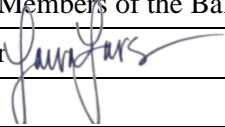




CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Laura Larsen, Budget Director 
DATE	9/12/2024
SUBJECT	City Council Bill 21-0077R, Landlord Licensing

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

The Department of Finance is herein reporting on City Council Bill 21-0077R, Landlord Licensing the purpose of which is an informational comprehensive report hearing regarding the implementation of City Council Bill 18-0185.

Council Bill 18-0185 added certain non-owner occupied 1- and 2- family dwellings to the licensing, inspection, and related requirements for multi-family dwellings and rooming houses, to modify procedures and prerequisites for registration and licensing of these units, and to provide for the imposition of penalties and/ or denial suspension or revocation of licenses for rental dwellings.

Background

The City Council passed 18-0815 to reform the residential property licensing system in Baltimore City in 2018 and the legislation went into effect in January 2019. Prior to this legislation, all non-owner-occupied dwelling units were required to be registered with the City. However, the only units that were required to be licensed and inspected were properties with three or more units, or two units and an additional use.

Council Bill 18-0185 changed this by requiring that all one- and two-unit properties be inspected and licensed. At the time, according to DHCD, they represented 43% of the rental market. The legislation also shifted inspections from City inspectors to a state licensed home inspector that registered with the City.

The legislation also changed the licensing system from an annual renewal of a 1-year license, to a three tiered license renewal system of one-, two- or three-year period. The initial license issued under this new system was a two-year license. Then depending upon how the owner's performance in resolving violation notices or orders during that initial period, a license would be issued utilizing the tiered system of one-, two- or three-years.

Revenue/Expenditures

When preparing a report for City Council Bill 18-0185 BBMR did not make any revenues projections regarding the proposed reforms. The table below summarizes actual revenues received from rental property registrations from Fiscal 2014 through Fiscal 2024. Actual revenues have ranged from \$2.6 million in Fiscal 2023 to \$5.8 million in Fiscal 2021. The drop off in revenue in Fiscal 2022 and Fiscal 2023 can be attributed to the lingering impacts of the COVID-19 pandemic and the City's transition to the Workday financial system.

Rental Property Registration Budget vs. Actual Revenue: FY14 through FY24			
Fiscal year	Budgeted Revenue	Actual Revenue	Difference
Fiscal 2014	\$4,500,000	\$4,750,445	250,445
Fiscal 2015	\$5,000,000	\$4,805,847	-194,153
Fiscal 2016	\$5,090,000	\$4,870,890	-219,110
Fiscal 2017	\$5,186,710	\$5,118,154	-68,556
Fiscal 2018	\$4,997,945	\$5,118,429	120,484
Fiscal 2019	\$5,036,900	\$5,137,363	100,463
Fiscal 2020	\$5,100,000	\$4,214,967	-885,033
Fiscal 2021	\$5,217,000	\$5,788,285	571,285
Fiscal 2022	\$5,306,000	\$3,901,776	-1,404,224
Fiscal 2023	\$5,450,000	\$2,613,144	-\$2,836,856
Fiscal 2024 Estimate (Q3)	\$4,000,000	\$6,000,000	\$2,000,000

Conclusion

The Department of Finance will attend the hearing for this Resolution and respond to any fiscal inquiries.

cc: Michael Mocksten
Nina Themelis