



REMOTE RENT BOARD COMMITTEE

September 22, 2021

5:00 PM

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- II. Roll Call
- III. Minutes
 - a. August 25, 2021 Minutes
- IV. Communications
 - a. Housing Safety Memo
- V. Unfinished Business
 - a. Amended Housing Service Increase Worksheet
 - b. Rent Increase Application Summaries
 - c. Rent Increase Application - Public Comment
 - Landlord: Randy Johnson
 - Property Address: 23 Devonshire St #23
 - CBL: 082-B-021-001
 - Type of Increases:
 - 1. Increased housing service costs
 - 2. Fair rate of return
- VI. New Business
 - a. Rent Increase Application - Public Comment
 - Landlord: Peter Colesworthy - Woodford Arms Inc
 - Property Address: 168 Woodford St #7
 - CBL: 124-J-014-001
 - Type of Increase:
 - 1. Capital improvement costs
 - b. Rent Increase Application - Public Comment
 - Landlord: Thomas Watson - West Street Partners LLC
 - Property Address: 40 West St #42-2
 - CBL: 063-H-004-001
 - Type of Increase:
 - 1. Renovation of a unit or Reconfiguration of one or more units
 - c. Rent Increase Application - Public Comment
 - Landlord: East Danforth LLC
 - Property Address: 67 Danforth St #67-1, #67-2, #67-3, #67-4, #69-1, #69-2, #69-3
 - CBL: 040-A-022-001
 - Type of Increases:

1. Capital improvement costs
2. Fair rate of return

ADJOURN

Minutes

Remote Rent Board Meeting - Held Via Zoom
Wednesday, August 25, 2021

Start time: 5:01pm

II. Roll Call -

Austin Sims, Homeowner, District 5 - Chair
Barbara Vestal, Landlord, At-Large - Vice Chair
Christopher "Buddy" Moore, Tenant, District 1
Elliott Simpson, Tenant, District 3
Ian McCracken, Landlord, District 4
Elias Kann, Tenant, At-Large

There is one vacancy within the Board, so there are only 6 Board members until filled.

Staff present:

Anne Torregrossa, Corporation Counsel
Katlyn Sawyer, Licensing & Registration Coordinator
Zachary Lenhart Licensing & Housing Safety Manager

III. Minutes - 00:00:43

Barbara Vestal moves to accept the minutes as written
2nd by Elliott Simpson
Vote: 6-0

IV. Communications - 00:03:29

The Board inquired about the status of translating documents, where Zachary Lenhart explained that the forms need to be simplified into Plain Language. No forms have been translated as of yet, however, it is a work in progress. The Chair asked for a guide on Plain Language.

The Chair opened up for Public Comment - 00:16:40

There was one question about the CPI process, in which the Chair addressed and advised people to reach out to rentboard@portlandmaine.gov.

Public Comment closed - 00:21:58

V. Unfinished Business - 00:22:04

Buddy Moore presented the document. The research was produced by Kenneth Baar, the same person who wrote the decision that Barbara Vestal entered into the agenda for the last meeting. Page 16 of the agenda packet talks about how the MNOI works in standard practice with the background for different standards for fair rate of return, such as, value versus investment.

Also included is a presentation from the Richard Rent Stabilization office on how to apply MNOI. Page 34 of the agenda packet discusses how it might work in practice in an accessible way to understand.

Barbara Vestal referred to the Southern Maine Landlord Association (SMLA) court decision; that the justice is assuming that the Board is going to be using a rate of return on investment approach. She asked for Anne's advice on how much the Board should be putting weight on that discussion.

Anne Torregrossa explained that a judge may use something called dicta - where they might say something that is not an integral part of the decision. Then it would need to be determined if it needs to be followed, or will be followed in the future. It is believed that the Judge is borderline on dicta, but it is the only guidance the Board has currently. It is unsure whether that may hold through with appeals, at this time.

VI. New Business - 00:33:32

A. Rent Increase Application - Randy Johnson - 23 Devonshire St

Since Mr Johnson was not present at this time, Elliott Simpson has moved to table the application for the end of the meeting to give the applicant a chance to join, and if not by the end of the meeting, it would be tabled for a future meeting.

2nd by Elian Kann

Vote: 6-0

03:05:18 - The Board circles back to this application that was tabled for the end of the meeting in hopes that the applicant would be joining the meeting.

