



CITY OF PORTLAND
Permitting and Inspections Department

RENT CONTROL ORDINANCE – LANDLORD FAQs

This is not a comprehensive summary of all the requirements of City Code, please refer to the Code of Ordinances and consult with an attorney to ensure compliance with all Federal, State, and municipal regulations

1. Does the Rent Control Ordinance apply to all rental units in Portland?

The ordinance applies to all rental units in Portland, including short-term rentals, unless otherwise exempt. The following types of units are exempt from the limits placed on rent increases:

- Units in a landlord-occupied building containing either 2, 3, or 4 dwelling units;
- Units where rent is publicly controlled or subsidized (such as Section 8, GA, etc.);
- Accessory dwelling units;
- Units owned, operated, or managed by governmental housing authorities (such as Portland Housing Authority);
- Accommodations in a hospital, convent, church, religious facility, or extended care facility; and
- Dormitories owned and operated by an institution of higher education or by Portland Public Schools

2. What is the Base Rent for my units?

The Base Rent is the rent charged for the unit as of June 1, 2020.

3. How much can I increase rents?

There are multiple allowable increases outlined in the ordinance. Some increases may only be enacted starting in 2022. A landlord may only increase rent once within a *Rental Year* by no more than 10% of base rent. Allowable increases over 10% may be “banked” for subsequent years. (Examples of allowable increases are included at the end of this document)

- i) Annual Increase Percentage: equal to the change in the Consumer Price Index for the Greater Boston Metro Area, the rate will be published by the City of Portland’s Housing Safety Office. Rent may not be raised using the annual increase percentage until January 1, 2022 at the earliest.



CITY OF PORTLAND
Permitting and Inspections Department

- ii) Tax Rate Rent Adjustment: if Portland's property mil rate changes, a landlord may increase rent equal to the actual increase in property taxes attributable to the individual covered unit. Rent may not be raised using the tax rate rent adjustment until January 1, 2022.
- iii) New Tenancy: A landlord may increase the rent by 5% of their base rent when a new tenant occupies a unit. This may only be used once per year.
- iv) Banked Rent: If a landlord could have increased rent in previous years but did not, they may increase rent by this amount at a later date. Landlords will not have banked rent available until 2022.
- v) Additional Rent Board Approved Increases: A landlord may seek approval from the Rent Board by applying for a hearing to increase rent for:
 - (a) Capital improvement costs, such as renovations;
 - (b) Uninsured repair costs;
 - (c) Increased Housing Service costs; and
 - (d) Any additional increase to allow for a "fair rate of return".

4. What kind of notice must I give tenants for a rental increase?

Before increasing the rent of a Covered Unit, you must give tenants notice of any rent increase at least 75 days in advance. The notice must be in writing and must include the date you started renting the unit, the date the increase will take effect, and the reasons for the increase in rent (as described in question 3 of this FAQ).

5. How much notice must I give tenants before evictions?

Regardless of the arrangement, a landlord can evict a tenant with 7 days' notice "for cause", such as if the tenant destroys property or violates certain terms of the agreement. Otherwise, the amount of notice required depends on the type of arrangement that you have with your tenant:

- If you have a tenant-at-will (you never had a lease), then you must provide a tenant with 90 days' notice, unless you reimburse the tenant for the



CITY OF PORTLAND
Permitting and Inspections Department

inconvenience of terminating their tenancy on 60 days' notice (\$500) or 30 days' notice (\$1,000).

- If you have a lease, or have a holdover tenancy (meaning that you had a lease that has ended, but you have allowed a tenant to stay month to month), then the City's Rent Control Ordinance does not apply and you must comply with State laws on evictions.

6. What other requirements should I be aware of under this new ordinance?

This is not a comprehensive list of all the requirements of City Code, please refer to the Ordinance and consult with an attorney to ensure compliance with all Federal, State, and municipal regulations.

