





Rent Stabilization Toolkit

Nada Hussein State and Local Innovation Project Coordinator

Victoria Bourret State and Local Innovation Project Manager

Sarah Gallagher Vice President of State and Local Innovation



Introduction: State and Local Innovation Tenant Protection Toolkit Series

Tenant protections, passed in the form of laws and policies, are critically important tools for protecting tenants against rising rental costs, discriminatory and arbitrary eviction practices, and other threats to housing stability. Tenant protections can help level the playing field between landlords and tenants, rectifying the longstanding power imbalance that impacts the lowest-income and most marginalized renters. Since January 2021, states and localities across the country have implemented more than 300 new tenant protections.

This toolkit is one of a series of tenant protection toolkits released by the National Low Income Housing Coalition's (NLIHC) State and Local Innovation (SLI) initiative during the summer of 2024. The toolkits cover four tenant protections: just cause eviction standards, rent stabilization policies, laws that strengthen habitability standards and code enforcement procedures, and laws that limit excessive rental fees. Each of the four toolkits provides an overview of one major tenant protection, details the common components of the protection, lists information about state and local jurisdictions that have adopted the protection, suggests provisions that should be taken

into consideration when enacting the protection, and highlights complementary policies that can be passed alongside the protection to ensure it has the greatest impact possible. The toolkits are meant to provide foundational information about the core components of select policy interventions that can keep tenants stably housed - and free from the threat of eviction – and to help spark dialogue around the critical importance of state and local tenant protections. Alongside the toolkits, the SLI team is also releasing a series of tenant case studies and hosting a webinar series focused on building momentum for the passage of tenant protections at the state and local levels.

The toolkits were developed through analysis of the protections included in NLIHC's tenant protections database and discussion with state and local tenant advocates and housing-justice focused policy and advocacy organizations. The invaluable advice, research, and insights provided by our partners – including members of NLIHC's Collective, a cohort of tenant leaders working to uplift the voices of the most marginalized and lowest-income renters nationally – helped inform the material presented in the toolkits. The successful passage, implementation, and enforcement of tenant protection policies would not be possible without the work of tenant leaders and advocates willing to share their lived experiences and dedication to housing justice. As such, lawmakers in state and local jurisdictions across the country should center the voices and unique perspectives of tenants in the process of crafting, advocating for, and enacting tenant protection policies. To learn more about NLIHC's work around tenant engagement, please visit: https://www.nlihc.org/ideas NLIHC's SLI project was launched in April 2024 to support state and local partners in advancing, implementing, and enforcing tenant protections, creating and sustaining emergency rental assistance programs, preventing the criminalization of homelessness, and supporting the advancement of housing innovations that seek to keep eviction rates down and prevent homelessness. The initiative aims to empower a movement that will strengthen tenants' rights, prevent evictions, and promote housing stability for renter households with the lowest incomes.

For more information on NLIHC's SLI initiative, please visit: <u>https://nlihc.org/</u> <u>state-and-local-innovation</u>

Rent Stabilization Toolkit

Table of Contents

- 3 INTRODUCTION
- 5 RENT STABILIZATION LAWS
- 6 RESEARCH ON RENT STABILIZATION LAWS
- 7 STRUCTURE OF RENT STABILIZATION LAWS
- 14 COMPLEMENTARY POLICIES
- 16 CONCLUSION
- 17 ENDNOTES

Introduction

Housing is out of reach for many of the lowest-income renters today.¹ Rents are far higher than what the lowest-income and most marginalized renters – including seniors, people with disabilities, and working families – can afford. At the same time, demand in the housing market has increased considerably, leaving renters with very few affordable and available housing options. Since the start of the COVID-19 pandemic alone, the number of new renter households has increased by more than 900,000 individuals.²

During the pandemic, federal, state, and local lawmakers responded to the growing threat of housing insecurity by providing unprecedented resources and protections to keep renters housed, including \$46.6 billion in emergency rental assistance (ERA) and a national moratorium on evictions for nonpayment of rent. These protections and resources worked in tandem to lower eviction rates significantly compared to pre-pandemic averages, reducing rates in many metropolitan areas by more than 50% compared to the historical norm³ and keeping millions of people who otherwise would have lost their homes stably housed.⁴ When federal protections and resources began to elapse following the pandemic, eviction filing rates reached or surpassed pre-pandemic averages in many communities, resulting in increased homelessness.⁵

The struggles of low-income renters have been exacerbated recently by skyrocketing rents and high rates of inflation. Between March 2020 and July 2023, the cost of rent increased more than 26% nationally, with some larger cities seeing rental increases in the double digits in the first quarter of 2021 alone.⁶ Concurrently, rental costs have outpaced worker wages, leaving households without the means to keep up with rising rental costs. Since 2009, the federal mini-