The Chair requests that the Housing Safety office reaches out to Mr Johnson to join the next month's Rent Board meeting for consideration of his application

B. Rent Increase Application - Mark Browne - 32 Rosedale St

Mark Browne presented his request to the Board:

The market value of a single family home includes a garage is \$2300-2600 a month, at which he only charges \$1950. The property has a new roof, brand new electric water heater, an insulated attic, and replaced the stove and the fan for above it.

Capital Improvement Costs

Completed insulation of the roof in 2019 - \$2,700.00

New stove in 2020 - \$672.71

New toilet valve in 2020 - \$145.00

Replace garbage disposal in 2020 - \$361.00

New electric water heater in 2021 - \$1,650.00

The applicant has provided receipts for the above items.

The Chair opened for public comment - 00:40:54

Comments were made pertaining to the lack of background documents on the agenda for the public to actually "comment" on. A request was made to have the Board wait on discussing this item.

The Chair closed public comment - 00:46:07

Several members of the Board brought up the contemplation of posting or not posting these applications online so that members of the public can see them and respond during public comment.

Anne reminded the Board that they chose not to, in the event that financials are included, and that these are also public information, so that they can be requested at any time. She did suggest the possibility that the Board wants to post a summary sheet with details to the agenda.

The Chair opened for public comment - 01:04:32

Comments pertained to:

- Agreeing on doing a summary for future rent increase applications
- Reiterating that it's hard to give public comment without seeing the backup

Public comment ended - 01:21:00

Elias Kann motioned to approve the rent increases as capital improvement costs per the IRS schedule which is 5 years for all except the roof and insulation which is 27.5 years.

2nd by Austin Sims

Vote: 5-1

(Barbara Vestal voted against the motion)

Findings from the Board are as follows:

The IRS depreciation schedule provides for a 27.5 year amortization of improvements to a rental building, specifically including the roof and insulation.

The Board finds that it is an appropriate timeframe to recoup the cost of the roof and insulation, allowing for a rental increase of \$23.60 per month.

With the exception of the expenses incurred for the toilet paper, the remaining expenses incurred by the applicant are capital improvements normally amortized over a period of 5 years under the IRS schedule.

The remaining capital expenses (less the expenses associated with the toilet) recouped over a 5 year period would allow for an additional \$44.72 per month increase, which the Board finds appropriate.

This would allow for a total of \$68.32 per month, which the Board finds appropriate.

The Board also found that the applicant has not provided sufficient information to be considered for his request of a fair rate of return increase. The applicant can resubmit another application in the future for consideration.

03:06:20

The Board grants the Landlord a rental increase for the property, but sets the amount at \$68.32 per month, rather than the amount requested by the Landlord, for the reasons set forth above.

The Chair made a motion to approve the findings as presented. This does not differ from a previous vote in any way ascertained.

2nd by Elias Kann

Vote: 6-0

C. Methods to distribute information - Public Comment - 02:19:03

This was prompted by a public comment session from the last meeting in regards to Landlords applying rent increases in 2021 that were not legal. There were requests from members of the public that there be some sort of press release.

Buddy Moore had submitted a flow chart to assist with tenants and landlords to determine where they may fall under the Rent Control (last page of the agenda packet).

No public comment was taken

D. Tax Rate Adjustment (Prepared Research) - 02:31:35

The Chair reminded the Board and members of the public that there is an updated FAQ - one for tenants and one for landlords. The last 2 pages of the Landlord FAQ sheet has examples of how to add tax increases to unit base rent. Advised the public to read the FAQ sheet over and if questions arise to email housingsafety@portlandmaine.gov

As a reminder to the public, the Board has no involvement in tax adjustments and that it is outside of their purview.

E. Housing Service Costs - 02:34:45

This could potentially be a proposed revised worksheet for this type of rent increase; where there could be an increased cost from one year to the next and the increase in cost could be due inflation. This revised form could adjust what the base year is for inflation and compare that adjusted base year against the current year (comparison year).

Taxes were also removed from the worksheet as it is not authorized by the Board.

It was suggested that the line "taxes" stay on the form but add a note saying "This does not regard the mil rate, only additional taxes, please provide documentation to explain the taxes you are including as a housing service cost".

Separate from subsection E -

The Chair proposes that for the month of September, specifically, applications that will be considered by the Board be summarized with the following information. This will be included in the agenda and will be done by Housing Safety.

