

## States With Rent Control

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### Issue

Which states have statewide rent control or laws authorizing local governments to adopt rent control ordinances? What are the components and parameters of these ordinances?

This report updates OLR Report [2018-R-0081](#).

### Summary

Generally, rent control-authorizing laws set a framework under which municipal or county governments may adopt rent control ordinances. These laws commonly address jurisdictional limits, methods for calculating maximum rent, exempt properties, eviction restrictions, and penalties and enforcement. They generally leave it to local governments to implement rent control through ordinances that fall within the parameters established by statute. Thus, approaches vary considerably.

According to a July 2021 [Urban Institute report on rent control](#), even though rent control is prohibited by most states, over 200 municipalities have adopted some form of rent control regulation. The National Multifamily Housing Council maintains a [database](#) of rent control laws by state, which shows that 31 states, including Connecticut, prohibit localities from adopting rent control ordinances. In Connecticut, municipalities are prohibited from adopting rent control ordinances pursuant to case law (see Background).

### *What is Rent Control?*

*States and local jurisdictions generally adopt rent control ordinances in an effort to maintain affordable housing stock and limit disruptions caused by rapid rent increases.*

*While some rent control ordinances allow landlords to set the rent for vacant units at market price, they may also limit the rate at which landlords can increase the rent for occupied units. For example, an ordinance may limit rent increases to a specific percentage per year or the amount needed to cover the cost of capital improvements.*

Currently, only two states (California and Oregon) have enacted statewide rent control laws and three states (Maryland, New Jersey, and New York) have laws authorizing local governments to adopt rent control ordinances. Additionally, in the District of Columbia, districtwide rent control is in place pursuant to a Congressional act.

In states where the statutes are silent on this issue, local governments may adopt rent control ordinances pursuant to their general police powers. For example, in Maine, Portland voters adopted a rent control ordinance by [ballot initiative](#) in November 2020, which went into effect January 1, 2021. Also, under a statutory exception to Minnesota's preemption of local rent control ordinances ([Minn. Stat. § 471.9996\(2\)](#)), Minneapolis and Saint Paul voters approved rent control [ballot initiatives](#) during the November 2021 general election. Other states follow the [Dillon Rule](#), which is the principle that units of local government can only exercise powers the state expressly grants them. In other words, local jurisdictions in such states would only be able to adopt rent control ordinances if expressly authorized to do so by state law.

In February 2019 Oregon became the first state in the country to enact statewide rent control legislation using a method sometimes referred to as "[anti-gouging](#)" (i.e., establishing a broad-based, relatively high cap on annual rent increases). California followed suit in January 2020 with its own statewide rent control legislation that similarly targets steep rent increases. While these statewide rent control laws are similar, they do diverge in certain respects that we describe below.

## Statewide Rent Control Laws

### *Oregon*

Oregon's first-of-its-kind 2019 statewide rent control law ([2019 SB 608](#)) generally (1) limits rent increases, (2) bars landlords from raising rent during the first year after tenancy begins, and (3) requires landlords to give tenants 90-days' written notice before raising rent after the first year of tenancy. Specifically, the law prohibits landlords from raising current rent by more than 7% plus inflation (i.e., a version of the [Consumer Price Index](#) (CPI) published by the U.S. Bureau of Labor Statistics) during any 12-month period. The [Oregon Office of Economic Analysis](#) is required to calculate and publish, by September 30 of each year, the maximum annual rent increase percentage for the coming year. The allowable rent increase for the 2022 calendar year is 9.9%, up from 9.2% in 2021. The Oregon law also includes additional tenant eviction protections ([Or. Rev. Stat. §§ 90.323](#), [90.427](#), & [90.600](#)).

## ***California***

In California, “rent control” traditionally referred to local ordinances and existed as early as the late 1970s. These ordinances now exist in tandem with a statewide rent control law that took effect on January 1, 2020, the [Tenant Protection Act of 2019](#). California’s statewide rent control law also generally caps annual rent increases for qualifying units, limits the number of allowable annual rent increases, and includes additional tenant eviction protections. Specifically, the law (1) caps annual rent increases at 5% plus local inflation (i.e., percent change of the regional CPI over a specified time period) or 10% of the lowest rent charged at any time during the previous 12 months, whichever is less and (2) prohibits landlords from increasing rent in more than two increments annually if a tenant occupies the unit for at least a year ([Cal. Civ. Code §§ 1946.2, 1947.12, & 1947.13](#)).

## ***Comparison of Oregon and California Laws***

With certain exceptions, the statewide rent control laws in both California and Oregon generally apply to landlords of housing that was not issued a certificate of occupancy within the previous 15 years ([Cal. Civ. Code § 1947.12\(d\)\(4\)](#); [Or. Rev. Stat § 90.323\(7\)\(a\)](#)). However, there are some notable differences between the two laws. With its existing system of municipal and county rent control ordinances, California’s statewide rent control only applies to unincorporated areas, jurisdictions without a rent control ordinance in effect, and uncovered buildings in jurisdictions where rent control ordinances were already in effect. Additionally, while the maximum allowable annual rental increase is uniform across Oregon, it varies by region in California. Lastly, California’s statewide rent control law includes a sunset date (January 1, 2030), while Oregon’s does not.

