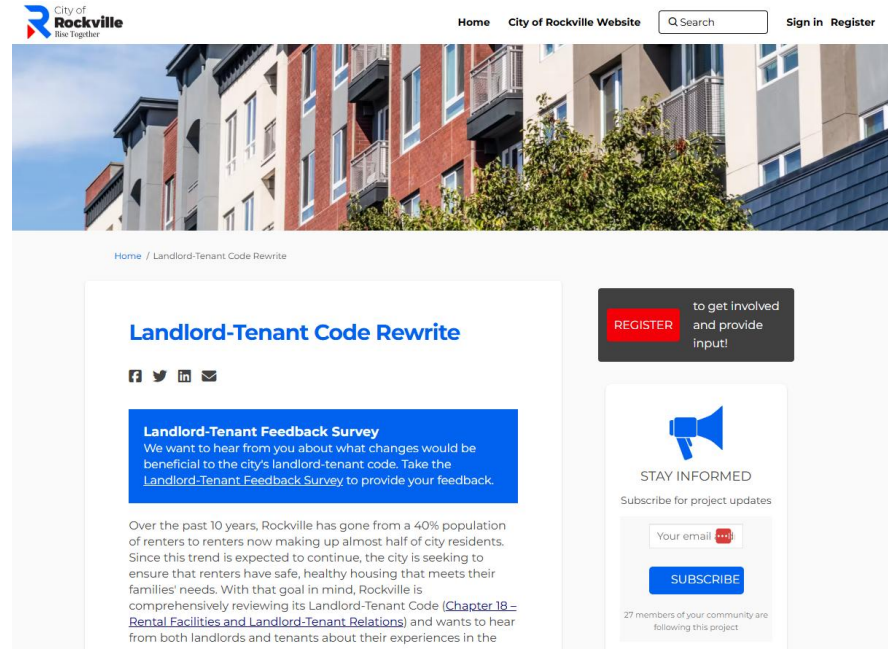
Goals for the Landlord-Tenant Code Rewrite

- Provide clarity on existing code elements.
- Consider alignment with surrounding jurisdictions' codes and ensure alignment with state of Maryland law.
- Improve housing stability and opportunities for tenant agency.
- Require greater transparency for tenants.
- Review local and national best practices.
- Better connect data collection and city goals.

Background

Public Engagement

- Hosted two virtual input meetings – one with landlords, one with tenants
- Published Engage Rockville webpage with project information, survey, comment form, and question portal
- Received input and met with stakeholders



Screenshot of Engage Rockville Webpage



Background

Public Feedback – Tenant Concerns

- Rising rents
- New fees
- Discrepancies between the city and county protections
- Lack of information regarding landlord and property
- Desire for a relocation assistance policy
- Neglected or untimely maintenance
- Protection against retaliation
- Lack of an air conditioning requirement

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Background

Public Feedback – Landlord Concerns

- Increasing costs (taxes, fees, HOA payments)
- Length and difficulty of eviction proceedings
- Difficulty of rental license application process
- Responsiveness of city staff and lack of clear points of contact
- Keeping up with and adhering to code requirements
- Confusion around Voluntary Rent Guidelines



Alterations to Current Code

1. Definitions: Improve clarity and be in alignment with the Zoning Ordinance Rewrite.
2. Purposes and Policies: Enhance in alignment with goals; for example, by adding: "To improve housing stability and opportunities for tenant agency."
3. General Clarifications: Includes clarifications to the Landlord-Tenant Affairs Commission's processes.
4. Two-Year Lease Terms: Require to be offered.

Alterations to Current Code

5. Early Lease Termination: Add reasons for tenants to terminate the lease early, including:

- Domestic violence;
- The unit being deemed unable to be occupied for a certain number of days;
- The landlord's rental license being revoked for reasons related to the tenant's unit; and
- The landlord failing to make certain repairs required to correct a violation that affects the health and safety of the tenant.