"The struggles of low-income renters have been exacerbated recently by skyrocketing rents and high rates of inflation. Between March 2020 and July 2023, the cost of rent increased more than 26% nationally..." mum wage has remained at \$7.25 per hour, while the full-time hourly wage needed to rent a modest one-bedroom apartment at HUD's average fair market rent (FMR) has risen to \$26.74, meaning workers need to earn more than triple the federal minimum wage to afford a typical rent.⁷

In 2022, there were more than 25 million lowwage workers, or workers who earned near the federal minimum wage, leading to high shares of cost-burdened renters. By 2023, more than 21 million renter households were "cost-burdened," spending more than 30% of their income on rent and utilities, while 11.7 million renter households were "severely cost-burdened," paying at least 50% of their income on rent.⁸

Renters across the nation have also had to contend with a shortage of affordable and available homes. U.S. Department of Housing and Urban Development (HUD) guidelines state that housing is "affordable" if a renter pays 30% or less of their income on housing and utility costs combined.⁹ By this measure, no state in the country has an adequate supply of affordable and available homes.¹⁰ Indeed, according to NLIHC's report The Gap: A Shortage of Affordable and Available Homes - a yearly publication that documents the shortage of affordable and available rental homes in the U.S. - in 2023 there was a shortage of 7.3 million affordable and available homes for renters with extremely low incomes.¹¹

Lawmakers in state and local jurisdictions around the country have sought to support renters amid rapidly rising rents by passing "rent stabilization" laws. Known also as "antiprice gouging" laws, rent stabilization laws place limits on the amount that a landlord or property owner can reasonably increase rents within a certain time frame.

Rent stabilization laws are meant to ensure that tenants are not displaced from their homes due to rental prices that rise at unregulated and unchecked rates. As of 2024, two states, as well as the District of Columbia, have enacted rent stabilization laws to limit the pace of rising rents. The District of Columbia enacted its protection in 1985, while Oregon and California both enacted protections for renters in 2019. In addition to these three jurisdictions, numerous localities have adopted some form of rent stabilization.

Rent regulation laws, on their own, cannot solve the housing affordability crisis. Efforts to increase affordable supply, ensure housing quality and mobility, provide rental assistance for people with the lowest incomes, and protect renters from discrimination or retaliation need to be paired with rent stabilization laws. Moreover, given uncertainties and limitations in existing data on how rent regulation affects housing supply, rental costs, and housing quality, rent regulation policies need to be carefully designed and paired with complementary policies intended to ensure the best protections for low-income renters.

DISPROPORTIONATE IMPACTS OF RIS-ING RENTS ON THE LOWEST-INCOME AND BIPOC HOUSEHOLDS

Low-income and marginalized renters are at the greatest risk of experiencing the many short- and long-term effects of housing instability, which are not limited to the threat of eviction. The strain on a household's budget caused by rising rental costs can also force tenants to make damaging trade-offs. For example, when low-income households spend a greater share of their income on housing, they often have minimal – if any – resources left to spend on other necessities, such as food, childcare, transportation, and healthcare.¹²

Rising rental costs have especially negative consequences for renter households of color.¹³ On a systemic level, racial discrimination and lack of access to wealth-building opportunities have historically barred many Black individuals from homeownership, making Black households disproportionately more likely to be renter households than white households.¹⁴ Additionally, Black, Indigenous, and other people of color (BIPOC) also have disproportionately lower incomes than white people due in large part to the same discriminatory forces, creating a significant affordability imbalance across renter groups.

In 2022, BIPOC renter households accounted for the greatest share of extremely low-income renter households, with Black renter households accounting for 19% of the total, Indigenous renter households accounting for 17%, and Latino renter households comprising 14%.¹⁵ By comparison, only 6% of white renter households were extremely low-income.¹⁶ As such, renter households of color face disproportionately greater struggles in securing and maintaining affordable housing opportunities, especially as rental prices continue to rise.

Rent Stabilization Laws

Rent stabilization laws are policies and protections that place limits on either the amount or the frequency of rent increases for privately owned rental homes. While historically, these policies imposed a ceiling on rents, current iterations of rent stabilization laws often focus on regulating both the pace and amount of allowable rental increases.

