

First Reading March 7, 2022

Second Reading March 21, 2022

**ORDINANCE 2022 - 03**

**AN ORDINANCE TO AMEND CHAPTER 14,  
ENTITLED BUSINESSES, AND CHAPTER 30, ENTITLED ENVIRONMENT, OF  
THE CODE OF THE TOWN OF OCEAN CITY, MARYLAND TO UPDATE  
PROVISIONS RELATED TO RENTAL HOUSING**

**NOW, THEREFORE, BE IT ENACTED AND ORDAINED BY THE  
MAYOR AND CITY COUNCIL OF OCEAN CITY THAT CHAPTER 14,  
ENTITLED BUSINESSES, OF THE CODE OF THE TOWN OF OCEAN CITY,  
MARYLAND BE, AND IT IS HEREBY, AMENDED BY AMENDING  
SUBSECTION 14-34 (b)(51), SUBSECTION 14-38, SUBSECTION 14-171,  
SUBSECTION 14-173, SUBSECTION 14-174, AND AMENDING CHAPTER 30,  
ENTITLED ENVIRONMENT, SUBSECTION 30-384, AS FOLLOWS:**

**Chapter 14 – BUSINESSES**

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**ARTICLE II. - LICENSED OCCUPATIONS**

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**Sec. 14-34. - Payment of license fees; term of license; fee schedule.**

- (a) All license fees, except for rental of residential property, shall be due and payable to the Mayor and Council as aforesaid on June 1 of each year, and all such licenses shall expire on May 31 following, and any such licenses issued between January 1 and June 1 will be issued on a half-year basis expiring May 31 at one-half the annual license fee. All license fees for rental of residential property shall be due and payable to the Mayor and Council as aforesaid on May 1 of each year, and all such licenses shall expire on April 30 following, and any such licenses issued between December 1 and May 1 will be issued on a half-year basis expiring April 30 at one-half the annual license fee.
- (b) The license fees to be paid annually as above provided to the Mayor and City Council of Ocean City for conducting the businesses and engaging in occupations and activities herein named, at the place designated in the license certificate issued therefor, shall be as from time to time passed by Resolution of the Mayor and City

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Council of Ocean City provided, however, that any such license not timely obtained shall be subject to a late charge of ten percent after 15 days and two percent each month every 30 days thereafter:

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(51) Premises for habitation:

a. Condominium units, cooperatives, and townhouses, whether rented individually or by a rental pool agreement, per unit.

b. 1. Apartments, cottages.

~~Each additional sleeping room or bedroom over one.~~

b. 2. Hotels, motels, inns, motor courts, cabins or other similar establishments offering accommodations on the premises for public rental.

~~Each additional sleeping room or bedroom over one.~~

c. Rooming houses, boarding houses, dormitories or private houses offering rooms for public rental (per room).

d. Single family home.

e. Any other rental housing unit.

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**Sec. 14-38. – Suspension and revocation.**

(a) *Suspension of a business license.* The city manager may suspend a business license for a period of time not to exceed thirty (30) days if the city manager determines that a licensee or an employee of a licensee has committed any one or more of the following acts:

- (1) A licensee has breached any condition upon which their license was issued or has failed to comply with the provisions of this chapter section.
- (2) A licensee has committed an offense under a law or ordinance regulating business, a crime involving moral turpitude, or an unlawful sale of merchandise or prohibited goods.
- (3) A licensee has engaged in an unlawful activity or nuisance related to the business.