Landlord, address & unit #, current & proposed rent, reasons for adjustment, and justification for such request. It will exclude private financial information.

Furthermore, an agenda item for the next meeting will include discussion of future summaries for rent increase applications in greater detail.

2nd by Barbara Vestal

Vote: 6-0

VII. Adjourn

Meeting end time: 8:10pm



CITY OF PORTLAND
Permitting and Inspections Department

To: City of Portland Rentboard

From: Zachary Lenhert

Date: September 21, 2021

Re: Housing Safety Office Update to the Rentboard

The Office of Housing Safety has established and published the Annual Percentage Increase for 2022 at 4.3%. The mil rate has also been finalized for FY2022 at \$12.99.

The City just received back a quote for the translation of the Housing Rights Document from the contractor. The cost to translate into five languages will be \$810. The Housing Safety Office does not have a designated budget for this activity but the cost was below what was originally expected and should be able to cover it. The Rentboard webpages have also been updated with information to access language services.

Thank you,

Zachary J. Lenhert

City of Portland

Licensing and Housing Safety Division Manager



CITY OF PORTLAND
Permitting and Inspections Department
Increased Housing Service Costs Worksheet

Please use this worksheet to calculate any changes in Housing Services costs from one year to another. This is only for cost changes to existing service costs or for new housing services that were not previously provided. If you have any questions, please consult the Housing Safety Office at the number and email address at the bottom of the page.

Instructions: Enter the current year cost and the previous year cost of each relevant Housing Service. Use the bottom table multiply your previous year cost by the Boston-Metro CPI to find your adjusted previous cost. Then use the next table to subtract your adjusted previous cost from your current year cost to find your allowable increase amount.

Note: No total Rent Stabilization Allowance for a given year may exceed 10%. Any housing service cost increases over 10% may be banked for subsequent yearly increases.

Type of Increase Service Cost	Previous Year Cost	Current Year Cost
Taxes (NOT those due to changes in mil rate)		
Heating Costs (e.g., Gas, Propane, Oil, etc.) Costs and Repairs		
Utility Costs		
Management Fees		
Insurance (Fire/Liability)		
Legal Fees		
Accounting Fees		
Furnishings		
Laundry Facilities		
Trash Removal		
New Appliances		
Smoke and Carbon Monoxide Detectors		
Maintenance and General Repair Expenses		

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housingafety@portlandmaine.gov • www.portlandmaine.gov

Fire Alarm and Sprinkler System Maintenance		
Parking		
Security Services		
Employee Services		
Emergency Response Services		
Snow Plowing		
Labor Costs		
Supplies		
HVAC/Ventilation/Air Conditioning Repairs		
Elevator Services Costs and Repairs		
Cleaning		
Other (specify):		
Total:		

Total Previous Year Cost	*	Boston-Metro CPI-U	= Adjusted Previous Cost
	*	.043	=

Total Current Year Cost	-	Adjusted Previous Cost	= Additional Rent Increase Allowance
	-		=

Please attach copies of invoices, receipts, canceled checks and other documents to verify the cost of housing service increases. Please arrange these in the order they appear on this worksheet, and number each page beginning with this Form and Worksheet.

CITY OF PORTLAND
LANDLORD APPLICATION FOR RENT INCREASE SUMMARY

Date of Hearing:

September 22, 2021

Landlord Name and Address:

Randy Johnson

5 Hunnewell Rd

Scarborough, ME 04074

Owner Name and Address:

Same as above

Property Address, Unit, and CBL:

23 Devonshire St #23

082-B-021-001

Tenants/Interested Parties:

None (Vacant)

Type of Request:

Increased housing service costs (6-234 (b)(5)(c))

Fair rate of return (6-234 (b)(5)(d))

Base Rent:

\$800.00

Current Rent:

\$800.00

Proposed Rent:

\$1,500.00

Summary of request:

Increased Housing Service Costs

Property Tax \$5,996.31

Utility Costs \$762.00

Insurance (Fire/Liability) \$1,085.00

Appliances \$1,700.00

Maintenance and General Repair Expenses \$595.00

Labor Costs \$6,240.00

Supplies \$3,643.46

Cleaning \$46.39

Other (specify) - Contractors \$2,080.20

(Change the flooring, bathroom, electrical work, kitchen floor)

Total \$22,148.36

Fair Rate of Return

-Former tenant was a smoker.