Laws and policies that aim to limit rent increases come in many forms and have many names, including "rent regulation," "rent stabilization," and "anti-rent gouging" policies. Allowable rental limits can be written into legislation or decided upon administratively by a Rent Board or Commission, as they are by the State of California. Much variation exists in rent stabilization laws. According to NLIHC's 2024 Advocates' Guide, "some rent stabilization policies sharply restrict increases, while others merely prohibit large and sudden spikes or price gouging. Rent regulation policies also vary in the proportion of the private market rental stock they cover. While some cover all rental homes in an area, most policies target older rental homes to avoid discouraging new construction. Some rent regulations exempt smaller buildings, and some allow homes to be brought up to market rate when they are vacated."¹⁷

Research on Rent Stabilization Laws

Research suggests that rent regulation laws can lower rent burdens for tenants, improve housing stability, and slow displacement for some tenants living in regulated units.¹⁸ However, research provides mixed results regarding how laws that limit rent increases affect the overall housing supply, rent levels in unregulated homes, and housing quality.¹⁹

Rent stabilization policies lower rent burden for existing tenants and protect tenants from sudden and exorbitant rental increases in the future. When implemented, rent stabilization policies often prohibit excessive rent increases that make a renter's residence unaffordable or difficult to maintain and that can force a renter to seek out other housing. For renters residing in homes where rent stabilization policies are in place (including seniors or families with children), research also suggests that such renters are more likely to remain in their homes longer, less likely to move frequently, and less likely to be forced to move than tenants in homes that do not have rent stabilization policies.²⁰

State-specific research has revealed positive impacts as well as possible drawbacks associated with rent regulations and antirent gouging provisions. For example, such research suggests that:

- Rent regulation policies do not impact new housing construction. Research focused on California found little to no evidence that rent stabilization policies hinder new development, especially if rent stabilization policies allow for exemptions related to the types of units covered.²¹ However, the passage of such protections may impact units in the existing private rental market by prompting landlords to remove their units from the market. More information is needed to accurately assess landlord behaviors.²²
- Rent regulation policies do not adversely affect rental prices in non-controlled rental units. Research focused on California, Massachusetts, and New Jersey has also suggested that rent regulation policies may not only increase housing affordability in units not covered by rent stabilization policies but that, when controlling for factors such as maintenance and residential sorting, such policies can have modest positive effects on rental costs in non-controlled rental units (which are not covered by rent stabilization laws).²³

Policymakers would benefit from more research on rent stabilization policies, especially concerning the impact of such policies on smaller "mom and pop" landlords, new housing construction over the long term, long-term housing price and quality, and gentrification and overall racial disparities in access to affordable housing.

Structure of Rent Stabilization Laws

Rent stabilization policies differ markedly from one jurisdiction to the next. NLIHC has tracked the implementation of rent stabilization laws in two states, California and Oregon, as well as in the District of Columbia and more than 40 localities across the country. To better understand the core components of laws regulating rental costs, NLIHC reviewed existing rent stabilization legislation and engaged leaders in our Tenant Leader Collective. Our analysis suggests that laws regulating costs have several common components:

- Explicit limits on rental increases (usually focusing on rental amounts and/or the pace of increases).
- Requirements for notifying tenants about impending rental increases.
- Explicit explanations of exemptions, including the types of units covered or not covered by such laws.
- Explanations of enforcement mechanisms, including implementing agencies and consequences for failure to comply.

Tenant advocates recommend that lawmakers implementing rent stabilization protections (1) impose a single metric to define allowable rental increases and detail strict rent maximums that can be charged each year; and (2) allow tenants to take a private cause of action against a landlord or property owner who unlawfully increases rent by more than the allowed amount.

LIMITS ON RENTAL INCREASES

Fundamentally, rent stabilization policies aim to protect tenants from unreasonable rent increases that make their homes unaffordable and lead to housing instability or displace-

"Fundamentally, rent stabilization policies aim to protect tenants from unreasonable rent increases that make their homes unaffordable and lead to housing instability or displacement." ment. To ensure that rents remain affordable, state and local jurisdictions generally adopt two distinct but interconnected types of provision. The first type of provision establishes allowable limits on the amount of rent a tenant can be charged and often provides a formula for determining permissible rental increases. The second type of provision mandates explicit limits on how often – or when – a landlord or property owner can increase rents.

