

First Extraordinary Session, 2005

HOUSE BILL NO. 167

BY REPRESENTATIVE GRAY

COMMERCE: Prohibits unfair residential rental increases

1 AN ACT

2 To enact R.S. 51:1425, relative to unfair trade practices; to provide that an unfair residential  
3 rent increase in declared disaster areas is an unfair trade practice; to provide for the  
4 attorney general to promulgate rules; to provide for remedies; to provide for an  
5 effective date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 51:1425 is hereby enacted to read as follows:

8 §1425. Unfair acts or practices; residential property rents; rules; remedies

9 A. In order to address temporary disturbances in the residential real estate  
10 market caused by Hurricanes Katrina and Rita, an unreasonable rent increase in  
11 declared disaster areas caused by the hurricanes shall constitute an unfair trade  
12 practice in violation of this Chapter. The attorney general shall determine the  
13 reasonableness of any rent increase by reference to prevailing market rates for  
14 comparable rentals in the affected rental market before August 26, 2005. When  
15 determining the reasonableness of a rent increase, the attorney general shall consider  
16 the costs, including mortgage payments not covered by rent or business interruption  
17 insurance, incurred after August 26, 2005, in order to clean and repair the premises.

18 B. The attorney general shall promulgate emergency and permanent  
19 regulations pursuant to the Administrative Procedure Act, R.S. 49:951 et seq.,  
20 establishing procedures for the investigation and evaluation of rent increases,

1 providing for notice of the investigation and findings to the alleged violator,  
2 protecting consumers from retaliation, and identifying circumstances in which the  
3 attorney general may issue a cease and desist order to prevent or restrain an unfair  
4 trade practice in the residential real estate market.

5 C. The attorney general may issue a cease and desist order in accordance with  
6 the criteria and procedures established by regulation in order to prevent or restrain  
7 an unfair trade practice in the residential real estate market. However, the attorney  
8 general shall give notice to a lessor that a complaint has been received and the lessor  
9 shall be given ten days to respond before a cease and desist order is issued.

10 D. A court may order additional relief, including the posting of notices and  
11 monitoring by the attorney general, when necessary to prevent or restrain an unfair  
12 trade practice in the residential real estate market.

13 Section 2. This Act shall become effective upon signature by the governor or, if not  
14 signed by the governor, upon expiration of the time for bills to become law without signature  
15 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
16 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
17 effective on the day following such approval. This Act shall become null and void on  
18 August 15, 2006.

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#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

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Gray

HB No. 167

**Abstract:** Provides that unreasonable rent increases to residential property in declared disaster areas is an unfair trade practice.

Proposed law provides that an unreasonable rent increase in declared disaster areas caused by Hurricanes Katrina and Rita shall constitute an unfair trade practice.

Proposed law provides that the attorney general shall determine the reasonableness of any rent increase by reference to prevailing market rates for comparable rentals in the affected rental market before August 26, 2005.

Proposed law provides that when determining the reasonableness of a rent increase, the attorney general shall consider the costs, including mortgage payments not covered by rent or business interruption insurance, incurred after August 26, 2005, in order to clean and repair the premises.

Proposed law provides that the attorney general shall promulgate emergency and permanent regulations pursuant to the Administrative Procedure Act, R.S. 49:951 et seq., establishing procedures for the investigation and evaluation of rent increases, providing for notice of the investigation and findings to the alleged violator, protecting consumers from retaliation, and identifying circumstances in which the attorney general may issue a cease and desist order to prevent or restrain an unfair trade practice in the residential real estate market.

Proposed law provides that the attorney general may issue a cease and desist order in accordance with the criteria and procedures established by regulation in order to prevent or restrain an unfair trade practice in the residential real estate market. However, the attorney general must give notice to a lessor that a complaint has been received and the lessor shall be given ten days to respond before the cease and desist order is issued.

Proposed law provides that a court may order additional relief, including the posting of notices and monitoring by the attorney general, when necessary to prevent or restrain an unfair trade practice in the residential real estate market.

Effective upon signature of governor or lapse of time for gubernatorial action. This Act shall become null and void on August 15, 2006.

(Adds R.S. 51:1425)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Commerce to the original bill.

1. Provides that proposed law only applies to declared disaster areas.
2. Provides that "costs" includes mortgage payments not covered by rent or business interruption insurance.
3. Provides that the attorney general shall give notice to a lessor and shall provide the lessor 10 days to respond before a cease and desist order is issued.