-Shades clean and painted

-Money was borrowed to pay for the repairs

Receipts have been provided to reflect all of the monies allotted for each of the increased housing service costs

CITY OF PORTLAND
LANDLORD APPLICATION FOR RENT INCREASE SUMMARY

Date of Hearing:

September 22, 2021

Landlord Name and Address:

Peter L Colesworthy
Woodford Arms Inc
PO BOX 10563
Portland, ME 04104

Owner Name and Address:

Same as above

Property Address, Unit, and CBL:

168 Woodford St #7
124-J-014-001

Tenants/Interested Parties:

None (Vacant)

Type of Request:

Capital improvement costs, including financing costs (6-234(b)(5)(a))

Base Rent:

\$1,100.00

Current Rent:

\$1,155.00 (reflects a 5% increase due to new tenancy)

Proposed Rent:

\$1,210.00

Summary of request:

Replaced carpet & pad \$2,190.96
Replaced bathtub & shower surround \$2,500.00
Total \$4,690.96

Receipts have been provided to reflect all of the monies allotted for each of the capital improvement costs

CITY OF PORTLAND
LANDLORD APPLICATION FOR RENT INCREASE SUMMARY

Date of Hearing:

September 22, 2021

Landlord Name and Address:

Thomas E Watson

West Street Partners LLC

82 Hanover St, Ste 5

Portland, ME 04101

Owner Name and Address:

Same as above

Property Address, Unit, and CBL:

40 West St #42-2

063-H-004-001

Tenants/Interested Parties:

None (Vacant)

Type of Request:

Renovation of a unit or Reconfiguration of one or more units (6-233(c))

Base Rent:

\$925.00

Current Rent:

\$925.00

Proposed Rent:

\$1,450.00

Summary of request:

Fixtures \$900.00
Cabinets & Countertops \$3,100.00
Appliances \$1,200.00
Carpeting & Flooring \$1,200.00
Painting \$1,000.00
Windows \$350.00
Lighting \$200.00
Other Items (Window Shades) \$320.00
Consumables (Supplies) \$200.00
Cleaning \$150.00
Labor (64 Hours) \$1,920.00
Other Fees (Contractor Fee) \$843.20
Allowances (10% Contingency) \$1,138.32
Total \$12,521.52

A work estimate has been provided detailing each of these items and what they include

CITY OF PORTLAND
LANDLORD APPLICATION FOR RENT INCREASE SUMMARY

Date of Hearing:

September 22, 2021

Landlord Name and Address:

East Danforth LLC
82 Hanover St, Ste 5
Portland, ME 04101

Owner Name and Address:

Same as above

Landlord's Representative

Thomas Watson, Manager
East Danforth LLC
82 Hanover St, Ste 5
Portland, ME 04101

Property Address, Unit, and CBL:

67 Danforth St, #67-1, #67-2, #67-3, #67-4, #69-1, #69-2, #69-3
040-A-022-001

Tenants/Interested Parties:

All unit #s listed above

Type of Request:

Capital improvement costs, including financing costs (6-234(b)(5)(a))
Fair rate of return (6-234(b)(5)(d))

Base Rent:

#67-1	\$1,500.00
#67-2	\$1,450.00
#67-3	\$1,500.00
#67-4	\$1,175.00
#69-1	\$1,175.00
#69-2	\$1,350.00
#69-3	\$1,500.00

Current Rent:

#67-1	\$1,500.00
#67-2	\$1,450.00
#67-3	\$1,500.00
#67-4	\$1,175.00
#69-1	\$1,175.00
#69-2	\$1,350.00
#69-3	\$1,500.00

Proposed Rent:

#67-1	\$1,540.00
#67-2	\$1,489.00
#67-3	\$1,540.00
#67-4	\$1,207.00
#69-1	\$1,207.00
#69-2	\$1,386.00
#69-3	\$1,540.00

Summary of request:

Capital Improvement Costs

Security System \$35,904.69

Fair rate of return

A presentation of support for fair rate of return that reviews:

- Guiding principles
- Common business model
- Cash management
- Identifying "Fair return on investment"
- Real estate investment returns
- Time value of money
- Potential methods for long lived assets
- Details of proposal

Receipts have been provided for the capital improvement costs