

# RENT CONTROL

## DECEMBER 2022



**Heading into the November 2022 elections, rent control measures were put on a few local ballots in various states. Cities in California, Nevada, New Mexico, Florida, and Maine were looking to get rent control legislation voted through. After the election, rent control efforts failed in South Las Vegas, St. Petersburg, and Tampa, but were approved in multiple cities in California, and Portland, Maine.**

### California

Three cities in California pushed forward rent control measures in the past election. Los Angeles County voters in Pasadena and Santa Monica passed ordinances that limit rent increases. In Pasadena, voters approved to limit rent increases to 75% of the annual increase in the Consumer Price Index, establish of the Pasadena Rental Housing Board, and provide guidelines around “just cause” evictions. Meanwhile, in Santa Monica voters supported a measure that disallows rent increases during a state of emergency declared at the federal, state, or local level; along with another lowering annual rent increases from 6% to 3%. Similarly, voters in Richmond, a city north of Oakland, approved limiting rent increases to 3% as well.

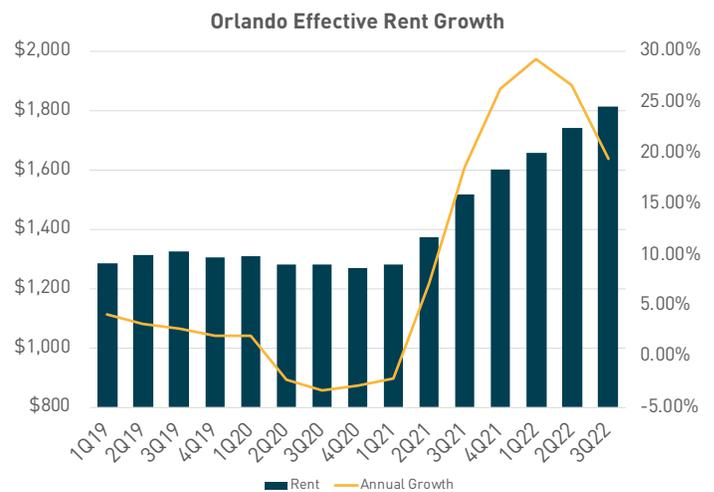
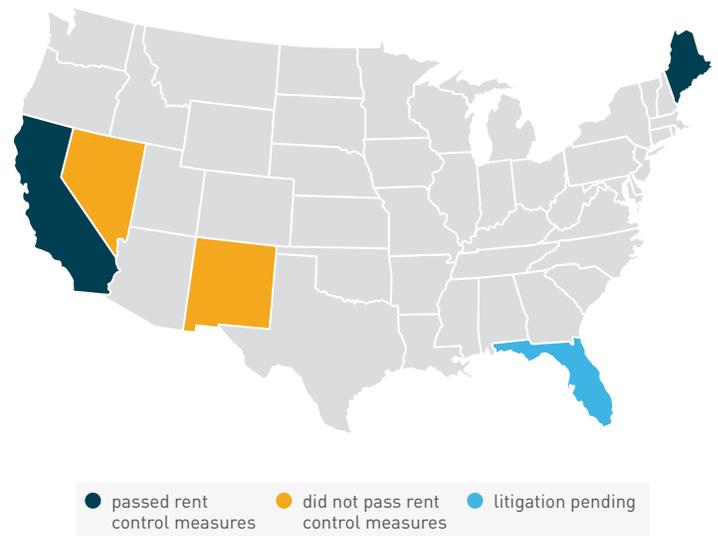
### Maine

In Portland, a “tenants’ rights” measure was approved, which limits annual rent increases to 70% of the increase in the Consumer Price Index. It also includes a 90-day notice for any lease termination, a restriction of security deposits to amount to the equivalent of one month’s rent, and a prohibition on fees for applications, credit reports, and background checks.

### Florida

An ongoing legal battle about rent control is taking place in Orange County. Orange County is the primary county for the Orlando MSA, which has undergone the highest annual rent increases in the country. During mid-year 2022, effective rent in the Orlando market increased 26.6% year over year, according to RealPage. The Orange County rent-control ordinance on the ballot called the rental market in Orlando metro a “grave housing emergency.” According to the ordinance, the county has an inventory shortage of over 26,000 units and over 80% of households earning the median income for the area are spending more than 30% of their income on housing. Furthermore, Orange County has received more federal assistance than any other county in Florida, meanwhile, evictions in the first half of 2022 increased 70% from the same period one year prior.

The presented measure would prevent existing apartment owners from raising rents at a rate higher than the inflation rate for the region over the next year. The Florida Apartment Association and the Florida Association of Realtors filed a lawsuit before the election, in attempt to get the measure off the ballot. A judge ruled that the suit could not proceed until after the election. Nearly 60% of voters approved the rent-control ordinance yet pending litigation has stopped the ordinance from going into effect.