Lawmakers tend to rely on two methods to define allowable rental limits. Commonly, jurisdictions require that rent increases are in line with average market prices, rental costs incorporate landlords' investments for improvements, and that rents are not unreasonable to tenants. Allowable rental limits are defined in terms of percentage points, though there are differences in how such percentage points are determined. Analysis of existing rent stabilization legislation suggests that lawmakers usually rely on (1) the Consumer Price Index (CPI) to determine allowable percentages and (2) standardized limits in fixed percentage points that do not change from year to year. Some rent stabilization laws use a combination of both methods.²⁴

California is one jurisdiction that has combined both metrics to determine allowable rental increases for tenants. In 2019, lawmakers passed "<u>Assembly Bill 1482</u>" to limit rental increases to either 5% of the current gross rental rate plus the change in cost of living, or 10% of the current rent, whichever is lower. There are at least 25 localities in California that have also passed rent stabilization laws, using a combination of set percentages and changes in the yearly cost of living to cap rental increases. For example, under Santa Ana, California's "<u>Ordinance</u> <u>No. NS-3009</u>," rent increases are not to be in excess of 3%, or 80% of the change in the CPI, whichever is less. More than one rent increase in any 12-month period is also prohibited. Moreover, landlords and property owners are prohibited from increasing rental costs if the CPI is negative for the year.

Oregon also establishes allowable rental increases using two metrics. In 2019, Oregon lawmakers passed "Senate Bill 608," which limited rental increases to 7% plus the yearly change in cost of living. The state passed an additional rent stabilization law in 2023 ("Senate Bill 611") to amend the protections codified under "Senate Bill 608" and strengthen renter protections by instituting a cap on rental increases. Under the current law, rental increases are capped at 7% plus the change in cost of living, or 10%, whichever is lower.

The District of Columbia also utilizes combined metrics to establish rental price caps. Under the "<u>Rental Housing Act of 1985</u>," the most that rents can increase for tenants covered by the rent stabilization law is the yearly change in cost of living (the CPI percentage) plus 2%, with a cap of 10% and for elderly or disabled tenants. For elderly and disabled tenants, moreover, the maximum that rents can be increased is calculated by the CPI percentage only, with a cap at 5%. However, there are exceptions for vacancy decontrol allowing landlords to raise rent to 10% more than what was charged to the former tenant, or an amount similar to comparable rental units, with a cap at 30%. (This policy is known as a "vacancy increase.")²⁵

Rent stabilization laws also often define how frequently rents can be increased. Oregon and the District of Columbia, for example, both prohibit rents from being increased more than once in a 12-month period for a given tenant. California, meanwhile, only prohibits rents from being increased more than twice over a 12-month period, though the total change in rent cannot exceed the rental cap for the year. Some localities have also adopted limits on the number of permissible rental increases. These localities include Mount Rainier, Maryland (passed through "Ordinance No. <u>10-2022</u>"); Minneapolis, Minnesota (passed through a <u>ballot measure</u> in 2021 and codified by law under "<u>Ordinance No. 11-2-2021</u>"); Portland, Maine (passed through a <u>ballot</u> <u>measure</u> in 2022); and Rutherford, New Jersey (passed through "<u>Ordinance No. 2083A</u>").

Though many state and localities use a combination of metrics to determine allowable rental increases, tenant advocates recommend adopting a different approach (see the "Recommendation from Tenant Advocates" below).

Recommendation from Tenant Advocates

Lawmakers implementing rent stabilization protections in their jurisdiction should impose a single metric to define allowable rental increases, while also detailing strict rent maximums that can be charged each year. Laws should define allowable rental increases instead of imposing price minimums that permit rental costs to fluctuate at uneven rates from year to year. In many states and localities that have implemented rent stabilization policies, it is common for the law to include price floors that allow rental costs to be increased by the sum of a certain percentage point and the yearly change in cost of living (or CPI). Using a combination of both metrics means that rents can increase at an unequal rate from year to year, which in turn can be unpredictable and even harmful for tenants. Instead, lawmakers should consider making use of a single measure to delineate allowable rental increases, such as by using the change in the rate of inflation or a strict percentage limit. The law should also make use of a price ceiling to promote tenant awareness of the maximum amount that their rent can increase per year.

NOTICE REQUIREMENTS

To create transparency in the rental market and ensure that tenants are aware of impending rent changes, states and localities have typically included mandates in rent stabilization laws that require landlords and property owners to provide tenants notice of rent changes. Requirements to provide adequate advance notice not only help ensure that tenants are aware of the specific amounts and dates of any increases but also that tenants either have the opportunity to appeal a proposed rental increase or sufficient time to seek out other housing opportunities if they choose.

Oregon's "<u>Senate Bill 608</u>" includes a detailed notice requirement system for tenants based on the length of a tenant's lease term. For week-to-week leases, a landlord must provide seven days' notice prior to any increase. For all other tenancies, a landlord must provide 90 days' written notice of the increase. Under the law, all notices must include (1) the amount of the rent increase; (2) the amount of the new rent; (3) the date on which the increase becomes effective; and (4) any exemptions, if applicable.