## **Rent Control-Authorizing Laws**

Three states (Maryland, New Jersey, and New York) and the District of Columbia have laws that expressly authorize rent control. Also, California courts have held that rent control is governed by the police power authorized by the state constitution and the state’s statutes place limits on this authority.

## ***General Provisions of Rent Control Laws and Ordinances***

State rent control-authorizing laws, and rent control ordinances in general, often have provisions that address the:

1. purpose for which rent control may be established (e.g., housing shortage, substandard housing);

2. jurisdictions in which rent control is permitted (e.g., in any municipality, only in certain counties);
3. properties that are exempt (e.g., new construction, single-family rentals);
4. protection of tenants (e.g., prohibiting retaliatory evictions, requiring security deposits to be kept in interest-bearing accounts);
5. administrative machinery (e.g., public agency that assists municipalities in establishing and enforcing rent control);
6. formula for setting maximum rents (e.g., percentage increase tied to average CPI, factors for determining landlords' legitimate business expenses); and
7. available remedies (e.g., penalty for landlords who violate ordinances, protections for landlords in substantial compliance).

### ***California and New York***

The laws in California and New York are comprehensive and establish the most restrictive frameworks for jurisdictions adopting rent control. Their statutes include most of the abovementioned rent control provisions and ordinances must fall within those parameters ([Cal. Const. Art. XI, § 7](#); [NY Unconsol. Law Title 23](#); and [Cal. Civ. Code §§ 1947.7 to 1947.15 & 1954.50 to 1954.535](#)). (New York's [Housing Stability and Tenant Protection Act of 2019](#) extended, and made permanent, certain provisions of law related to rent control and rent stabilization.)

### ***District of Columbia***

The Rental Housing Act of 1985 ([DC Law 6-10](#)) authorized the District of Columbia to establish rent control. Among other things, the act (1) created a commission to implement rent control; (2) protected tenants from retaliatory action; (3) established remedies for rent control violations; and (4) created the Office of the Rent Administrator, appointed by the mayor, to carry out the commission's rules. The Council of the District of Columbia has discretion concerning maximum rent calculations, exempted dwellings, and the rent administrator's approval ([D.C. Code § 42-3502.01 et seq](#)). On November 23, 2021, the commission released a [memo](#) describing changes to the rent control regulations effective December 31, 2021.

### ***New Jersey and Maryland***

The rent control laws in New Jersey and Maryland are the least restrictive.

[New Jersey statute](#) does not address rent increases specifically, but it (1) expressly authorizes municipalities to control rent in certain substandard, multi-unit apartments and establishes the

formula to calculate maximum rents ([N.J. Stat. Ann. § 2A:42-77](#)) and (2) exempts certain newly constructed multi-unit buildings from local rent control ordinances ([N.J. Stat. Ann. §§ 2A:42-84.2, -84.3, -84.4, -84.5, & -84.6](#)). Numerous New Jersey municipalities have adopted rent control ordinances.

Maryland law does not establish any rent control parameters for local governments. Rather, it authorizes two counties (Frederick and Washington) to adopt ordinances or regulations to control rent. Presumably each county has full discretion over implementation ([MD code, Local Govt. §§ 13-922 & -932](#)).

## Background

Connecticut law does not permit municipalities to adopt rent control ordinances. The Connecticut Supreme Court reached this conclusion after finding that (1) municipalities have only the powers that are expressly conferred upon them and necessary to effect conferred powers and (2) the legislature's 1956 repeal of laws authorizing municipalities to adopt rent control made it clear that rent control is contrary to the legislature's will ([Old Colony Gardens, Inc. v. Stamford, 147 Conn. 60 \(1959\)](#)). However, the law authorizes municipalities to establish fair rent commissions to "control and eliminate excessive rental charges" ([CGS §§ 7-148b to -148g](#)) and empowers these commissions to enforce provisions of a landlord-tenant statute generally prohibiting landlords from increasing rent as a retaliatory action against tenants ([CGS §§ 47a-20 and 47a-20a](#)). Though not all municipalities have established fair rent commissions, any tenant residing in a building or complex consisting of five or more separate dwelling units who is (1) age 62 or older or (2) an individual with a physical or mental disability may bring action in Superior Court to contest an excessive rent increase or proposed rent increase ([CGS § 47a-23c\(c\)](#)).

For more information on tenant protections against excessive rent increases in Connecticut, see OLR Report [2020-R-0255](#).

Some other states may prohibit rent control because rent control ordinances have been challenged as a violation of (1) the eminent domain, equal protection, and contract clauses and (2) substantive due process. Courts have generally held that for rent control ordinances to comply with the constitution, landlords must not be deprived of a just and reasonable return on the value of the rental property.

## Sources

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