

HOUSE BILL REPORT

ESSB 5577

As Passed House - Amended:

April 7, 2005

Title: An act relating to relocation assistance payments to tenants.

Brief Description: Making available relocation assistance payments to tenants.

Sponsors: By Senate Committee on Financial Institutions, Housing & Consumer Protection (originally sponsored by Senators Fairley, Keiser, Kline, Fraser, Poulsen and Kohl-Welles).

Brief History:

Committee Activity:

Housing: 3/17/05, 3/24/05 [DPA].

Floor Activity:

Passed House - Amended: 4/7/05, 84-12.

Brief Summary of Engrossed Substitute Bill (As Amended by House)

- Requires landlords to pay relocation assistance, as well as to return any deposits and prepaid rent, to tenants who are displaced because their residence is condemned or declared unlawful to occupy except in cases in which the condemnation or no occupancy order directly results from a natural disaster, an illegal tenant or third party action, or is a result of eminent domain.
- Allows local governments: to advance the cost of relocation assistance payments; to assess interest and penalties if a property owner fails to timely reimburse the local government; and to recover attorneys' fees if legal action is initiated in order to collect.

HOUSE COMMITTEE ON HOUSING

Majority Report: Do pass as amended. Signed by 6 members: Representatives Miloscia, Chair; Springer, Vice Chair; Holmquist, Ranking Minority Member; Ormsby, Pettigrew and Sells.

Minority Report: Do not pass. Signed by 3 members: Representatives Dunn, Assistant Ranking Minority Member; McCune and Schindler.

Staff: Robyn Dupuis (786-7166).

Background:

Under the Residential Landlord Tenant Act, if a governmental agency notifies a landlord that a dwelling is condemned or unlawful to occupy, that landlord may not enter into any additional rental agreements for that dwelling until the violations are corrected. If the landlord does enter into a rental agreement with a new tenant, that tenant is entitled to recover three months rent, or up to treble the actual damages sustained as a result of the violation, and any legal costs incurred. If such a tenant is forced to relocate, or chooses to move as a result of the conditions cited by the governmental agency, the tenant is also entitled to recover any deposits paid, and any prepaid rent.

Tenants who live in a dwelling, and have an established rental agreement at the time that a property is condemned or determined to be unlawful to occupy, are not entitled to receive any relocation reimbursement, nor reimbursement for deposits or prepaid rent.

If a landlord or property owner fails to comply with a final order to repair or demolish a dwelling, the governing body of the local jurisdiction may direct the dwelling to be repaired or demolished. The cost of these activities incurred by the local jurisdiction are assessed against the property. Such an assessment constitutes a lien against the property.

Summary of Amended Bill:

A statutory procedure is created to provide relocation assistance to tenants of dwellings that fail to meet health and safety standards when the landlord is aware of these conditions. If a government agency notifies a landlord that a dwelling will be condemned or will be unlawful to occupy, the landlord shall be required to pay relocation assistance to all displaced tenants except in cases in which the condemnation or no occupancy order is caused by a natural disaster, is directly caused by a tenant or third party's illegal action without the landlord having prior knowledge of such activity, or is a direct result of the practice of eminent domain.

Relocation assistance shall consist of the following:

- the greater amount of \$2,000 per dwelling unit or three times the monthly rent; and
- the entire amount of any deposit prepaid by the tenant and all prepaid rent.

In addition, tenants are entitled to recover any actual damages sustained by them as a result of their displacement that exceeds the amount of relocation assistance that is payable.

Landlords must provide relocation assistance within seven days of the notice of condemnation, eviction, or displacement. If the landlord fails to do so, the local government may advance relocation assistance payments to the displaced tenants. The landlord is obligated to repay the municipality within 60 days.

If, within 60 days, a landlord fails to repay the amount of the advanced relocation assistance, interest will begin to accrue and the local government will assess penalties in the amount of

\$50 per day for each tenant who received assistance. If legal action is necessary to collect from the landlord, then the local government is also entitled to recover any associated legal fees and costs.

The amount of relocation assistance advanced by the local government, and not repaid by the property owner, as well as all penalties and interest accrued, may be included in a lien against the property, which also may include other costs of vacating and closing the property incurred by the local government.

Local ordinances requiring relocation assistance to tenants displaced by a landlord's failure to remedy building code or health code violations shall not be preempted by this legislation.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This legislation will protect low-income tenants who are preyed upon by landlords because they cannot afford to move. It is likely that if this legislation is passed, in order to avoid paying the relocation assistance to tenants, landlords will choose instead to make the appropriate repairs to dwellings and correct violations. This bill forces landlords to be accountable for their actions and responsible for their properties. If a landlord does not respond to tenants' complaints, tenants are forced to call the local jurisdiction to inspect the property, however, currently, many low-income tenants who are forced out of their homes once a property is condemned become homeless because they can't afford to move anywhere else. This bill will provide tenants in that situation with relocation assistance payable within seven days so that they are able to move to a new dwelling and thus avoid homelessness. This bill is targeted to slumlords and shouldn't effect responsible landlords in Washington.

Testimony Against: Landlords should be responsible for their actions, but not for the neglectful and damaging actions of their tenants or third parties. The bill should be clarified to say that landlords do not have to pay relocation assistance if dwelling health, safety or code violations are a result of tenant neglect or other tenant activities. It is the tenant's responsibility to keep a dwelling clean and sanitary and, for example, to practice reasonable measures to keep the dwelling free of mold. If tenant's action cause the growth of mold, or encourage infestation, or otherwise cause the dwelling to be unsanitary or unsafe, it should not be the landlord's responsibility to assist that tenant to move to another dwelling. An amendment should also be made to the bill that states that this act is not applicable unless landlords' "knowingly violate" health, safety or code violations.

Persons Testifying: (In support) Laurie Strong, Sandra Larson, DeWayne Martin, Francisca T. Lopez, and Michele Thomas, Tenants Union; and Nick Federici, Washington Low-Income Housing Alliance.

(In support with concerns) John Woodring, Rental Housing Association of Puget Sound.

(Opposed) Darlene Pennoch, Washington Apartment Association.

Persons Signed In To Testify But Not Testifying: None.