At the municipal level, both Antioch and Berkeley, California, require landlords and property owners to provide tenants with advance notice that certifies that a rental increase can be imposed on a tenant and that the landlord has satisfied the outlined conditions of the law. However, the laws in Antioch and Berkeley, which were passed through "<u>Ordinance</u> <u>No. 2219-C-S</u>" and "<u>Ordinance No. 5261-S</u>," respectively, differ in terms of what – and when – notice has to be provided to a tenant.

In Antioch, a landlord must provide a tenant with notice of the Rent Stabilization Ordinance, the tenant's right to submit a complaint to the city, or a Rent Reduction Petition for rent charged in violation of the ordinance, the landlord's right to respond to a "Rent Reduction Petition," and notice of a tenant's right to respond to a "Fair Return Petition."²⁶ The written notice must be provided to a tenant the day on which or before a tenancy begins, or in the case of an existing tenancy, when the notice to increase rent is delivered. Berkeley requires landlords to provide tenants with at least 30 days' notice of any rent increase. While Antioch permits a shorter notice period than Berkeley, a tenant in Antioch may petition for a reduction of rent "if the tenant believes that the Landlord has demanded, accepted, or retained from the tenant any rent in excess of the rent permitted by the Rent Stabilization Ordinance."27 The law also stipulates that the landlord shall be provided notice of the tenant's complaint, giving the landlord the opportunity to respond to the tenant's claim that rent is being overcharged.

STATE	UNITS COVERED	EXEMPTIONS
CALIFORNIA	The state's rent stabilization law applies to all rental properties unless exempted by the law due to a certain circumstance. (See "Exemptions.")	The law does not apply to affordable housing, higher education-affiliated dormitories, housing that has been issued a certificate of occupancy within the previous 15 years, single-family rental homes, condominiums, and properties that were built after February 1, 1995, as per the state's "Costa-Hawkins Rental Housing Act" of 1995. ²⁸
DISTRICT OF COLUMBIA	The rent stabilization law in the District of Columbia applies to all rental units unless the property is exempt from coverage. (See "Exemptions.") The property must be registered through the city's rental registry program to be denoted as exempt from rent control or subject to the law. Any property not registered will be automatically denoted as subject to rent control.	Several exemptions are embedded in the District of Columbia's rent stabilization policy, including exemptions for: (1) prop- erties that are subsidized by either the federal government or the government of the District of Columbia; (2) properties that were built after 1975; (3) properties that are owned by a natural person who owns no more than four rental units in the District of Columbia, and is not a corpora- tion; and (4) properties that were vacant when the law took effect.
OREGON	Oregon's law applies to all rental units in the state except proper- ties that were built fewer than 15 years ago in order not to disin- centivize new construction. Gov- ernment subsidized housing units are also not covered by the law.	Oregon's law includes certain exemptions for properties based on their construc- tion and/or status as affordable housing. Properties that were built fewer than 15 years ago are exempted from coverage under the law, while properties that are regulated by federal, state, or local gov- ernment agencies as affordable housing are exempted.

Exemptions in State-Level Rent Stabilization Laws

EXEMPTIONS, INCLUDING PEOPLE AND UNITS NOT COVERED

Rent stabilization laws typically apply to a subset of housing units in the market and include provisions that detail exemptions to the law, excluding certain properties or types of units from compliance with the law. Commonly, rent regulation or anti-rent gouging laws exempt properties that might be protected or covered by the law in other ways or properties that may suffer undue harm by implementation of rent regulations, including properties that are federally regulated as public housing, properties that are owned by a smaller landlord who owns only a few units, or properties that were built within a certain time frame. See the "Exemptions in State-Level Rent Stabilization Laws" table for a summary of the exemptions listed in state-level rent stabilization policies, including the District of Columbia.

ENFORCEMENT MECHANISMS AND CONSEQUENCES FOR FAILURE TO COMPLY

To ensure that rent stabilization laws are carried out successfully, states and localities with such laws in place typically institute enforcement processes by creating implementing agencies and establishing consequences for failure to comply.

Implementing Agencies

Enforcement can involve many different mechanisms. One especially important component of enforcement is the creation or appointment of a single department or agency to oversee the implementation of rent stabilization laws. An implementing agency can provide administrative guidance to landlords and tenants on allowable increases, provide education materials, and help process appeals and hold administrative hearings as needed. The presence of a centralized agency in charge of oversight can also ensure that tenants know whom to contact if they believe that their rent has been raised unjustly or unlawfully.

