

MAINE STATE LEGISLATURE

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(EMERGENCY)

ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 1726

H. P. 1316

House of Representatives, April 2, 1973

Referred to the Committee on Judiciary. Sent up for concurrence and ordered printed.

E. LOUISE LINCOLN, Clerk

Presented by Mr. LaPointe of Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-THREE

AN ACT Creating Emergency Regulatory Controls on Rent Increases for Residential Property.

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, on January 11, 1973 the Federal Government abandoned its regulatory controls on rent increases; and

Whereas, since January 11, 1973 tenants have received rent increases far in excess of the voluntary guidelines established by the Federal Government; and

Whereas, such inflationary rent increases are becoming a severe economic hardship to the citizens of this State; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. Rental increase. Any rental increase subsequent to January 11, 1973 on property included within this Act shall be effective only if initiated in accordance with this Act.

Sec. 2. Exemptions. The following rental property is exempt under this Act:

1. Industrial, farm, nonresidential and commercial property;
2. New construction offered for rent for the first time after January 11, 1973;
3. Rehabilitated dwellings where the cost of rehabilitation exceeds $\frac{1}{3}$ of the total value of the rehabilitated property and offered for rent for the first time after January 11, 1973;
4. Owner-occupied dwellings of 3 units or less, on a longer than month-to-month basis.

Sec. 3. Base rental. Base rental, for the purposes of this Act, is the periodic rental charged for a unit not excluded by this Act before January 11, 1973. If the tenant and landlord entered into a lease or tenancy at will before January 11, 1973, but the agreement did not take effect until after January 11, 1973, the base rental is the highest rent allowed under the lease or tenancy.

Sec. 4. Increases permitted. Rent increases are permitted for the following reasons only:

1. **Automatic increase.** An annual increase to compensate for increases in the landlord's operating costs;
2. **Allowable increase.** Allowable cost increases in property taxes and other governmental service charges, but only after the effective date of the imposition of such tax or service charge;
3. **Capital improvements.** Capital improvements completed after January 11, 1973.

Sec. 5. Limitations. Rent increases shall be limited to the following percentages.

1. **Automatic increases.** Once annually, the landlord of a rental unit covered by this Act may increase the base rent by an amount not to exceed $2\frac{1}{2}\%$.
2. **Allowable cost increases.** The landlord of a rental unit covered by this Act may increase the base rent in proportion to the actual cost increase in municipal property tax or governmental service charges. Such increased expenses may be passed on to the tenants only when the landlord becomes liable for such increased costs. The following formula shall be utilized to determine the share of such increased costs allocated to each tenant:

$$\frac{\text{increase in rent in apt. X}}{\text{total cost to be allocated}} = \frac{\text{annual rent for apt. X}}{\text{annual rent for building}}$$

For the purposes of computing the rent increase, the annual rent for the entire building is computed for the 12 months preceding such increase.

3. **Capital improvements.** Any landlord who, after January 11, 1973, completes capital improvements to a building or rental unit covered by this Act, may increase the base rent of any apartment benefiting from such improvement by an amount not to exceed $1\frac{1}{2}\%$ of the base rent. For purposes of

calculating the proportionate share of the cost of such improvements to be passed on to a tenant annually, the landlord shall use the following formula:

$$\frac{\text{cost of improvements}}{\text{expected useful life of improvements}} \times \frac{\text{annual rent for apt. X}}{\text{annual rent for building}}$$

Sec. 6. Notification. Any landlord increasing a tenant's rent under this Act shall notify the tenant in writing at least 30 days in advance of the effective date of the increase. Such notice shall be served personally on the tenant by the landlord, his agent or employee or sent by certified mail, return receipt requested. All such notices shall specify:

1. The base rental;
2. The effective date of the increase;
3. The percentage increase and dollar amount of the proposed increase;
4. The amount of the proposed increase attributable to capital improvements, property taxes and county and municipal service charges;
5. A copy of a tax bill, or other such document evidencing the increased costs to be passed on to tenant attributable to property tax increase, or increase in municipal or county service charges;
6. An itemization of capital improvements made, the amount of each such item, and the name and address of every contractor or supplier who provided services or goods in connection with such capital improvements.

Sec. 7. —void. Any notice which does not conform to the requirements of this Act is void.

Sec. 8. Remedies. After the effective date of this Act, any tenant, receiving a notice of rent increase who in good faith believes the increase or the notice, or both, fails to conform to this Act, must notify the landlord, orally or in writing, of such objections.

1. Thereafter the tenant may:

A. Refuse to pay the amount of rental increase, and such refusal shall not constitute cause for eviction if made in good faith; and

B. Raise such objections to the increase as a defense to an action in forcible entry and detainer, instituted by the landlord pursuant to the Revised Statutes, Title 14, section 6002, subsection 1.

2. In addition to the foregoing, any tenant objecting to the notice or rent increase, or both, may, after notice to the landlord, file a complaint in the District Court, seeking a determination of the validity of the notice or rent increase, or both. Such complaint shall be heard and resolved by the court in accordance with the District Court Civil Rules, Rule 80D.

3. Provided that in the event any court should determine that the notice or rent increase, or both, is valid, the tenant must, within 7 days of such

determination pay the amount of rent increase withheld to the landlord, or a writ of possession shall issue.

Sec. 9. Appeals. Either party may appeal from a judgment to the Superior Court as in other civil actions. When either landlord or tenant appeals, neither party is required to procure a bond to indemnify the other for costs and rent owed.

Sec. 10. Expiration date. This Act shall expire on January 1, 1975, unless extended by the Legislature.

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.

STATEMENT OF FACT

The purpose of this Act is reflected in the title.