

HOUSE BILL REPORT

HB 2870

As Reported by House Committee On:
Local Government

Title: An act relating to relocation assistance payments to low-income tenants.

Brief Description: Making available relocation assistance payments to low-income tenants.

Sponsors: Representatives Romero, Murray, Edwards, Wood, Upthegrove and Santos.

Brief History:

Committee Activity:

Local Government: 1/29/04, 2/5/04 [DPS].

Brief Summary of Substitute Bill

- Requires landlords to pay relocation assistance to tenants if a local health officer or building inspector determines that a dwelling will be condemned or will be unlawful to occupy due to the existence of conditions that violate applicable laws.
- Allows local governments to advance the cost of relocation assistance payments and to assess interest and penalties if a property owner fails to timely pay and to recover attorneys' fees if it must initiate legal action in order to collect.
- Provides an exception for landlords in cases in which the condemnation or no occupancy order results from conditions arising from a tenant's illegal action without the landlord's knowledge.
- Requires government agency that notifies landlord of condemnation to notify the displaced tenants that they may be entitled to relocation assistance.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Romero, Chair; D. Simpson, Vice Chair; Jarrett, Assistant Ranking Minority Member; Clibborn, Edwards, Moeller and Upthegrove.

Minority Report: Do not pass. Signed by 4 members: Representatives Schindler, Ranking Minority Member; Ahern, Ericksen and Mielke.

Staff: Kiki Keizer (786-7109).

Background:

Washington law provides that any city, town, county, or municipal corporation that is required to develop a comprehensive plan under the Growth Management Act may require property owners to provide their portion of reasonable relocation assistance to low-income tenants upon the demolition, change of use of residential property, removal of use restrictions in an assisted-housing development, or substantial rehabilitation whether due to code enforcement or any other reason.

In a case in which a property owner enters a rental agreement after being notified that a dwelling is condemned or is unlawful to occupy, tenants are entitled to recover either three months' rent or up to treble damages, whichever is greater, along with deposits, prepaid rent, attorneys' fees, and costs.

The laws of Washington pertaining to relocation assistance do not consistently cover low-income tenants who are living in a residential property at the time that a building inspector or other official either condemns the property or determines that it is unlawful to occupy.

Summary of Substitute Bill:

Landlords must pay relocation assistance to tenants if a local health officer or building inspector determines that a dwelling will be condemned or will be unlawful to occupy due to the existence of conditions that violate applicable laws.

Relocation assistance must be the greater of \$2,000 per dwelling unit or three times the monthly rent, and the tenant is entitled to any prepaid deposit and prepaid rent.

Property owners must pay relocation within seven days' notice.

A local government may advance the cost of relocation assistance payments and assess interest and penalties if a property owner fails to timely pay and recover attorneys' fees if it must initiate legal action in order to collect.

There is an exception for landlords in cases in which the condemnation or no occupancy order results from conditions arising from a tenant's illegal action without the landlord's knowledge.

The government agency that notifies landlord of condemnation must notify the displaced tenants that they may be entitled to relocation assistance.

Substitute Bill Compared to Original Bill:

Tenants who are displaced due to condemnation arising from code violations are entitled to relocation assistance, regardless of their income level.

Local governments need not adopt procedures for determining tenants' eligibility for relocation assistance based upon income level.

Relocation assistance must be the greater of \$2,000 per dwelling unit or three times the monthly rent, and the tenant is entitled to any prepaid deposit and prepaid rent.

There is an exception for landlords in cases in which the condemnation or no occupancy order results from conditions arising from a tenant's illegal action without the landlord's knowledge.

The government agency that notifies landlord of condemnation must notify the displaced tenants that they may be entitled to relocation assistance.

Landlords must pay by certified check, either the eligible tenants or the government agency ordering the condemnation.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: People have a right to live in standard, not sub-standard housing. Landlords who do not provide good, safe housing should be legally required to pay to relocate tenants who are evicted due to condemnation or an order of no occupancy based upon violations of applicable health and building codes.

Recent problems have arisen in Washington cities in which tenants are forced to stay in sub-standard housing because they cannot afford to pay the first and last months' rent and security and utility deposits that would be required by the landlord of a new and safer building. For some, the alternative to living in a sub-standard housing unit is homelessness. Some tenants are afraid of reporting code violations because they are afraid of being out on the street.

The city governments in which affected buildings have been located have tried unsuccessfully to get landlords to voluntarily comply with applicable laws. In some cases, cities have held onto condemnation or eviction notices because tenants had

nowhere to go. In other cases, cities have been forced to pay for the relocation of tenants in deplorable housing situations when landlords have refused to correct conditions giving rise to code violations or when cities have been unable to reach or to serve landlords at all. These situations have been so egregious that city officials have been afraid that the city might be liable if there were ever a loss of life because of the housing conditions investigated by building officials.

Cities should not have to go to extraordinary measures to subsidize a landlord's bad acts. Slum lords should be accountable for letting buildings run down and preying on vulnerable populations, such as the developmentally disabled and the elderly. Responsibility should not be shifted to the government or to the taxpayer. If the law required landlords to pay relocation assistance in egregious situations, the landlords could still let their properties run down, but tenants would not be adversely affected by that decision.

A state law uniformly requiring relocation assistance to vulnerable tenants is preferable to local ordinances. An established procedure is better than leaving the matter to the courts and would also cut down on escalating enforcement costs in these situations.

Some local ordinances have been inadequate, as a practical matter, because the city and the landlord are supposed to split the cost of relocation, but often the landlord doesn't pay. In that case, a displaced tenant only has half of the amount necessary to secure new housing. Even if the city later pays the landlord's portion, a delay of several months in getting money to displaced tenants may mean that tenants have already spent the portion that they initially received for basic needs.

Also, under some city ordinances, there is a lot of paperwork to fill out to prove one's eligibility for assistance.

Testimony Against: The landlord should not be liable for relocation assistance payments if the conditions giving rise to condemnation were the fault of the tenants. For example, if tenants' conduct causes toxic mold or if conditions are unsanitary because units are overcrowded, then landlords should not be liable. Landlords also need the ability to evict drug users and methamphetamine manufacturers without being expected to pay for their relocation.

There is some ambiguity about what constitutes a health hazard. Health departments may use shaky science, such as in the area of toxic mold.

This could affect landlords who buy distressed property and bring it up to code. Also, housing stock in the state is aging, so this could create a bigger problem in the future for landlords.

Persons Testifying: (In support) Representative Romero, prime sponsor; Gary Long,

City of Burien; Jack Block, City of Burien City Council; Andrea Doerner and family, citizen; Neil McClanahan, City of Tumwater; Matthew Green, City of Olympia; Bruce Neas, Columbia Legal Services; Pat Tassoni, Tenants Union; Valerie Hill, citizen; Tamra Leigh, citizen; Michael Gusa, citizen; Laurie Strong, citizen; Octavia McGhee, citizen; Wanda Toth, Northwest Labor and Employment Law Offices; and Anitra Freeman and Stan Burriss, Real Change, Share/Wheel.

(Opposed) Ken Opp and Terry Kohl, Washington Apartment Association; and Terri Hotvedt and Karyn Kuexer, Rental Housing Association of Puget Sound.

Persons Signed In To Testify But Not Testifying: None.