In the District of Columbia, a <u>Rental Hous-</u> ing <u>Commission</u> is tasked with overseeing the locality's rent stabilization program. The commission issues allowable rental increases, rental adjustments, and cost of living adjustments for recipients of Social Security benefits and can also hold hearings regarding applicability of the law. The Commission has three members, including a chairperson, all of whom are elected for three-year terms.

Cities like San Francisco and Berkeley, California, have also created standalone agencies tasked with overseeing their rent control programs. Each city has implemented a "<u>Rent Board</u>" the function of which is to interpret and enforce the city's rent stabilization ordinance. The rent boards also offer mediation services regarding issues like habitability, security deposit disputes, noise complaints, and other lease problems.

The rent boards in these California cities also allow landlords and property owners to file petitions under the rent stabilization law if there are unexpected changes to the lease agreement, as can occur due to increases in tenant occupancy. Likewise, tenants are permitted to submit petitions to the boards, with common petition filings focusing on excessive rental increases, deterioration of a property – which can result from a lack of adequate housing services or maintenance – and failure of a landlord to provide a habitable living space. No matter whether petitions are filed on behalf of landlords or tenants, all petitions are considered in relation to rent changes, with each city's rent board conducting hearings to determine whether changes should in fact be made.

Consequences for Failure to Comply

Rent stabilization laws also tend to include an explanation of allowable repercussions for failure to comply with the law. Several states and localities have also instituted repercussions for landlords and property owners who fail to comply with particular components of the law, such as requirements to give proper notice to a tenant of an impending rental increase or rent increases that are in excess of the allowable limits set forth by the law. In Oregon, for example, a landlord or property owner who increases rent in violation of the ordinance must provide the tenant with financial compensation. The state's "<u>Senate</u> <u>Bill 608</u>" stipulates that a landlord or property owner who does not comply with the law will be required to provide aid equal to three months' rent, plus the value of actual monetary damages suffered by the tenant if applicable.

Meanwhile, Los Angeles's "Rent Stabilization Ordinance" outlines legal repercussions for failure to comply with its rent stabilization law. Landlords and property owners who charge a tenant rent in excess of the amount allowed under the law are held liable in a civil action and must pay the tenant three times the amount by which the payment demanded exceeded the maximum rent that could be charged, as well as attorney's fees and additional costs as determined by the court. A landlord or property owner who violates the law may also be found guilty of a misdemeanor, and if convicted, punished by a fine of not more than \$1,000 or by imprisonment in the county jail for up to six months.

Recommendation from Tenant Advocates

Lawmakers who seek to implement rent stabilization protections in their jurisdictions should allow tenants to take a private cause of action against a landlord or property owner who unlawfully increases rent by more than the allowed amount. Instead of relying on the municipality to impose consequences on parties who fail to comply with the law, a tenant should be given the right to challenge a rental increase in a court of law. By allowing tenants the right to assert an affirmative defense in a court of law, power is more equally distributed, which in turn allows tenants to legally fight for their right to remain stably housed without fear of displacement or retaliation. Allowing tenants to take action against an excessive rent increase, as in the City of St. Paul, Minnesota, can also ease the administrative burdens that can arise, especially in localities, when there is a formal petition process that a tenant must follow to have their case heard.

Complementary Policies

Rent stabilization policies can be strengthened when passed in tandem with companion policies that seek to promote housing stability over the long term, such as just cause legislation, habitability standards and code enforcement procedures, and rental registries and proactive inspection programs.

JUST CAUSE EVICTION PROTECTIONS

"Just cause" – also known as "good cause" or "for cause" – eviction laws are tenant protections that seek to prevent evictions and promote housing stability by limiting the causes for which a landlord can evict a tenant or refuse to renew a tenant's lease when the tenant is not at fault or in violation of any law. Just cause laws can support rent stabilization laws and benefit low-income tenants by protecting renters from evictions for no fault of their own, discouraging renters from self-evicting when they receive eviction notices from landlords, and empowering tenants experiencing poor living conditions, discrimination, or other illegal landlord behavior to advocate for improvements with landlords or file complaints without fear of retaliation.²⁹

LAWS STRENGTHENING HABITABILITY STANDARDS AND CODE ENFORCEMENT PROCEDURES

Research conducted in 2007 suggests that rent regulation policies may negatively impact the interior and exterior quality of a unit.³⁰ Compared to non-controlled housing units, chronic negative housing conditions were more likely to be present in housing units covered under rent stabilization policies versus units that were not covered under such policies.³¹ Such circumstances can be attributed to financial losses that can accrue due to lower rental rates, especially if such costs cannot be passed on to tenants.³² To mitigate this negative effect, jurisdictions should consider passing stronger habitability laws and proactive code enforcement procedures to help address such problems. For tenants in rent stabilized properties, such laws can work together to keep tenants stably housed by not only ensuring that tenants can remain in housing that fits their budget but that any maintenance concern that threatens their housing stability can be rectified.

