

Rent Control in Maine

What It Does, What It Costs, and What Brings Rents Down

Key points

- Maine is about 38,500 homes short and needs 8,500 to 9,300 new ones a year through 2030. It permitted 6,979 in 2025. Rents follow the shortage: Maine's median rent rose 28 percent from 2021 to 2024.
- Portland adopted rent control in 2020 and tightened it in 2022. A covered rent may rise 70 percent of Greater Boston inflation a year, 2.2 percent for 2026 and 2.6 percent for 2027, and never more than 10 percent in a year.
- The 2022 changes ended the automatic pass-through of property tax increases. Portland's tax rate rose 5 percent this year. An owner whose taxes jump must apply to the Rent Board, which approved 13 rent increase applications in all of 2024.
- Small buildings carry the most tax per apartment: about \$351 a month per unit for the median two-family building in Portland whose owner doesn't claim a homestead exemption, against \$131 in buildings of 21 or more units.
- Careful studies found rent control led landlords to take rentals off the market in San Francisco and lowered property values in Cambridge and St. Paul, including homes that were never controlled. Tenants who hold controlled apartments do gain stability. The renters who come next, and the owners around them, pay.
- What brings rents down is more homes, and costs owners can plan for: let them add units, hold property taxes in check, revalue on a regular cycle, and replace local rent caps with one statewide rule and direct help for renters who need it.

The shortage

Rents rise when there aren't enough homes. The State of Maine's 2023 housing study found:

“Maine needs approximately 38,500 homes to remedy historic underproduction and will need an additional 37,900 to 45,800 homes to meet expected population growth and household change by 2030.”

State of Maine Housing Production Needs Study, 2023¹

That means 8,500 to 9,300 new homes a year.¹ Maine permitted 6,979 in 2025: more than it used to, and still short.² Meanwhile Maine's median rent, utilities included, went from \$945 a month in 2021 to \$1,210 in 2024, up 28 percent.^{3,4}

Rent control doesn't add a single home. It decides who gets the homes there are, at what price, and it changes what the people who own and build them do next.

What Portland passed

In November 2020, Portland voters approved rent control by citizen initiative, with 58.4 percent of the vote.⁵ Two years later they tightened it, with 54.9 percent.⁶ The 2022 changes cut the standard yearly increase from 100 percent of the change in Greater Boston inflation to 70 percent, required 90 days' notice of an increase, limited security deposits to one month's rent, banned application fees, set a \$25,000 fee to convert a rental unit to a condominium, and ended the automatic pass-through of property tax increases.⁷

Each year the city publishes the allowable increase: 2.0 percent for 2024, 2.5 percent for 2025, 2.2 percent for 2026, and 2.6 percent for 2027.^{8,9} An owner may add 5 percent of the base rent when a tenant leaves voluntarily, and may bank increases not taken. However the pieces add up, one limit holds:¹⁰

“At no time may a Landlord raise the rent of a Covered Unit by more than ten (10) percent.”

Portland City Code, section 6-234(c)¹⁰

In 2023 the city registered 17,513 rental units, and 11,048 were covered.¹¹ Owner-occupied buildings of two to four units and accessory apartments are among those exempt. New construction is covered: its first rent becomes the base, and every increase after that is capped.¹⁰

Taxes rise; the cap doesn't

The 2020 ordinance let an owner add a “Tax Rate Rent Adjustment,” the actual increase in a unit's property tax, on top of the inflation increase.¹² Two years later the Rent Board summarized what the new amendments did: they “Eliminated an increase in real estate taxes as a mechanism for an automatic rent increase.”⁷

An owner whose tax jumps can still apply to the Rent Board. But the Board must presume the standard increase covers “all regular increases in operating costs.” The code does name “revaluation for property tax assessment” as grounds for more, the owner carries the burden of proving it, and the 10 percent ceiling still applies.¹⁰ In 2024 the Board heard 21 applications for rent increases and approved 13.¹¹

Meanwhile the tax bill moves on its own schedule. Portland's tax rate rose 5 percent this year, to \$12.58 per \$1,000 of value, while covered rents may rise 2.2 percent this year and 2.6 percent next.^{13,8,9} And a revaluation can move one building's tax much faster than the city's. Portland's council, agreeing with its assessor, resolved in 2021 that long gaps between revaluations lead to “much larger and unpredictable changes,” and that a shorter cycle would help make property taxes “more equitable, predictable and manageable.”¹⁴

Small buildings feel it most. By our calculation from the city's tax roll, the median two-family building whose owner doesn't claim a homestead exemption owed about \$351 a month in property tax for each apartment in fiscal 2026, and the median three-family about \$290, against \$131 in buildings of 21 or more units.^{15,16} Against the median covered rent of \$1,550, that's about a fifth of the rent in a small building and less than a tenth in a large one.¹¹

Property tax per apartment, Portland, fiscal 2026

BUILDING	BUILDINGS	PER UNIT, PER MONTH
Two-family	1,087	\$351
Three-family	726	\$290
Four-family	243	\$230
5 to 10 units	390	\$175
11 to 20 units	82	\$152
21 or more units	93	\$131

The median building of each kind without a homestead exemption, a rough stand-in for buildings whose owners don't live there, at the fiscal 2026 rate of \$11.98 per \$1,000. Our calculation from the city's tax roll and its parcel map's unit counts.^{15,16}

Who pays it in the end? Maine's own tax law treats 15 percent of a renter's rent as property tax, for the Property Tax Fairness Credit.¹⁷ Studies of how much of a tax increase reaches tenants are split. In Berkeley, owners passed 50 to 89 cents of each dollar on to new tenants; in Germany, where landlords may bill the tax to tenants directly, 83 percent over three to four years; after Philadelphia's 2023 reassessment, researchers found no rent effect within two years.^{18,19,20} The fairest summary is that owners pass on a substantial share over time, especially where homes are scarce. Where a cap won't let them, the owner absorbs the cost until it can't, then sells or converts, as San Francisco's owners did.

