

# Work Session

|                      |                                   |
|----------------------|-----------------------------------|
| <b>Agenda Item #</b> | 4                                 |
| <b>Meeting Date</b>  | February 3, 2016                  |
| <b>Prepared By</b>   | Sara Anne Daines<br>HCD Director  |
| <b>Approved By</b>   | Suzanne R. Ludlow<br>City Manager |

|                              |  |
|------------------------------|--|
| <b>Discussion Item</b>       | Discussion of Amendment of City Code Chapter 16.6.090 Fees   |
| <b>Background</b>            | <p>The Council is asked to consider an amendment to the Landlord Tenant Relations Code, providing for minor modifications of the language regarding the assessment of fees to tenants for services and amenities previously included in the rent for the rental unit or provided to current or prior tenants at no cost.</p> <p>The amendment is intended to clarify when a fee may be assessed to a tenant, address the assessment of extermination fees and to consolidate specific fees such as pet fees and replacement key fees into the Administrative Regulations.</p> <p>A first reading of the proposed amendment is tentatively scheduled for February 10, 2016.</p> |
| <b>Policy</b>                | To provide diverse and affordable housing options for community residents.   |
| <b>Fiscal Impact</b>         | N/A  |
| <b>Attachments</b>           | <ul style="list-style-type: none"> <li>• Chapter 6.16.090 Fees—General provision, permitted fees, optional fees, prohibited fees (11.25.2015)</li> <li>• Administrative Regulations: Residential Rental Facilities—Fees (11-25-15)</li> </ul>  |
| <b>Recommendation</b>        | To discuss proposed modifications and provide direction to staff.  |
| <b>Special Consideration</b> |  |

## 6.16.090 Fees—General provision, permitted fees, optional fees, prohibited fees.

### A. General Provisions—Restrictions and Disclosure Requirements.

1. The provisions of this section apply to all fees assessed to a tenant ~~in addition to the~~ monthly rental charge.

2. Lawful fees shall not be considered a part of the monthly rental charge for the rental unit.

3. Fees shall not be charged for services and amenities previously included in the rent for the rental unit or provided to current or prior tenants at no cost.

4. Fees shall not be charged for improvements to the rental unit or rental facility or for additional operating expenses incurred by the landlord.

5. Extermination Fees.

a. Multifamily facilities. Fees for routine and emergency extermination services are prohibited at all units in multifamily buildings.

b. Single family facilities. Landlords may only charge tenants of single-family rental facilities for extermination services for infestations caused by the tenant. The charge must not exceed the actual cost of the extermination services incurred by the landlord.

6. Fees may be assessed to the tenant for optional services and amenities such as furnishings, garage parking, off-street parking, Internet access, storage, and pets. Tenants shall have the right to refuse optional services and amenities ~~and services.~~

a. Prior to the provision of any optional service or amenity by the landlord and the assessment of any fee to the tenant, the tenant must provide written confirmation that they understand that they have the right to decline the optional service or amenity and that they voluntarily accept the optional service or amenity.

b. Fees for optional services and amenities shall not be assessed to tenants who have refused said services and amenities or provided the landlord with written notice of their intent to discontinue such service or amenity.

c. Tenants may terminate access to accepted services or amenities by giving a one-month written notice to the landlord.

d. Landlords may terminate a tenant's access to optional services or amenities by giving a one-month written notice to the tenant prior to the termination date.

76. Fees shall be assessed on a uniform basis throughout a rental facility and shall not exceed maximum fees established by administrative regulations.

87. Fees shall be disclosed by the landlord prior to the commencement of the tenant's tenancy. Landlords may increase fees by giving two months' written notice to the tenant prior to the expiration of the tenant's lease term, or, for month-to-month tenants, by giving two months' written notice.

B. Permitted ~~Fees—Leasing Fees, Late Fees and Short Term Lease~~ Fees.

1. No fees may be charged unless authorized by this section or administrative regulation.

2. Leasing Fees. Leasing fees shall include, but not be limited to: application fees, key fees, document preparation fees, brokerage fees, and credit check fees.

32. Late Fees. Late fees shall not be charged if the rent is received within 10 calendar days of the rent due date. A late fee shall not exceed 5% of the amount of rent due for the rental period.

43. Short-Term Lease Fees. A short-term lease fee may be assessed to a tenant who has requested an initial lease of less than 12 months in accordance with the provisions set forth in Section 6.16.070(A), Initial Leases.

a. A short-term lease fee shall not be assessed to a tenant when the landlord has offered the tenant an initial lease term of less than 12 months.

b. Short-term lease fees shall not be assessed beyond the initial term of the lease.

c. Landlords shall not charge a fee for month-to-month tenancies.~~C.—Optional Fees—Pet Fees, Air Conditioning Fees.~~

~~1.—Pet Fees. A pet fee may be assessed to the tenant upon the initial occupancy of the rental unit or in the event a pet is obtained following the commencement of the tenancy, when the pet begins to reside in the unit. Nothing in this section shall be construed as requiring landlords to allow pets.~~