- (b) *Revocation of a business license.* The city manager may revoke a business license if the city manager determines:
- (1) ~~The city manager may revoke a business license if~~ Aa license has been mistakenly or improperly issued, or issued contrary to law.
  - (2) ~~The city manager may revoke a business license if a licensee has obtained~~ Aa license has been obtained through fraud, misrepresentation, a false or misleading statement, evasion or suppression of a material fact in the license application.
  - (3) ~~The city manager may revoke a business license if~~ Aa cause of suspension under this section occurs and the license has been previously suspended within the preceding 12 months.
  - (4) ~~The city manager may revoke the license of any licensee because of~~ There is any violation of the provisions of this ~~section~~ chapter or any other ordinance of the town, or any statute of the state or any statute of the United States of America, other than motor vehicle violations, if the city manager determines the violation is contrary to the public health, safety and general welfare.
- (c) *Hearings.* Upon reasonable belief that a violation of this ~~section~~ chapter has occurred, the city manager shall notify the licensee in writing of the alleged violation and pending penalty by hand-delivery to the licensee or an employee of suitable age and discretion, or certified mailing, and shall schedule a hearing within ~~72 hours~~ three (3) business days after notice of said violation. At the hearing the licensee shall have the opportunity to be heard as to why the license should not be suspended or revoked. After the hearing thereon, if the city manager determines upon a preponderance of the evidence, that a violation has occurred, the city manager may take the appropriate action as herein set forth in subsections (a) and (b) of this section. If the licensee fails to appear, without good cause, the city manager may consider the evidence and make a determination in the absence of the licensee. If mitigating circumstances so warrant, in lieu of a suspension, the city manager may levy a fine not to exceed \$1,000.00 per violation.
- (d) *Appeals.* If the city manager fines, suspends or revokes a license, the city manager shall send to the licensee, by certified mail, return receipt requested, written notice of the action and the right of appeal. The licensee may appeal the decision of the city manager to the City Council in accordance with the following procedures. The filing of an appeal does not stay the action of the city manager in fining, suspending or revoking a license until the City Council makes a final decision.
- (1) The aggrieved licensee may, not later than ten (10) calendar days after receiving notice of the fine, suspension or revocation, file with the city clerk a written request for an appeals hearing before the City Council.
  - (2) If a written request is filed with the city clerk within the ten (10) day limit, the City Council shall consider the request. The city clerk shall set a date for the hearing within three (3) business days from the date the written request is received.

- (3) The City Council shall hear and consider evidence offered by any interested person to determine whether the city manager properly fined, suspended or revoked the license in accordance with the provisions of this ~~chapter~~ article. The formal rules of evidence do not apply. If the licensee fails to appear, without good cause, the decision of the city manager shall become final.
- (4) The City Council shall grant or deny the appeal by majority vote. Failure to reach a majority vote will result in denial of the appeal. Any dispute of fact must be decided on a basis of a preponderance of the evidence. The decision of the City Council is final.
- (5) If the City Council denies the appeal of a revocation, the aggrieved licensee may not reapply until at least twelve (12) months have elapsed since the date of the City Council's action.

(Code 1999, § 14-38; Ord. No. 2007-16, 7-2-2007; Ord. No. 2007-22, 10-1-2007)

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## **ARTICLE V. - RENTAL HOUSING**

### **Sec. 14-171. – Definitions.**

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

*Booking transaction* means a reservation transaction between a property owner or their agent and a prospective renter for the rental of a housing unit.

*Code violations* means violations of this Code or any other code, law, ordinance or regulation adopted and incorporated by reference in this Code.

*Division of rental housing* means the department of planning and community development or such other department or agency charged by the Mayor and City Council of Ocean City with the duty to implement and enforce the provisions of this article.

*Hosting platform* means an entity that in exchange for a fee:

- (1) facilitates reservations of rental housing units;
- (2) serves as a conduit of communication between property owners and property managers and renters; or
- (3) otherwise facilitates any transactions for rental housing units.

*Person* means an individual, group of individuals, partnership, joint venture, corporation, association and any other entity, however named or called.

Property manager means an individual or company that oversees the day-to-day operations of a rental housing unit, including but not limited to, making a rental housing unit available for use by renters.

*Rental housing unit* means any space in any building which, for a consideration, is made available by any person to another person for ~~dwelling~~ habitation purposes.

(Code 1972, § 61C-2; Code 1999, § 14-171; Ord. No. 2021-12 , 5-17-2021)

**Sec. 14-172. - Purpose.**

The purpose of this article is to ensure compliance with all laws, ordinances and regulations applicable to rental housing units within the corporate limits of Ocean City. It is further the purpose of this article to promote and ensure safe, healthy and habitable housing conditions in rental housing units, to prevent deterioration of rental housing units and to encourage responsible management, maintenance and use of rental housing units by the inspection and licensing of these units.