6. Lease Review and Receipt:

- Prospective tenants must receive a copy of their proposed lease at least 2 days prior to the day of its execution, unless the tenant requests otherwise.
- Reduce the amount of time the landlord must provide the tenant with an executed copy of the lease from 10 days of its execution to 3 business days.

Alterations to Current Code

7. Renewal Letter: Require the rental amount included in the renewal offer letter to match the rental amount listed on the renewed lease.

8. Tenant Organizing:

- Clarify that tenants may form, join, meet, or assist one another independently of property management or ownership.
- Prohibit landlords from charging tenant organizations fees for the use of meeting rooms or common areas.
- Allow tenants and tenant organizations to invite guests, including non-resident organizations, onto the premises to conduct activities related to the tenants' concerted activities, unless an individual has been otherwise prohibited.

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Alterations to Current Code

9. Non-Electronic Payments: Tenants must be provided an option to make payments via non-electronic or web-based methods without being charged additional fees.

10. Rental Payment History: Tenant shall be able to request and receive their entire rental payment history.

11. Notice Requirements: For all legally required notices, notice must be provided in hardcopy, written format.

12. Rental Inspection Frequency: Remove the requirement to inspect single-family dwellings when the tenant changes.



Alterations to Current Code

13. Data Collection, Reporting, and Posting Requirements:

- *Lease Collection:* Landlords must submit standard leases at the time of rental license renewal.
- *Applicability:* All landlords of apartment complexes with 8 or more units must submit data reporting.
- *Notice of Requirements of Rent Increases:* Remove requirement for landlord to provide DHCD director with rent increase information when notifying the tenant of an increase.
- *Reporting Frequency:* Change from monthly to annual at time of rental license renewal and collect data through rental licensing process.
- *Record Holding Requirement:* Allow DHCD to request records on actual monthly utility costs include gas, electric, heating, fuel, trash removal, water and sewer, and any other expense which is passed onto tenants as a fee.



Alterations to Current Code

13. Data Collection, Reporting, and Posting Requirements (cont.):

Mandatory Reporting Requirements: Data required to be reported as a part of the annual rental licensing process would include:

- A copy of the standard lease
- Owner information (name, address, phone number)
- Structure information (location, type, year built, number of units)
- Amenities
- Utilities included in rent
- Schedule of possible fees charged in addition to monthly rent
- Individual unit information, including unit number, bedrooms, square footage, most recent monthly rent, whether unit has restrictions on rent increases (for cases of non-profit housing)



New Policies

Algorithmic Rent Pricing Ban

Background

- Rental pricing algorithms use extensive market data to predict and recommend rents that will maximize profit
- Can lead to price coordination and erode market competition
- Many lawsuits have been filed against algorithmic rent pricing companies
- Increases rents an estimated \$112/month in the D.C. region
- Eight properties in Rockville are named in U.S. DOJ lawsuit, representing 2,000 apartments
- New York, California, and 11 cities have banned the practice

New Policies

Algorithmic Rent Pricing Ban

Recommendation: Ban algorithmic rent pricing in Rockville.

Considerations:

- Be broad enough to cover noncompetitive rent pricing agreements generally.
- Define algorithmic devise as ones that use non-public competitor data.
- Also address price collusion on fees or any other rental terms.
- Exempt owners of multiple properties for actions related exclusively to multiple properties controlled by the same rental property owner.
- Craft language in such a way that the city's planned data reporting on rental increase rates would not be in violation.



New Policies

Court Costs and Legal Fees

Background

- Landlords are only able to recover court costs from tenants if 1) the court rules in the landlord's favor, 2) the lease allows it, and 3) the total amount does not exceed the security deposit.

