

Proposed Amendments to SB426 By Paul More

Sec. 2. "Additional occupant" means an occupant whose addition to the unit has increased the total number of occupants above the base occupancy level. The owner may petition to increase the rent by an amount up to five (5) percent for each additional occupant above the base occupancy level. A rent increase shall not be based on an additional occupant who is the spouse, registered domestic partner, parent, grandparent, child, adopted child, foster child, or grandchild of an existing tenant, or the legal guardian of an existing tenant's child or grandchild who resides in the unit, or a caretaker/attendant as required for a reasonable accommodation for an occupant with a disability. A rent increase granted under this Section shall be reversed if the number of occupants decreases.

"Capital improvements" means those improvements to a rental unit or common areas to which the tenant has access that materially add to the value of the property and appreciably prolong its useful life or adapt it to new building codes. Those improvements must primarily benefit the tenant rather than the owner. No more than seventy (70) percent of actual costs attributable to the rental unit, plus imputed financing, may be passed on to a tenant. Capital improvement costs shall be amortized over the useful life of the improvement as set forth in an amortization schedule developed by the Housing Division. Capital improvements do not include the following, as further defined in regulations: correction of serious code violations not created by the tenant; improvements that bring the unit up to current building or housing codes; improvements or repairs required because of deferred maintenance; improvements that are substantially greater in character or quality than existing improvements ("gold-plating," "over-improving") unless approved in writing by the tenant after disclosure of any associated rent increases; costs for which a landlord is reimbursed by a third-party that is not the tenant (including but not limited to insurance, court awarded damages, subsidies, tax credits, and grants).

"Cost-of-living increase" means the cost-of-living increase published by the Housing Division of the Department of Business and Industry pursuant to section 3 of this act.

"Housing services" means services connected with the use or occupancy of a rental unit including, but not limited to, utilities (including light, heat, water and telephone), ordinary repairs or replacement, and maintenance, including painting. This term shall also include the provision of elevator service, laundry facilities and privileges, common recreational facilities, janitor service, resident manager, refuse removal, furnishings, food service, parking and any other benefits privileges or facilities.

“Landlord” means an owner of record, lessor, sublessor or any other person or entity entitled to receive rent for the use or occupancy of any residential rental unit, or an agent, representative or successor of the foregoing.

“Rent” means the consideration, including any fee, deposit, bonus, benefit or gratuity demanded or received for or in connection with the use or occupancy of rental units and housing services. Such consideration shall include, but not be limited to, money and fair market value of goods or services rendered to or for the benefit of the landlord under the rental agreement.

“Rental agreement” means a lease or contract, oral, written or implied, between a landlord and a tenant for use or occupancy of a rental unit and for housing services.

“Rental unit” means any unit in any real property, including the land appurtenant thereto, rented or available for rent for residential use or occupancy, together with all housing services connected with use or occupancy of such property such as common areas and recreational facilities held out for use by the tenant.

“Tenant” means any renter, tenant, subtenant, lessee, or sublessee of a rental unit, or successor to a renter’s interest, or any group of tenants, subtenants, lessees, or sublessees of any rental unit, or any other person entitled to the use or occupancy of such rental unit.

“Uninsured repairs” means that work done by a landlord or tenant to a rental unit or to the common area of the property or structure containing a rental unit which is performed to secure compliance with any state or local law, to repair damage that is not attributable to normal wear and tear, or to repair damage resulting from fire, earthquake, or other casualty or natural disaster, to the extent such repair is not reimbursed by insurance proceeds or other third-party reimbursement (including court awarded damages, subsidies, tax credits, and grants).

Sec. 3. 1. *The Housing Division of the Department of Business and Industry shall determine a maximum cost-of-living increase for each calendar year which must, except as otherwise provided in this subsection, be equal to the percentage increase from September 30 of the current year to September 30 of the immediately preceding year using the Consumer Price Index for All Urban Consumers, U.S. City Average (All Items) as published by the United States Department of Labor, for the region where the dwelling unit is located. The cost-of-living increase must not exceed 5 percent.*

2. On or before January 1 of each year, the Housing Division shall publish on the Internet website of the Housing Division the maximum cost-of-living increase for that calendar year and issue a press release containing the maximum cost-of-living increase for that calendar year.

3. The Housing Division shall maintain the information for each cost-of-living increase on the Internet website of the Housing Division for at least 2 years.

Sec. 4. *1. The Legislature hereby finds and declares that the State of Nevada is experiencing a housing crisis because of the lack of affordable housing and excessive increases in the rent charged for rental housing in this State.*

2. Except as otherwise provided in subsection 3 and section 5 of this act, and in addition to the requirements of NRS 118A.300, a landlord shall not:

(a) Increase the rent payable by an existing tenant:

(1) During the first year of tenancy; and

(2) During any 12-month period by an amount that exceeds the cost-of-living increase for the region where the dwelling unit is located, as published by the Housing Division of the Department of Business and Industry pursuant to section 3 of this act, that is in effect at the time the landlord provides written notice of the increase in rent pursuant to NRS 118A.300; and

(b) For a prospective tenant:

(1) If there was an existing tenant in the dwelling unit, charge a rent that exceeds the maximum amount the landlord was authorized to charge to an existing tenant in accordance with paragraph (a); and

(2) If there was not an existing tenant in the dwelling unit, charge a rent that exceeds the amount for which the dwelling unit was advertised.

