

HOUSE BILL No. 1162

DIGEST OF INTRODUCED BILL

Citations Affected: IC 32-31-8.7.

Synopsis: Rental rate increase control. Prohibits a landlord from increasing the gross rental rate for certain rental units more than the lesser of: (1) 5%, plus the percentage cost of living increase; or (2) 10%; of the lowest gross rental rate charged for the rental unit during the 12 months prior to the effective date of the increase. Prohibits a landlord from increasing the gross rental rate in more than two increments over a 12 month period. Requires the legislative services agency to submit a report to the general assembly not later than July 1, 2030, analyzing the impact of the rental rate cap on the housing market in Indiana.

Effective: July 1, 2025.

Shackleford

January 8, 2025, read first time and referred to Committee on Judiciary.



First Regular Session of the 124th General Assembly (2025)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2024 Regular Session of the General Assembly.

HOUSE BILL No. 1162

A BILL FOR AN ACT to amend the Indiana Code concerning property.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 32-31-8.7 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2025]:
4 **Chapter 8.7. Rent Increase Control**
5 **Sec. 1. This chapter does not apply to a rental unit that is any of**
6 **the following:**
7 **(1) Subject to a local ordinance that has more stringent**
8 **requirements than this chapter.**
9 **(2) Restricted affordable housing.**
10 **(3) A dormitory constructed by a secondary educational**
11 **institution for occupancy by students.**
12 **(4) A duplex in which the landlord occupies one (1) of the**
13 **units as the landlord's principal place of residence at the**
14 **beginning of the rental agreement and continues to occupy the**
15 **unit.**
16 **(5) Residential real property that is alienable separate from**
17 **the title to any other rental unit, if both of the following apply:**



1 (A) The owner is not any of the following:

2 (i) A real estate investment trust (as defined in Section
3 856 of the Internal Revenue Code).

4 (ii) A corporation.

5 (iii) A limited liability company in which at least one (1)
6 of the members is a corporation.

7 (B) The tenants are provided written notice that the rental
8 unit is exempt from the requirements of this chapter.

9 Sec. 2. The definitions in IC 32-31-3 apply throughout this
10 chapter.

11 Sec. 3. As used in this chapter, "percentage cost of living
12 increase" means the percentage change from April 1 of the prior
13 year to April 1 of the current year in the regional Consumer Price
14 Index for the region where the rental unit is located, as published
15 by the United States Bureau of Labor Statistics.

16 Sec. 4. (a) Beginning July 1, 2025, a landlord may not, over the
17 course of a twelve (12) month period, increase the gross rental rate
18 for a rental unit more than the lesser of:

19 (1) five percent (5%), plus the percentage cost of living
20 increase; or

21 (2) ten percent (10%);

22 of the lowest gross rental rate charged for the rental unit during
23 the twelve (12) months prior to the effective date of the increase.
24 Any rent discounts, incentives, concessions, or credits offered by
25 the landlord may not be considered when determining the lowest
26 gross rental rate for the rental unit.

27 (b) Subsection (a) does not apply to a rental agreement for
28 which there is a new tenancy and no tenant from a prior rental
29 agreement remains in the rental unit.

30 (c) A tenant may not sublet a rental unit at a rental rate that is
31 greater than the allowable rental rate under subsection (a).

32 Sec. 5. (a) Subject to section 4 of this chapter, if the same tenant
33 occupies a rental unit over any twelve (12) month period, the gross
34 rental rate for the rental unit may not be increased in more than
35 two (2) increments over the twelve (12) month period.

36 (b) A landlord must provide each tenant with written notice of
37 a rental rate increase under subsection (a).

38 Sec. 6. (a) This section applies to a rental agreement entered
39 into, amended, or renewed after June 30, 2025.

40 (b) A rental agreement must separately list and identify:

41 (1) the gross rental rate; and

42 (2) any rent discounts, incentives, concessions, or credits



1 offered by the landlord;
2 for the rental unit.

3 **Sec. 7. (a) The owner of an affordable housing development who**
4 **demonstrates, under penalty of perjury, compliance with all**
5 **applicable state laws and regulations intended to promote the**
6 **preservation of affordable housing may establish the initial**
7 **unassisted rental rate for units in the affordable housing**
8 **development. Any subsequent rental rate increase is subject to**
9 **section 4 of this chapter.**

10 **(b) The owner of restricted affordable housing that is:**

11 **(1) subject to a restriction that limits rental rates; and**

12 **(2) not within an affordable housing development;**

13 **may establish the initial rental rate for the unit upon the expiration**
14 **of the restriction. Any subsequent rental rate increase is subject to**
15 **section 4 of this chapter.**

16 **Sec. 8. Any waiver of this chapter by a tenant is considered void.**

17 **Sec. 9. Not later than July 1, 2030, the legislative services agency**
18 **shall submit a report to the general assembly regarding the**
19 **outcomes associated with this chapter. The report must include an**
20 **analysis of the impact of the rental rate cap implemented under**
21 **section 4 of this chapter on the housing market in Indiana. The**
22 **report must be in an electronic format under IC 5-14-6.**

23 **Sec. 10. This chapter expires December 31, 2030.**