(Code 1972, § 61C-1; Code 1999, § 14-172)

**Sec. 14-173. - Enforcement.**

The Mayor and City Council of Ocean City may initiate proceedings in the Ceircuit Ceourt for the county Worcester County, Maryland, or any other court of competent jurisdiction to enforce the provisions of this article.

(Code 1972, § 61C-4; Code 1999, § 14-173)

**Sec. 14-174. - License; inspection of premises; records.**

- (a) *Licensing generally; certifications.* Any person renting a premise for habitation described in section 14-34(b)(51) of the Code or a any rental housing unit described in section 14-34(b)(51) of the Code of the Town of Ocean City shall obtain a the applicable license from Ocean City the Town in accordance with chapter 14, article II. The holder of a license shall be the property owner of the premise for habitation or rental housing unit. Application for a rental license and/or business license (hereinafter collectively "license") shall be on forms prescribed by the Town. Ocean City. ~~If applicable,~~ All property owners shall certify to the Town Ocean City the name, address and telephone number of an agent qualified to accept notice and authorize repairs on behalf of the property owner. The application shall contain a consent to inspection during reasonable hours for the entire term of the license.
- (b) *Review of license application.* ~~Ocean City~~ The Division of Rental Housing (hereinafter "Division") shall issue or deny a ~~rental housing~~ license within fourteen (14) days of receiving an application. ~~The division of rental housing~~ Division shall receive all applications and coordinate a review process involving the ~~b~~ Building e ~~Official,~~ Zoning Administrator, License Inspector, Fire Marshal and other appropriate Ocean City, ~~e~~ County or ~~s~~ State agencies. A license may be denied by the

Division if material false statements exist in the initial or renewal application; a license is obtained fraudulently or deceptively for oneself or for another; a license is used fraudulently or deceptively; a rental housing unit has been cited for a violation of Chapter 30, Article V and failed to remediate the noise issue; the property owner fails to comply with Chapter 14, Article V; the property owner or occupant thereof is in violation of an order issued pursuant to Chapter 18; or a rental housing unit fails to comply with all other provisions of the Code. The issuance of a license is not to be construed as proof or acknowledgment by ~~of Ocean City~~ the Town that the subject property complies with all applicable laws ~~codes~~. The Division shall provide not less than ten (10) days' notice of ~~A~~ a denial shall be, in writing, setting forth the code violation(s) and reason(s) for such denial, and allowing the property owner an opportunity to be heard as to why the license should not be denied and advising the property owner if any corrective measures can be taken. If the property owner fails to show cause or fails to take corrective action as directed by the Division, the Director may deny the application.

(c) Taxes.

- (1) Sales tax. The property owner of the rental housing unit or their agent shall be registered with the Maryland State Comptroller for the reporting, collecting and payment of the State's sales and use tax.
- (2) All taxes. The property owner of the rental housing unit shall certify that all federal, state, county and municipal taxes relating to the rental of property are paid current prior to the issuance of the applicable license and renewal thereof.

(d) Inspection of rental housing units.

- (1) Inspection prior to issuance of license. An inspection of the property for which application has been made may be conducted prior to the issuance of a license upon recommendation of any reviewing agency. If an inspection indicates that a rental ~~facility~~ housing unit is not in compliance with all applicable laws as required, the license application may be denied until remedial action, as determined by the ~~d~~ Division of rental housing, remedies the violation.

(2) Inspections during term of license.

- a. The ~~d~~ Division of rental housing, upon recommendation of any appropriate Ocean City, ~~e~~ County or ~~s~~ State agency, shall cause the inspection of a rental housing unit when there exists the belief that a property is not in compliance with all applicable laws. Inspection procedures as set forth in the ~~Standard Housing International Property Maintenance Code, article 103.1~~, as amended, and this article, shall be followed.

b. If an inspection indicates that a rental housing unit is not in compliance with all applicable laws and codes, the license may be subject to suspension, revocation or other remedial action as determined by the city manager in consultation with the Division. The city manager shall follow the procedures in section 14-38. ~~A license may be revoked or suspended if the landlord after ten days' written notice, fails to eliminate or initiate bona fide efforts to eliminate code violations~~ A license may be suspended or revoked immediately by the city manager in consultation with the Division if, in the opinion of city manager and the Division, the health, safety or welfare of the person(s) in the rental housing unit, or of the general public are in imminent danger. Revocation or suspension of a license shall be in addition to and not in substitution for such other penalties as may be provided for in other laws or ordinances.

c. The property owner may appeal the suspension or revocation of the license as stated in section 14-38(d).

d. If a license is suspended or revoked, the rental housing unit cannot lawfully be used for a rental.