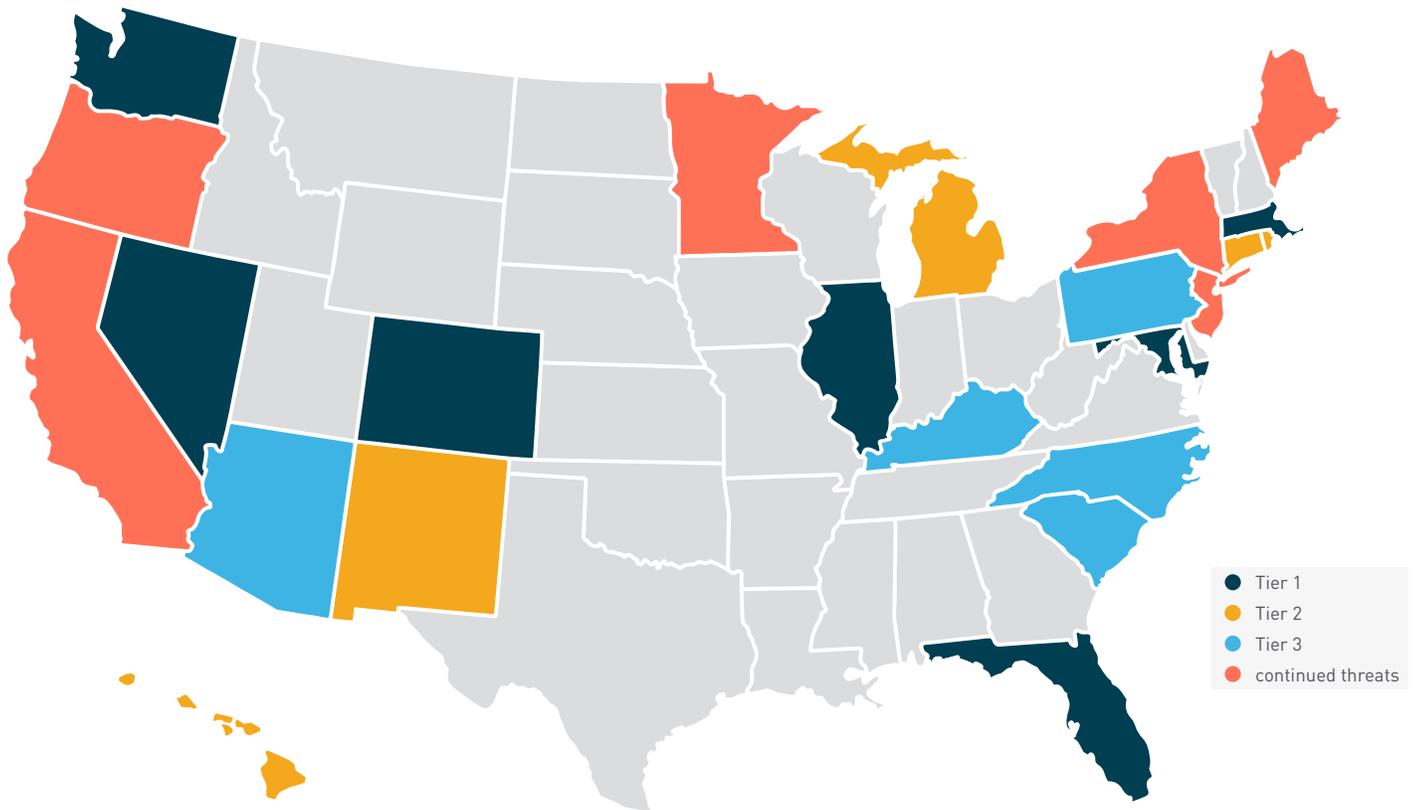
## National Apartment Association and National Multifamily Housing Council Stance

The National Apartment Association (NAA) and National Multifamily Housing Council's (NMHC) believe that rent control exacerbates housing strategies, causes buildings to deteriorate, stunts new development, and can potentially lead to higher rents. To back their position, they point to St. Paul, Minnesota, as their example.

In the 2021 election, St. Paul voters passed the most stringent rent control legislation in the U.S. The new law limited annual rent increases to 3% with no adjustment for inflation, no exemption for new properties, no allowances for capital expenditures, and no vacancy decontrol for move outs. Between the elections and when the law took effect in May 2022, some residents were reportedly hit with rent hikes. Vice President of strategic communication, Jim

Lapides, attests that landlord wouldn't normally raise rents, but felt the pressure from the pending rent control law to do so. In addition, about \$1 billion in multifamily projects were either put on hold or cancelled, according to Joe Abraham of Pergola Management.

Moving into 2023, NMHC has released a four-tiered ranking of which states will have proposed rent control measures in the upcoming year. The breakdown is: Tier One: Active states or local legislative action expected; Tier Two: Elevated potential for state or local legislative activity; Tier Three: Rent control activity expected, though enactment is currently unlikely; Continued Threats: Ongoing risk of rent control expansion.



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