- Landlords must provide tenants with the City's Rental Housing Rights Document at the start of a unit's rental and any time the document is updated. This document can be found on the City of Portland Housing Safety webpage. <https://www.portlandmaine.gov/DocumentCenter/View/15192/Rental-Housing-Rights-Document>;
- Keep a signed acknowledgement of the receipt of the City's Rental Housing Rights Document on file for three years;
- Landlords may not discriminate against tenants on the basis of their source of income or participation in various types of subsidized housing programs, such as Section 8, General Assistance, and others.
- No provision of the ordinance may be waived by a tenant, by agreement or otherwise.
- Landlords may not attempt to coerce tenants into waiving their rights, such as by threatening to evict the tenant if they do not agree to an illegal rent increase.



CITY OF PORTLAND
Permitting and Inspections Department

EXAMPLES OF ALLOWABLE RENT INCREASES

****These are examples only, please consult with an attorney with questions about your specific situation****

- 1. Annual Increase Percentage Example:** The allowable increase percentage shall be determined on September 1 of each year beginning on September 1, 2021, and shall be equal to the change in the Consumer Price Index for Greater Boston Metro Area.

Base Rent x CPI% = Allowable Annual Increase Percentage

- *Example:* Assume Base Rent is \$1,000/month and CPI for Greater Boston Metro Area is 3%.

$$\$1,000 \times 3\% = \$30 \text{ increase in rent per month}$$

- 2. Tax Rate Rent Adjustment Example:** The tax rate rental adjustment is equal to the actual increase in property taxes attributable to the individual Covered Unit if the City mil rate changes. Note: the City mil rate changed in 2021, so a tax rate rent adjustment is available for landlords who saw an increase in their taxes from 2020-2021.

- *Example 1:* Assume 3-unit building; Base Rent = \$1000/month per unit; 2021 property taxes = \$12,000; 2022 property taxes = \$14,880

First, figure out the actual increase in property taxes:

(Actual taxes due in 2022) - (Actual taxes paid in 2021) = actual tax increase

$$\$14,880 - \$12,000 = \$2,880$$

Then attribute that amount among the covered units.

$$\$2,880 / 3 \text{ units} = \$960 \text{ per unit for the year}$$

$$\$960 / 12 \text{ months} = \$80 \text{ (new rent} = \$1080)$$

Ensure that the rent increase does not exceed 10% of Base Rent

$$\$80 \text{ increase} / \$1,000 \text{ Base Rent} = .08 \text{ (8\% increase)}$$

If not all units are equal in a building, the landlord should attribute the tax increase between units in a reasonable manner, depending on the circumstances. This could be apportioned based on relative value, square footage, rent amount, etc.

- *Example 2:* Assume Base Rents for three units were \$1,250, \$1,000, and \$750, using the same above tax valuation. Landlord chooses to apportion allowable tax rate rental increase based on relative rental rates of the units.

First figure out the total rents for the property:

$$\$1,250 + 1,000 + 750 = \$3,000/\text{month}$$



CITY OF PORTLAND
Permitting and Inspections Department

$$\$3,000 \times 12 = \$36,000/\text{year}$$

Then divide the actual tax increase by the yearly total rent:

$$\$2,880 / \$36,000 = .08$$

Each rent could be raised by 8%. Monthly rent increases for each apartment are:

$$.08 \times \$1,250 = \$100 \text{ (new rent = \$1350)}$$

$$.08 \times \$1,000 = \$80 \text{ (new rent = \$1080)}$$

$$.08 \times \$750 = \$60 \text{ (new rent = \$810)}$$

3. **Banked Rent Example:** If a landlord could have increased rent in previous years but did not, they may increase rent by this amount at a later date. A landlord may not raise rent more than 10% in a rental year.

- *Example 1:* Landlord is eligible for a 3% Annual Increase Percentage increase in 2022 but does not raise rents at all that year.

Landlord can “bank” that 3% for 2023 or beyond.

- *Example 2:* Landlord is eligible for a 3% Annual Increase Percentage increase, an 8% Tax Rate Rent Adjustment increase, and a 5% new tenant increase for a total of 16% in 2022.

Landlord could increase rents 10% of Base Rent in 2022 and “bank” 6% for 2023 or beyond.

Landlord could increase rents 8% of Base Rent in 2022 and “bank” 8% for 2023 or beyond.