- (e) *Term of license.* Licenses shall be issued for a term of one year, pursuant to ~~article II of this chapter~~ section 14-34 and renewable for additional one-year terms, subject to payment of the license fee, certification of tax payment, and compliance with all applicable laws.
- (f) *License fee.* An annual license fee ~~as set forth in article II of this chapter~~ shall be paid in accordance with section 14-34 and in the amount established pursuant to section 14-34, established by the Mayor and City Council to help defray the costs of administering these rental housing licensing procedures.
- (g) *Display of license.* The license shall be displayed in the lobby, vestibule, rental office or other prominent public place on the premises during the entire period ~~it~~ the license is in effective. In the case of condominium, single-family and cooperative rental housing units, the ~~landlord~~ property owner shall display the license within said rental housing unit.
- (h) *Records.* The property owner of the rental housing unit shall:
- (1) make a record of all their rentals;
  - (2) maintain said record of the rentals for at least five (5) years;
  - (3) on request, make the records available to the Division for inspection;
  - (4) prominently display in the rental housing unit emergency contact information for the property owner or their authorized representative; and

(5) include in all advertisements or listings, whether by print, electronic, audible or in any other form or substance designed to inform as to the availability of any property for rent, the valid rental license control number or business license control number of the rental housing unit.

(i) *Hosting platforms and property managers.*

(1) *Verification.*

- a. No hosting platform or property manager may facilitate booking transactions for rentals in the corporate limits of Ocean City without having verified that the license of the property owner is valid. Verification methods shall be as approved by the Division.
- b. A hosting platform or property manager that has verified the validity of a license for a rental housing unit is not required to re-verify the validity of the license, unless:
  1. the license inspector has notified the hosting platform or property manager that the rental housing unit cannot lawfully be used for a rental; or
  2. the property owner has ceased to offer the rental housing unit through that hosting platform or property manager for a period of twelve (12) months or more since the license was last verified.
- c. If the license inspector notifies a hosting platform or property manager that a rental housing unit cannot lawfully be used for a rental, the hosting platform or property manager may not advertise, list, or otherwise facilitate booking transactions for that rental housing unit until it receives subsequent confirmation from the license inspector that the rental housing unit can lawfully be provided.
- d. A hosting platform or property manager may not conduct business, to include but not limited to, collecting or receiving a fee in exchange for facilitating reservations, advertisements, or listings of a rental, for serving as a communication conduit between property owners and renters, or for otherwise facilitating booking transactions for rentals if the rental housing unit cannot lawfully be used for a residential rental.
- e. A hosting platform or property manager shall include in all advertisements or listings, whether by print, electronic, audible, or in any other form or substance designed to inform, as to the availability of any property for rent, the valid rental license control number or business license control number of the rental housing unit. A hosting platform or property manager that does not input the information to create the

advertisement or listing, shall provide a mandatory field on their online site in which the rental license control number or the business license control number is required to be entered. This field shall be displayed on/in the advertisement or listing.

(2) Records.

a. A hosting platform or property manager shall:

1. make a record of all rental housing units advertised, listed, or otherwise facilitated by the hosting platform or property manager in the corporate limits of Ocean City;
2. maintain the records for at least five (5) years; and
3. in response to a lawful request, make the records available for inspection by the Division.

b. These records must include:

1. the name and rental license control number or business license control number of the property owner who provided the rental housing unit;
2. the expiration date of the rental license or business license;
3. the street address of the rental housing unit;
4. the date of the booking transaction; and
5. the start and end dates of each rental.

(jg) *Transfer of license.* Licenses issued hereunder shall not be transferable, and subsequent title holders of a rental housing unit shall be required to obtain a separate license; provided, however, that the continued rental by the subsequent property owner without a new license shall be deemed to be a consent to the terms and conditions hereunder, including the consent to inspection.