~~2.—Air Conditioning Fees.~~

~~a.—The landlord may assess a fee for the rental of an individual window air conditioning unit or units, for the installation or removal of the air conditioning units, and for additional utility consumption. The tenant shall have the option of providing an air conditioning unit upon written approval of the landlord. Such approval shall not be withheld if the tenant provided unit is equivalent in size, configuration and energy efficiency standards to the unit offered for rent by the landlord.~~

~~b. Fees for additional utility consumption and use of landlord-provided air conditioning units shall only be assessed during the months of May through September.~~

~~D. Prohibited Fees—Extermination Services. Fees for routine and emergency extermination services are prohibited at all multifamily rental facilities.~~

Revised November 25, 2015

**DRAFT RESIDENTIAL RENTAL FACILITIES—FEES  
ADMINISTRATIVE REGULATIONS**

**11-25-15**

Pursuant to *Takoma Park Code* Chapter 6.16, Landlord Tenant Relations, the following Administrative Regulations are hereby promulgated and are to be used in coordination with § 6.16.090, Fees.

**Section 1. General Provisions**

- A. Fees shall not be charged for services and amenities previously included in the rent for the rental unit or provided to current or prior tenants at no cost.
- B. Except as provided in paragraph D of this section, landlords may not charge any fee other than fees specified in these Regulations.
- C. Except as provided in paragraph D of this section, fees may not exceed the maximum amount established in these Regulations.
- D. Previously existing fees
  - 1. Landlords that have charged fees for optional services and amenities that are not specified in these Regulations prior to the effective date of these Regulations and have reported the fees on their Annual Rent Reports may continue to charge such fees but may not increase such fees.
  - 2. Landlords that have charged fees for optional services and amenities that are higher than the maximum fees established in this prior to the effective date of these Regulations and have reported such fees on their Annual Rent Report may continue to charge such fees but may not increase them.

**Section 2. New Tenant Fees**

Landlords may not charge prospective tenants any fee in connection with the commencement of a new tenancy except a one-time leasing fee, which shall not exceed \$35.00. Landlords must pay any brokerage fee associated with a tenant's lease.

**Section 3. Lease Option Agreements**

Landlords must refund any lease option agreement fees paid by a tenant if the tenant does not exercise the option to purchase the leased premises for any reason. Landlords must maintain lease option agreement fees in an escrow account. The

landlord must return the lease option agreement fees to the tenant within thirty days of the termination of the tenant's tenancy or within thirty days of receiving notice from the tenant that the tenant declines to exercise the option, whichever shall first occur. Lease option agreements shall include the statements required under section 8-202 of the Real Property Article of the Maryland Code.

#### **Section 4. Optional Services and Amenities**

- A. Fees may be assessed to tenants for new services and amenities.
- B. Fees may not be assessed for service and amenities that were previously provided to tenants of the rental unit at no cost or included in the rent.
- C. Tenants must acknowledge in writing that they understand that they have the right to decline a service or amenity and that they voluntarily accept the service or amenity before a landlord can begin charging the tenant a fee.
- D. Landlords must assess fees on a uniform basis throughout a rental facility.
- E. Pet Fees. A pet fee may be assessed to the tenant upon the initial occupancy of the rental unit or in the event a pet is obtained following the commencement of the tenancy, when the pet begins to reside in the unit. Nothing in this section shall be construed as requiring landlords to allow pets.
- F. Air Conditioning Fees.
  - 1. The landlord may assess a fee for the rental of an individual window air conditioning unit or units, for the installation or removal of the air conditioning units, and for additional utility consumption. The tenant shall have the option of providing an air conditioning unit upon written approval of the landlord. Such approval shall not be withheld if the tenant provided unit is equivalent in size, configuration and energy efficiency standards to the unit offered for rent by the landlord.
  - 2. Fees for additional utility consumption and use of landlord-provided air conditioning units shall only be assessed during the months of May through September.

## Section 5. Fee Schedule

| Type of Fee  | Maximum Fee  |
|--|--|
| Parking Fee  | \$50 per month   |
| Parking Fee, Reserved Space  | \$75 per month   |
| Parking Fee, Covered   | \$120 per month  |
| Secure Storage Unit Accessible only by Tenant  | \$3 per month per square foot  |
| Lock Out (on site management during business hours)  | \$25   |
| Lock Out (off site management and off hours)   | Actual cost  |
| Lost Key   | Actual duplication cost plus \$25  |
| Leasing Fee  | \$35   |
| Pet Fee for Dogs or Cats   | \$35 per month   |
| Pet Fee for Other Pets   | \$20 per month   |
| Window Air Conditioning Unit Rental  | \$35 per month per unit  |
| Excess Utility Fee for Air Conditioning Window Units (if electricity is included in rent)  | Actual cost  |
| Cable Television and Internet  | Actual cost to the landlord divided by the number of rental units in the rental facility |
| Bulk Trash Removal   | Actual cost to the landlord in excess of regular waste removal                           |
| Furnished Rental Unit Fee<br>(Furnishings must include a dresser and bed for each bedroom, a sofa, a table and chairs for eating, adequate lighting for each room, a stove or oven and installed cook top, a refrigerator, and a microwave.) | 10% of monthly rent  |
| Short Term Lease Fee   | \$75.00 per month  |
| Rental Unit Change During Lease Term   | One month's rent for the unit to be vacated.   |
| Enclosed Bicycle Storage   | \$10 per month   |