HB 1362 - AS INTRODUCED

2024 SESSION

24-2217
12/08

HOUSE BILL ***1362***

AN ACT relative to authorizing municipalities to stabilize rent increases in rental housing.

SPONSORS: Rep. Read, Rock. 10; Rep. Kenney, Straf. 10; Rep. Gallager, Merr. 20; Rep. A. Murray, Hills. 20

COMMITTEE: Municipal and County Government

ANALYSIS

This bill authorizes municipalities to enact and enforce rent stabilizing ordinances.

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Explanation: Matter added to current law appears in ***bold italics.***
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

24-2217
12/08

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Four

AN ACT relative to authorizing municipalities to stabilize rent increases in rental housing.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 New Section; Municipal Powers: Rent Stabilization. Amend RSA 31 by inserting after section 39-e the following new section:

31:39-f Rent Stabilization

I. Definitions. In this section:

(a) “Allowable rent increase” means the standard amount that the rent of a covered unit may be raised within the following calendar year, unless a landlord is entitled to additional increases as provided in paragraph III of this section. For the purposes of this ordinance, the rent board shall presume that the allowable increase percentage is sufficient to allow a reasonably prudent landlord who received a fair return on investment prior to the enactment of this ordinance to continue to maintain a fair net operating income that increases over time at a just and reasonable rate, yielding a fair return on investment under the normal course of doing business.

(b) "Board or body" shall mean, the governmental unit designated to create rules, implement and enforce the provisions of an ordinance enacted pursuant to this chapter.

(c) “Ordinance” means any charter, ordinance, code, bylaw, vote, resolution or regulation enacted by, a governing body or legislative body of any city, town or village district or municipality authorized in its discretion to limit rent increases pursuant to this chapter.

(d) "Fair return on investment" means an amount sufficient to allow a just and reasonable rate of return, to fairly compensate investors for the risks they have assumed, and to achieve minimum constitutionally protected standards. For the purposes of this ordinance, a fair return on investment must be calculated using maintenance of net operating income methodology, as that term is used in other jurisdictions with similar ordinances, that presumes the net operating income the landlord earned from a covered unit during 12 the calendar year immediately preceding enactment of the ordinance yielded a fair return on investment, unless the landlord proves, pursuant to paragraph III of this section, that special or peculiar circumstances prevented the landlord from receiving a fair return on investment during that period. The board or body shall adopt rules or regulations to ensure the fair and consistent application of such methodology.

(e) "Structure" shall mean any building, structure used and occupied for human habitation or intended to be so used and includes any appurtenances

(f) “Covered property” means all residential rental structures except:

(1) Occupancies set forth in RSA 540:1-a, IV

(2) Nonrestricted property as set forth in RSA 540-A:1, I.

(3) Structures or buildings which were purchased by the owner who is requesting the rent increase, at foreclosure, tax sale, or by tax deed.

(4) A structure constructed after the rent stabilization ordinance was enacted and it has been less than 15 years since the construction.

(5) An accessory structure unit as defined in 674:71.

(6) A structure where the rent is controlled or subsidized by federal, state, or local government, or has been funded in whole or in part through the federal Low Income Tax Credit program administered by the federal Internal Service. This exemption shall not apply to a rental unit occupied by a tenant who is the holder of a portable housing choice voucher administered by a local housing authority or the New Hampshire housing finance authority.

(7) Manufactured housing parks.

II.(a) The governing body of any municipality may enact ordinances that create a generally applicable allowable rent increase percentage above which an owner of covered property may not raise a tenant's rent over a 12 month period. The ordinance or regulation shall not limit the amount of the allowable rent increase percentage to less than 5 per cent plus the percentage increase in the Consumer Price Index for the New England Region over the preceding 12 months, as published by the federal Bureau of Labor Statistics.

(b) An ordinance or regulation enacted pursuant to this section shall set a date on which the allowable rent increase percentage shall be determined each year by the board or body.

(c) Notwithstanding any provision of RSA 540, an ordinance or regulation enacted pursuant to this section may require that the owner of a covered property shall provide the tenant with no less than 120 days written notice of any rent increase, removal of the property from the residential rental market.

III. Owners of covered properties who can demonstrate that due to increases in property taxes, owner paid utilities, maintenance and repairs, and other reasonable and necessary operating costs, a rent increase beyond the maximum allowable increase set forth in the ordinance shall be allowed to the extent that such increase is necessary to enable the owner to realize a fair return on his or her investment.

IV. Any municipality that enacts an ordinance pursuant to this section shall designate a board or body to adopt rules necessary to implement the ordinance, establish and make public the annual limit on rental increases and accept owner applications for exemption from the limits established.

V. If an owner of a covered property is aggrieved by an order of the board or body denying their application for exemption they may appeal to the city council or mayor and board of aldermen in the case of cities, or to the board of selectmen in the case of towns. Said city council or mayor and board of aldermen or board of selectmen shall hold a public hearing upon said appeal, due notice of said hearing having first been given to the public agency and to the owner. The city council or mayor

and board of aldermen or board of selectmen may affirm or revoke the order of the public agency, or they may modify the same in accordance with their findings.

VI. Any ordinance enacted pursuant to this chapter shall expire 5 years from the effective date of the ordinance. The 3 year deadline shall be tolled for any period of time during which the municipality is enjoined from enforcing the ordinance by a court or competent jurisdiction. Matters under review pursuant to this chapter that commenced prior to the 3 year deadline shall be brought to a full conclusion even if the conclusion postdates the expiration date of the ordinance.

2 Effective Date. This act shall take effect upon its passage.