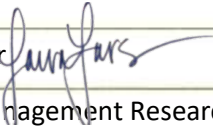



FROM	NAME & TITLE	Laura Larsen, Budget Director 	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 469, City Hall		
	SUBJECT	City Council Bill 23-0357 – Strengthening Renters’ Safety Act		

DATE:

TO

The Honorable President and
Members of the City Council
City Hall, Room 400

November 27, 2023

Position: Defer to DHCD

The Department of Finance is herein reporting on City Council Bill 23-0357 – Strengthening Renters’ Safety Act, the purpose of which is to establish criteria for priority dwellings and priority inspections of multi-family rental dwellings based on the number of units and the number of 311 complaints registered against a particular property.

Background

Council Bill 23-0357, the Strengthening Renters’ Safety Act, would define priority dwellings and develop a new inspection process for these dwellings. The legislation also seeks to update licensing fees and create the Baltimore City Rental Licensing and Inspection Task Force.

On August 1st, 2018, City Council Bill 18-0185, Non-Owner-Occupied Dwelling Units, Rooming Houses, and Vacant Structures – Rental Dwellings – Registration and Licensing, went into effect. In addition to inspections for multi-family dwellings, this legislation added licensing requirements for non-owner-occupied 1- and 2-family dwellings.

As part of the 2023 Maryland General Assembly session this year, the legislature passed HB0036, Real Property- Actions to Repossess- Proof of Licensure, that would require landlords to submit evidence of compliance with local rental property licensure requirements when filing a written complaint to repossess the property from the tenants. This bill, approved by Governor Moore in May, will go into effect on October 1, 2023, and will be another step to ensuring that landlords comply with local licensing laws.

Another bill introduced in the 2023 General Assembly, HB0691, Landlord and Tenant - Failure to Repair Serious and Dangerous Defects - Tenant Remedies (Tenant Safety Act), would have further established requirements that a dwelling for rent is deemed fit for human habitation, adding the existence of mold as a serious and substantial threat to the health of the occupants. It would also have established court-held escrow accounts for any tenants who file a request against a landlord for mold-related issues in a leased dwelling. The bill did not make it out of committee during this year’s session.

Fiscal Impact

The Department of Finance anticipates the cost of implementing the proposed legislation is approximately \$975,000 annually. The Department of Housing and Community Development (HCD) anticipates needing 11 new positions to provide adequate staffing to support this legislation. This includes a team of 5 Housing Inspectors (a Senior Housing Inspector and 4 Housing Inspectors) to oversee and implement the inspection

process. Three office support positions would be needed to assist with the administrative tasks including coordination and scheduling, along with a Data Analyst to comply with the requirements of this proposal. Additionally, two Ombudsman positions would support with investigations and community outreach efforts to support impacted tenants. The total annual cost of these positions is \$924,401 (based on Fiscal 2024 salary and benefit costs). Supply and material costs for these positions will be approximately \$50,000 annually. HCD also anticipates costs may increase based on software enhancements needed for the City's permitting system to accommodate the legislation change.

Classification	Staffing Costs
(1) Housing Inspector Senior	\$ 82,953
(4) Housing Inspectors	\$ 310,882
(1) Office Support Specialist III	\$ 62,845
(2) Secretary II	\$ 125,690
(2) Ombudsman	\$ 203,162
(1) Data Analyst	\$ 138,869
Total Staffing Costs	\$ 924,401
Total Material and Supply Costs	\$ 50,000
Total Estimated Cost	\$ 974,401

The Department of Finance estimates the new licensing fees from the program could generate between \$2.0 million to \$4.1 million annually. Based on these revenue estimates, the potential net impact of the legislation ranges from approximately \$1.0 million to \$3.1 million in new revenue.

Other Considerations

This legislation proposes utilizing 311 calls as a criterion for defining a priority dwelling. As proposed, a formula would be derived taking the number of recorded 311 calls related to the health and the habitability for the rental unit dwelling and dividing that by the total number of dwelling and rooming units in the rental dwelling. If that number exceeds the minimum value in the table below, the rental dwelling could be considered a priority dwelling.

Total Number of Units	Minimum Value	Number of Calls Required
20 - 50	0.75	15-37.5 calls
51 - 150	0.5	25.5 - 75 calls
151+	0.25	37.75 calls+

Based on the proposed formula, a rental dwelling with 50 units would require at least 37.5 calls to 311, while a rental dwelling with one additional unit (51) would only require 25.5 calls to 311 to be considered a priority dwelling. Likewise, a rental dwelling with 150 units would require 75 calls to 311, while a rental

dwelling with one additional unit (151) would only require 37.75 calls to 311. Because the minimum value shifts depending on the number of units, this could lead to an unintended and inequitable outcome for Baltimore City residents depending on the number of units within a rental dwelling.

Conclusion

The Department of Finance ultimately understands the intent of the legislation. While the costs related to this legislation could be recovered through additional licensing fees, it is likely those fees could be passed on to tenants. DHCD has identified numerous concerns with the legislation which would be problematic or cause duplicative work.

For the reasons stated above, the Department of Finance defers to DHCD on City Council Bill 23-0357.

cc: Michael Moiseyev
Nina Themelis