RENTAL REGISTRIES

Rental registries are state or local databases that collect and maintain up-to-date contact information for property owners and landlords, typically including contact information of both the landlord and party responsible for managing and maintaining the rental property. Rental registries promote transparency by establishing a process to better understand the rental housing market in a given jurisdiction, helping to identify households who are most likely at risk of displacement due to rising rents,²⁹ and ensuring that tenants have contact and other relevant information for their landlord, building owner, and the property manager and are able to contact them when needed.

Housing advocates often recommend rental registries as a complementary tenant protection that can be passed alongside rent stabilization laws to help maintain transparency in the rental market. Specifically, rental registries designed to aid the enforcement of rent stabilization laws can provide prospective renters with information about a unit's pricing history. This information can enable tenants and rent enforcement agencies alike to certify that landlords and property owners are in compliance with the law. Since the pandemic, interest in rental registries has been increasing in states and localities across the country. In 2024, there are more than 20 localities that have implemented rental registries, including Seattle, Minneapolis, Pittsburgh, and Philadelphia.

In Portland, Oregon, lawmakers passed in 2018 a <u>citywide rental registration program</u> ordinance mandating that all property owners register their rental units. Notably, the ordinance was passed alongside the city's rent stabilization program. The law, "<u>Ordinance No. 189086</u>," does not explicitly note that the registry must include information on a property's price history, though it does state that the director of the registry can legislate through administrative rules that additional information can be required.

Likewise, the District of Columbia <u>has insti-</u> <u>tuted a database of rent-controlled prop-</u> <u>erties</u>, with the registry managed by the District's Office of the Tenant Advocate. The law that created the database mandates that landlords and property owners must provide information about the base rent of the unit, as well as the amount and date of each rent increase or decrease.

Proactive inspection processes are often implemented alongside rental registries to ensure that all properties are safe and meet local habitability standards. In New Orleans, Louisiana, for example, lawmakers in 2022 passed a citywide "Healthy Homes" ordinance to require landlords and property owners to "register" their rental properties with the city to certify that units comply with the city's housing codes (or "implied warranty of habitability"). Under the law, landlords and property owners are issued a certificate upon registration and inspection of their property, which they must renew. Those failing to register their units or unable to follow the law face the risk of being prevented from renting their unit.

Conclusion

In the absence of federal rent stabilization protections for rental units in the private market, it is important to enact state and local level laws that deter tenant displacement and ensure that renters are not priced out of their homes. As rents continue to be out of reach for millions of households in states and localities across the country, rent stabilization laws can ensure that tenants in private rental market housing are not displaced due to excessive rent increases that threaten housing stability.

To guarantee that protections to regulate rent increases are implemented and enforced successfully, lawmakers should ensure that rent stabilization laws place explicit limits on both how much and how often rent can be increased by utilizing minimal and easy to understand metrics; provide adequate notice requirements; minimize exemptions; and ensure adequate infrastructure for implementation and enforcement, including provisions that provide tenants the right to assert an affirmative defense. Moreover, laws and policies designed to regulate rent increases should be coupled with laws and policies that provide just cause eviction protections, ensure habitability standards, and establish rent registries and proactive inspection programs.