Taxes aren't the only cost that won't wait. Heating oil cost 71 percent more last winter than in the winter of 2020-21, and the average 30-year mortgage rate went from 2.84 percent in August 2021 to 6.67 percent in August 2026.^{21,22}

What the research found

Rent control has been studied closely in American cities that adopted it, expanded it, or ended it. Three of the most careful studies point the same way.

San Francisco

Economists used a 1994 change in San Francisco's law to compare buildings that came under rent control with similar buildings that didn't. Rent control did what it promised for the tenants who had it: it “limits renters' mobility by 20 percent and lowers displacement from San Francisco.” But:²³

“Landlords treated by rent control reduce rental housing supplies by 15 percent by selling to owner-occupants and redeveloping buildings.”

Diamond, McQuade and Qian, American Economic Review, 2019²³

The authors concluded that “while rent control prevents displacement of incumbent renters in the short run, the lost rental housing supply likely drove up market rents in the long run, ultimately undermining the goals of the law.”²³

Cambridge, Massachusetts

Cambridge had strict rent control until voters statewide ended it in 1994. Economists found that ending it added about \$2 billion, in 2008 dollars, to the value of Cambridge housing from

1994 to 2004, about a quarter of all the appreciation there, and more than half of that gain went to homes that had never been controlled.²⁴

St. Paul, Minnesota

St. Paul voters passed one of the strictest rent caps in the country in 2021. Economists found it cut property values by 4.0 to 5.5 percent, owner-occupied homes included.²⁵ In the six months after the vote, St. Paul's permits for new homes fell 82 percent from a year earlier, while Minneapolis's rose; the city exempted new construction the next year. Permits in both cities fell later, as interest rates rose.^{26,27}

Across the country

A 2025 study that tracked rent control changes in more than 4,000 places found that more restrictive reforms were followed by about 10 percent fewer rental units citywide. Units affordable to the lowest-income households increased, while units affordable to everyone else fell.²⁸

Who gains and who pays

The St. Paul study also asked who won and who lost. It found that “upper-income renters gained more than lower-income renters.”²⁵ A rule sold as help for people with the least did the most for people with more.

The tenants who keep a controlled apartment gain stability, and the San Francisco study measured it.²³ The cost falls on the renters who come next, who find fewer apartments at higher rents, and on owners, including homeowners whose property lost value. That's why the San Francisco study's authors suggested another way to protect renters:

“If society desires to provide social insurance against rent increases, it may be less distortionary to offer this subsidy in the form of government subsidies or tax credits.”

Diamond, McQuade and Qian, authors' manuscript, 2019²⁹

What brings rents down

More homes. A study of large new apartment buildings in low-income neighborhoods found they lowered rents in nearby units by about 6 percent.³⁰ Another traced the moves that follow a

new building: every 100 new market-rate homes open up the equivalent of 70 in neighborhoods with below-median incomes, and 40 in the poorest.^{31,32} In Germany, each 1 percent added to the supply of new homes lowered average rents about 0.19 percent, including rents on older, cheaper units.³³

The effects are real, gradual, and strongest where homes are scarcest, which in Maine means Greater Portland and the southern coast. Elsewhere, cost and financing bind as much as zoning does.

What Maine allows now

Under Maine's 2022 housing law, towns must allow at least one accessory apartment on a lot with a single-family home,³⁴ up to two homes on a lot where housing is allowed, and up to four in a designated growth area,³⁵ and at least two and a half times the usual density for qualifying affordable housing.³⁶ Laws passed in 2025 and 2026 raise the floor to at least three homes per lot, and four in growth areas or where there's public water and sewer, starting in July 2027.^{37,38} Another 2025 law caps parking requirements at one space per home in designated growth areas.³⁹

The biggest gap in today's law: a town may still require a set amount of land for each home, so long as later homes on a lot need no more land than the first.³⁵ A town that requires an acre for a house can require two for a duplex. And building costs have climbed: MaineHousing's average cost to build an affordable rental went from \$153,415 a unit in 2019 to \$348,145 in 2025.⁴⁰

What we'd do

Let owners add homes now

Bring the 2027 rules forward, and end land-per-home requirements wherever there's public water and sewer, so an owner can add an apartment without buying another lot. Small projects that meet the code should get a permit from staff within a set number of days, with no hearing; larger ones should get a firm deadline.

Taxes owners can plan for

Bring back a state limit on property tax growth that sends increases above inflation to the voters, and have towns revalue on a regular cycle, as Portland's own council recommended, so

no building's tax jumps all at once.¹⁴ Our paper on property taxes sets out the plan. An owner who can plan for the tax bill can plan to build, and to keep rents steady.

One rule for the whole state

More than 30 states don't let their cities adopt rent control.⁴¹ Maine should join them, and protect renters directly, the way the San Francisco study's authors suggested: through the Property Tax Fairness Credit, which already counts part of every renter's rent as property tax, and through rental help for the households that need it.^{29,17} Portland's voters chose rent control twice, and a statewide law would override that choice. A 2019 bill to set a statewide rule died in the Legislature.⁴² We think a shortage this large, felt in every county, needs one rule that brings homes and the people who provide them back into the market.

Rent control divides up a shortage. Building ends it. Fix what drives the cost of owning and running a home, from taxes to heat to the price of money, and rents follow.

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