Recommendation: Prohibit leases from requiring a tenant to pay legal costs or attorney fees other than those awarded by a court. Any lease that requires a tenant to pay legal fees must:

- Specify attorney's fees aren't a part of the tenant's rent
- Obligate the landlord to pay tenant's attorney fees if the tenant wins in court



New Policies

Fee Transparency and Restrictions

Background

- Non-rent fees can add 10-30% to renters' total monthly costs
- Sometimes fees can be undisclosed, unpredictable, and arbitrary
- Maryland recently set maximums for security deposits and application fees

New Policies

Fee Transparency and Restrictions

Transparency Recommendations:

- *In Advertising:* Require disclosure of all mandatory fees whenever a price is advertised or displayed (including online), as well as whether utilities are included in rent. Mandatory monthly fees may be included in or stated with the monthly rent, but must be separately stated otherwise.
- *Prior to Lease Signing/At Lease Renewal:* Fully disclosure all fees prior to lease agreement being certified by both parties and at the time of lease renewal. Must include whether the fee is optional, the basis, the amount, and frequency. Also, landlord must disclose estimated utility costs.



New Policies

Fee Transparency and Restrictions

Transparency Recommendations (cont.):

- *In Lease Agreement*: Must define mandatory fees and note the total monthly charge including rent and any mandatory fees. Must also clearly state which utilities the tenant is responsible for.
- *Violations*: Tenant may recover up to three times the amount of any fees charged to the tenant in violation of the code, plus reasonable attorney's fees. Action may occur at any time during the tenancy or within two years after the tenancy's termination.



New Policies

Fee Transparency and Restrictions

Restriction Recommendations: Align with Montgomery County by prescribing what types of fees are allowed, while still allowing fees for services opted into by the tenant and not setting maximums that are inflation-adjusted annually.

Considerations:

- Not allow fees for services/amenities previously included in the rent or provided to current/prior tenants at no cost.
- Not allow fees for maintenance.
- Landlords may not back-charge for fees.
- If a tenant pays more than what is owed, they must be refunded.
- Fees may only be increased at time of lease renewal and with a 90-day notice.
- May not charge any administrative or processing fees for utilities, including for trash.



New Policies

Fee Transparency and Restrictions – Recommended Allowable Fees

Type of Fee	Fee Details
Application fee	Apply state law to all landlords, rather than only those with 5 or more rental units
Bicycle parking fee	Not exceed 1/6 of any motor parking fee for a bike locker and 1/10 for any other space
Common ownership community (COC) penalties	May pass on the penalty cost if tenant is found in violation of the bylaws of a COC
Internet, tech, cable	May charge actual cost to landlord, divided by # of units voluntarily opting in, without any additional fees. Cannot be mandatory or include common area service.
Lost key fee	May charge actual cost to landlord, plus \$25
Lock out fee	If third party is used, charge may not exceed actual charge for the service
Motor vehicle or motorcycle parking	Permitted for tenants who have opted into use of parking facilities
Optional fees	Permitted as long as landlord has provided certain information
Pet fee	May charge a refundable deposit and non-refundable monthly fee
Secure storage fee	No fee for storage located within, attached to, or associated with a unit



New Policies

Guarantor Requirements

Background

- Guarantor is a person or company who agrees to take financial responsibility for a tenant's rental payments if tenant is unable to pay
- Landlords may require “risky” tenants to have a guarantor
- Guarantor fees range from 4-10% of annual rent (\$2,400 on a \$2,000/month apt.)
- No localities have placed restrictions on when a guarantor is required

Recommendation

- Create parameters for when a landlord may require a guarantor
- Landlord must provide the tenant the reason in writing



New Policies

Repair and Deduct

Background

- Another tool for when repairs are not being made in a timely fashion.
- Maximum allowable deduction has been set almost universally at up to one month's rent.
- Process can only be pursued after giving the landlord a reasonable amount of time and a notice of violation has been provided.

Recommendation: Model off Montgomery County's Repair and Deduct policy, but consider going up to two months of rent in maximum deduction.



Next Steps

For Discussion at Next Work Session

- More new policies
- Programmatic enhancements
- Recommendations for review of other code sections



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