

RENT CONTROL ORDINANCE SUMMARY

1. Applicability

- Covered Units: The Ordinance applies to all dwelling units that are rented or available for rent in the city, unless specifically exempted.
- Exemptions: The following are exempted from the entire Ordinance:
 - Units owned, operated or managed by municipal housing authorities
 - Accommodations in a hospital, convent, church, religious facility or extended care facility
 - School dormitories owned and operated by the school
 - Units within a building designed and constructed to contain 2-3 units, one of which is occupied by the landlord as his/her primary residence
 - Accessory dwelling units (aka in-law apartments)
 - Units constructed on or after January 1, 2017
- The following are exempt only from the rent increase limitations:
 - A unit where the amount of rent charged is controlled or subsidized by a government agency
 - A unit within a single-family residence occupied by the landlord where the landlord shares the kitchen or bathroom with tenants.
 - A unit that is owned by a landlord who owns no more than 5 covered units in the City

2. Base Rent

- The Ordinance first establishes the means of calculating base rent, from which the rent increase limitations will be based.
- Landlords are required to register each Covered Unit by January 1, 2018 and annually thereafter. The registration shall include the following:
 - For initial registration, proof of the rent charged as of November 1, 2017 (rental agreement, rent payment receipt, etc.)
 - For subsequent registrations:
 - The current rate charged at the time of registration
 - Increase in rent from prior year
 - Whether increase is due to allowable increase or also includes banked rent
 - Amount of banked rent
 - Amount of security deposits or other amounts demanded in addition to rent
 - Number of bedrooms and bathrooms and whether there is a kitchen
 - The registration fee is \$65, which is an increase by \$30 to the current registration fee for long term rentals. The Ordinance provides that \$30 from each registration has to be appropriated to the Housing Safety Office to cover expenses associated with staffing the Rent Board.
- Base Rent is the rent charged for the covered unit as of November 1, 2017

- If a unit is registered after January 1, 2018, base rent is set by the landlord (note that this is likely meant to apply to units that do not meet the definition of Covered Unit on January 1, 2018, but it only says units that aren't registered by that date)
- If a unit is removed from the rental market, the base rent will be the banked rent measured from the year when the unit was removed from the market, which is base rent plus any increase to which the landlord was entitled, but not charged to the tenant.
- If a unit is removed from the rental market for five years or more, the base rent is set by the landlord
- If a unit is renovated or reconfigured, the landlord can charge no more than the banked rent, or may apply to the Rent Board for an increase.
- If 2 or more units are consolidated into one unit, the base rent is equal to the banked rent for the largest unit, increased by a percentage equal to the increase in square footage.

3. Rent Increase Limitations

- A landlord can only increase the rent charged for a covered unit once within a rental year as follows:
 - Unless other increases below are permitted, rent cannot be increased by more than the Allowable Increase Percentage, which is determined each year on September 1st and is equal to 100% of the change in the CPI.
 - If the mil rate is increased, the rent can be increased by the Tax Rate Rent Adjustment, which equals the actual increase in property taxes attributable to the individual covered unit.
 - If the landlord has banked rent increases, the banked amount can be added.
 - The Rent Board can approve additional increases attributable to capital improvement costs, including financing costs; uninsured repair costs; increased housing services costs; and any additional increase that the Board determines is required to allow the landlord to receive a fair rate of return.
- There is a hard cap on an annual rent increase of 10%. If multiple increases are permitted, anything above 10% must be banked.
- Before increasing the rent, the landlord has to provide 75 days' notice to tenant before the effective date. The notice must include the amount and justification for increase.
- A tenant can appeal an increase to the Rent Board. If the Board decides the rent increase is more than allowed by the Ordinance, the Board can impose fines.

4. Evictions

- To evict a tenant who is subject to a rental agreement, the landlord must serve the tenant with 60 days' notice, except when the eviction is due to failure to pay rent, in which case the statutory requirement in 14 MRS § 6002 applies (30 days or 7 days upon affirmative proof that rent has not been paid for 7 days or more).

- The Ordinance lists specific grounds for eviction. The rental agreement cannot state any other grounds for termination, nor can a tenancy be terminated for any reason other than the following:
 - Failure to pay rent
 - Substantial breach of a material term of the rental agreement, followed by a failure to cure the breach within 30 days
 - Nuisance, waste or illegal conduct caused by tenant and/or guests (5 or more complaints substantiated by the police in a 60 period shall be evidence of such conduct)
 - Opening the unit for a qualified family member – spouse, parent, grandparent, brother, sister, child or grandchild
 - Withdrawal from rental market for 18 months or more
 - To remedy a code violation
 - To make capital improvements (must offer tenant option to return to unit)
- A tenant can appeal an eviction to the Rent Board.

5. Rent Board

- The City Council shall appoint 7 members to the Rent Board – 2 at large and 1 from each of the 5 council districts
- The City shall make reasonable efforts to appoint at least 1 landlord and 4 tenants
- The Housing Safety Office shall staff the Board
- Authority of the Board:
 - Landlord applications for rent increases
 - Landlord application for base rent increases
 - Review eviction notices
 - Tenant eviction appeals
 - Requests for extension of time by landlord
 - Mediating landlord/tenant disputes
 - Impose fines
 - Recommend amendments to ordinance
 - Prepare annual report to Council

6. Sunset Provision

- 180 days prior to January 1, 2025, the Council shall hold a public meeting to determine whether the Ordinance should be renewed, modified or repealed. Unless expressly renewed, the Ordinance will expire on January 1, 2025.