3. The provisions of this section do not apply to a dwelling unit:

(a) Owned by a governmental agency;

(b) In a structure that contains living quarters occupied or intended to be occupied by not more than four families living independently of each other if the owner actually maintains and occupies one of the living quarters as his or her primary residence;

(c) Issued a certificate of occupancy on or after January 1, 2024, if less than 15 years have passed since the date the certificate was issued;

(d) Where the landlord is providing reduced rent to the tenant through a federal, state or local program; or

(e) That is the only dwelling unit owned by the landlord in this State.

4. Nothing in this section shall be construed as creating a right to increase rent.

Sec. 5. 1. *A landlord may apply to the Housing Division of the Department of Business and Industry for an exemption from the requirements of subsection 2 of section 4 of this act if an exemption is necessary for the landlord to obtain a fair and reasonable rate of return on his or her property. A landlord must first petition the Housing Division and receive approval for the rent increase before the rent increase may be imposed. A rent increase under this subsection must be justified on one or more of the following grounds:*

~~(a) The operating costs of the landlord exceed the amount the landlord would earn with the cost-of-living increase established pursuant to subsection 2 of section 3 of this act;~~

~~(ab) The landlord makes capital improvements to a dwelling unit;~~

~~(be) The landlord changes the amount and quality of housing services attributable to the rental unit and reflected in the rental agreement offered by the landlord;~~

~~(cd) The amount of property taxes owed by the landlord decreases or increases;~~

~~(d) The rent increase is necessary to meet constitutional or fair return requirements;~~

~~(e) The landlord or tenant makes uninsured repairs; repairs damage to a dwelling unit that was not caused by ordinary wear and tear; or~~

~~(f) The rent increase is attributable to an additional occupant.~~

~~(g) Any other circumstance established by the Division in accordance with the regulations adopted pursuant to subsection 2.~~

2. A tenant shall be provided notice of any application by their landlord under subsection 1 and shall have the opportunity to present evidence in support of or in opposition to the landlord's application.

23. The Division shall adopt regulations to carry out the provisions of subsection 1.

Sec. 6. *If the landlord increases or charges rent to a tenant in violation of the provisions of section 4 of this act, the tenant may, in addition to any other remedy:*

1. Apply to the court for such relief as the court deems proper under the circumstances;

2. Withhold any rent that becomes due without incurring late fees, charges for notice or any other charge or fee authorized by this chapter or the rental agreement until the landlord has remedied, or has attempted in good faith to remedy, the failure; and

3. Recover actual damages and receive an amount equal to 3 months' rent in addition to actual damages.

Sec. 7. Retaliation prohibited. No landlord may threaten to bring, or bring, an action to recover possession, cause the tenant to quit the unit involuntarily, serve any notice to quit or notice of termination of tenancy, decrease any services or increase the rent where the landlord's intent is retaliation against the tenant for the tenant's assertion or exercise of rights under this Section. Such retaliation shall be a defense to an action to recover possession, or it may serve as the basis for an affirmative action by the tenant for actual and punitive damages and injunctive relief. In an action by or against a tenant, evidence of the assertion or exercise by the tenant of rights under this Section within six months prior to the alleged act of retaliation shall create a presumption that the landlord's act was retaliatory. "Presumption" means that the Court must find the existence of the fact presumed unless and until its nonexistence is proven by a preponderance of the evidence. A tenant may assert retaliation affirmatively or as a defense to the landlord's action without the aid of the presumption regardless of the period of time which has elapsed between the tenant's assertion or exercise of rights under this Section and the alleged act of retaliation.

Sec. 78. NRS 118A.020 is hereby amended to read as follows:

118A.020 As used in this chapter, unless the context otherwise requires, the terms defined in NRS 118A.030 to 118A.175, inclusive, **and section 2 of this act** have the meanings ascribed to them in those sections.

Sec. 89. NRS 118A.300 is hereby amended to read as follows:

118A.300 The landlord may not increase the rent payable by a tenant unless the landlord serves the tenant with a written notice, [60] **90** days or, in the case of any periodic tenancy of less than 1 month, 30 days in advance of the first rental payment to be increased, advising the tenant of :

1. **The amount of** the increase [.] ;
2. **The total amount of the new rent;**
3. **If the increase exceeds the cost-of-living increase, the reason the landlord is exempt from the provisions of section 4 of this act; and**
4. **The date on which the increase becomes effective.**

Sec. 10 9. On or before January 1, 2024, the Housing Division of the Department of Business and Industry shall, in accordance with section 3 of this act:

1. Determine the maximum cost-of-living increase for calendar year 2024;

2. Publish on the Internet website of the Housing Division the maximum cost-of-living increase for calendar year 2024; and

3. Issue a press release containing the maximum cost-of-living increase for calendar year 2024.

Sec. 10. 1. This section and section 9 of this act become effective upon passage and approval.