Endnotes

- ¹ Harati, R., Emmanuel, D., Zhou, C., Steimle, L., & Yentel, D. (2024). <u>Out of Reach: The High Cost of Housing</u>. National Low Income Housing Coalition.
- ² Joint Center for Housing Studies of Harvard University. (2024). America's Rental Housing 2024.
- ³ Hepburn, Peter, Jacob Haas, Nick Graetz, Renee Louis, Devin Q. Rutan, Anne Kat Alexander, Jasmine Rangel, Olivia Jin, Emily Benfer, and Matthew Desmond. <u>Protecting the most vulnerable: Policy response and eviction</u> <u>filing patterns during the COVID-19 pandemic</u>. RSF: The Russell Sage Foundation Journal of the Social Sciences 9, no. 3 (2023): 186-207.
- ⁴ Greene, S., Richardson, T., Bryon, J., & Cho, R. (2023, August 22). <u>Rise in homelessness averted amidst worsening housing needs in 2021. What does this tell us about how to end homelessness in the U.S.?</u> Office of Policy Development and Research, U.S. Department of Housing and Urban Development.
- ⁵ Eviction Lab. (2018). National Eviction Map [map]. Princeton University.
- ⁶ Tejada, V. (2023, November 06). <u>Average Rent Increase Per Year: Everything You Need to Know</u>. Azibo.
- ⁷ Harati, R., Emmanuel, D., Zhou, C., Steimle, L., & Yentel, D. (2024). <u>Out of Reach: The High Cost of Housing</u>. National Low Income Housing Coalition.
- ⁸ Harati, R., Emmanuel, D., Zhou, C., Steimle, L., & Yentel, D. (2024). <u>Out of Reach: The High Cost of Housing</u>. National Low Income Housing Coalition.
- ⁹ U.S. Department of Housing and Urban Development (HUD). Glossary of Terms to Affordable Housing.
- ¹⁰Aurand, A., Emmanuel, D., Clarke, M., Pish, M., Rafi, I., & Yentel, D. (2024). <u>The Gap: A Shortage of Affordable</u> <u>Homes</u>. National Low Income Housing Coalition.
- ¹¹Aurand, A., Emmanuel, D., Clarke, M., Pish, M., Rafi, I., & Yentel, D. (2024). <u>The Gap: A Shortage of Affordable</u> <u>Homes</u>. National Low Income Housing Coalition.
- ¹²Harati, R., Emmanuel, D., Zhou, C., Steimle, L., & Yentel, D. (2024). <u>Out of Reach: The High Cost of Housing</u>. National Low Income Housing Coalition.
- ¹³Lake, J. (2020, October 30). <u>The Pandemic Has Exacerbated Housing Instability for Renters of Color</u>. Washington, DC: Center for American Progress.
- ¹⁴Chapman, M. (2023, September 12). Housing For: Renters. Washington, DC: National League of Cities.
- ¹⁵Harati, R., Emmanuel, D., Zhou, C., Steimle, L., & Yentel, D. (2024). <u>Out of Reach: The High Cost of Housing</u>. National Low Income Housing Coalition.
- ¹⁶Harati, R., Emmanuel, D., Zhou, C., Steimle, L., & Yentel, D. (2024). <u>Out of Reach: The High Cost of Housing</u>. National Low Income Housing Coalition.
- ¹⁷Aurand, A. (2024). <u>Advocates Guide 2024</u>. (p.7-12). National Low Income Housing Coalition.
- ¹⁸Aurand, A. (2024). <u>Advocates Guide 2024</u>. (p.7-12). National Low Income Housing Coalition.
- ¹⁹Aurand, A. (2024). <u>Advocates Guide 2024</u>. (p.7-13). National Low Income Housing Coalition.
- ²⁰Chew, A. & Treuhaft, S. (2019, February). <u>Our Homes, Our Future: How Rent Control Can Build Stable, Healthy</u> <u>Communities</u>. (pp. 24-25). PolicyLink, Right to City Alliance, and The Center for Popular Democracy.

National Low Income Housing Coalition

1000 Vermont Avenue, NW | Suite 500 | Washington, DC 20005 | 202-662-1530 | www.nlihc.org

- ²¹Pastor, M., Carter, V., & Abood, M. (2018, October). <u>Rent Matters: What are the Impacts of Rent Stabilization</u> <u>Measures?</u> University of Southern California.
- ²²Pastor, M., Carter, V., & Abood, M. (2018, October). <u>Rent Matters: What are the Impacts of Rent Stabilization</u> <u>Measures?</u> University of Southern California.
- ²³Pastor, M., Carter, V., & Abood, M. (2018, October). <u>Rent Matters: What are the Impacts of Rent Stabilization</u> <u>Measures?</u> University of Southern California.
- ²⁴CPI is defined as the yearly change in the cost of living, with percentage changes issued by the U.S. Bureau of Labor Statistics. Embedded in the CPI is a metric regarding "shelter," which measures changes in rent and the differences in the amount of rent that tenants pay yearly.
- ²⁵Department of Housing and Community Development (DHCD.) <u>What You Should Know About Rent Control in</u> the District of Columbia.
- ²⁶ "Ordinance No. 2219-C-S." City Council of the City of Antioch, California.
- ²⁷ "Ordinance No. 2219-C-S." City Council of the City of Antioch, California.
- ²⁸Vasquez, J. & Gallagher, S. (2022, May 17). <u>Promoting Housing Stability Through Just Cause Eviction Legislation</u>. National Low Income Housing Coalition.
- ²⁹<u>Rental Registries</u>. PolicyLink.

Looking for more information?

To learn more about NLIHC's SLI initiative, please visit: https://nlihc.org/state-and-local-innovation