(h) *Appeals.*

~~(1) To board of adjustments and appeals. Any person aggrieved by an action of the Division of Rental Housing may, within ten days of receipt of written notice of such action, appeal such action to the Board of Adjustments and Appeals by filing a notice of appeal with the division. The Board shall meet within fourteen (14) days and conduct a hearing according to its rules and regulations. A suspension or revocation shall be stayed pending this hearing and the decision of the Board of Adjustments and Appeals.~~

~~(2) To circuit court for the county. Any person aggrieved by an action of the board may appeal to the circuit court for the county pursuant to the Maryland Rules of Procedure.~~

**Sec. 14-175. – Violation.**

- (a) Generally. Any violation of this article by the property owner of the rental housing unit shall be unlawful and is subject to a municipal infraction. Each day of violation shall be considered a separate violation. Prior to a municipal infraction being issued, the license inspector will provide the property owner written notice of the violation and allow the property owner ten (10) days from the date of the letter to correct said violation.
  
- (b) Violation of an emergency order. A rental housing license or a business license may be revoked by the Division if the holder of the license violates or allows an occupant of the rental housing unit to violate an emergency order issued pursuant to Chapter 18. Such revocation shall be processed in accordance with Section 14-174(d)(2)(b).
  
- (c) Process not exclusive. The issuance of an infraction to enforce this article does not preclude the Town from pursuing any other civil remedy or enforcement action authorized by law.

**Secs. 14-1756—14-200. Reserved.**

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**Chapter 30 - ENVIRONMENT.**

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**DIVISION 8. - RESIDENCES PROVIDING SHELTER TO TRANSIENT OR TEMPORARY POPULATION**

**Subdivision I. - In General**

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**Sec. 30-382. – Applicability.**

The provisions of this division shall apply to any person who owns a fee simple interest or a leasehold interest redeemable pursuant to the provisions of Ann. Code of Md., Real Property Article, § 8-110, in real property situated within the corporate limits of the Town of Ocean City, provided that such real property is used for the purpose of providing shelter on a temporary basis. Without in any manner limiting the generality of the foregoing, the provisions of this division shall apply to any person who owns such a fee simple or leasehold interest (herein referred to as the "owner" or "property owner") in any hotel, motel, motor hotel, apartment, house, rooming house, boarding house, rental housing unit or like facility, to the extent that such facility is used to provide shelter on a temporary


basis. For purposes of this division, "person" shall include any individual, corporation, business trust, estate, trust, partnership, association, two or more persons having a joint or common interest, or any other legal or commercial entity, and "real property" shall be deemed to be used for the purpose of providing shelter on a temporary basis if there exists with respect to such property any lease, contract, agreement or understanding, written or oral, that gives an individual or group of individuals the right or privilege to occupy the property, for any period ~~between May 1 and September 30~~ of any given year, for the purpose of using the property as a temporary residence, dwelling, refuge or shelter ~~but not the entire period from May 1 to September 30 of the following year.~~

INTRODUCED at a meeting of the City Council of Ocean City, Maryland held on March 7, 2022.

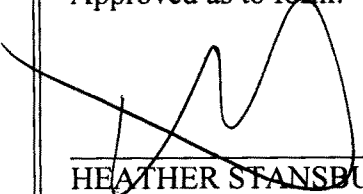
ADOPTED AND PASSED, by the required vote of the elected membership of the City Council and approved by the Mayor at its meeting held on March 21, 2022.

ATTEST:

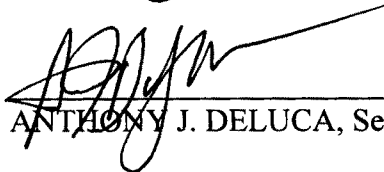
  
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DIANA L. CHAVIS, Clerk

  
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RICHARD W. MEEHAN, Mayor

Approved as to form:

  
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HEATHER STANSBURY  
Ayres, Jenkins, Gordy & Almand, P.A.  
Office of City Solicitor

  
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MATTHEW M. JAMES, President

  
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ANTHONY J. DELUCA, Secretary