

SENATE BILL REPORT

SHB 1663

As Reported by Senate Committee On:
Financial Institutions, Housing & Insurance, March 25, 2009

Title: An act relating to creating relocation assistance rights for nontransient residents of hotels, motels, or other places of transient lodging that are shut down by government action.

Brief Description: Creating relocation assistance rights for nontransient residents of hotels, motels, or other places of transient lodging that are shut down by government action.

Sponsors: House Committee on Judiciary (originally sponsored by Representatives Goodman, Springer, Simpson, Roberts, Miloscia, Nelson, Ormsby and Santos).

Brief History: Passed House: 3/11/09, 72-24.

Committee Activity: Financial Institutions, Housing & Insurance: 3/24/09, 3/25/09 [DP, DNP, w/oRec].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Majority Report: Do pass.

Signed by Senators Berkey, Chair; Hobbs, Vice Chair; Franklin and McDermott.

Minority Report: Do not pass.

Signed by Senator Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senator Parlette.

Staff: Philip Brady (786-7460)

Background: If a rental unit is condemned or unlawful to occupy due to violations of applicable codes or regulations, no rental agreement may be entered into for the dwelling until the violations are corrected. If the landlord enters into a rental agreement prior to correcting the conditions, the tenant is entitled to three months rent or up to treble the actual damages sustained, as well as the costs of suit or arbitration and reasonable attorneys' fees. If the tenant elects to terminate the tenancy or is required by an appropriate governmental agency to vacate the premises, the tenant may recover the entire amount of any deposit and all prepaid rent.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A landlord who knew or should have known that a dwelling would be condemned or be unlawful to occupy must pay relocation assistance consisting of the greater of \$2,000 per dwelling unit or three times the monthly rent and any deposit or prepaid rent. The condemning agency must notify the displaced tenants that they may be entitled to relocation assistance, and this relocation assistance must be provided within seven days of the governmental notice. It may be paid to individual tenants or to the governmental agency, and local governments may advance the costs of relocation assistance to the landlord.

Relocation assistance is not required to be paid by the landlord if the condemnation or no occupancy order results from conditions caused by illegal conduct of a tenant or any third party without the landlord's prior knowledge, if it arises from a natural disaster, or is created by the acquisition of the property by eminent domain.

These provisions do not apply to a number of living arrangements, including residence in a hotel, motel, or other transient lodging.

Summary of Bill: Persons who have lived in a hotel, motel, or other transient lodging for 30 or more days are entitled to relocation assistance if the unit is condemned or unlawful to occupy because of violations of codes or regulations. All relocation payments must be paid directly to the tenant, and cannot be avoided by interruptions in tenancy primarily intended to avoid qualifying for relocation assistance.

Any occupancy agreement to avoid payments under this section is against public policy and is unenforceable.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: With more and more people losing their homes, many more are being forced to live in hotels and motels on a long-term basis, some of which are very similar to apartments. It is a consumer protection issue. This bill will fix a glitch in the Landlord Tenant Act and treat tenants equally, regardless of whether they live in apartments or long-term transient lodging. This loophole also makes it harder for tenants to recover against hotel owners in lawsuits. The Department of Community, Trade and Economic Development conservatively estimates that there will be 20,000 new homeless in Washington this year, so this discussion is timely.

Persons Testifying: PRO: Representative Goodman, prime sponsor; Andy Guy, Beverley Veal, citizens; Seth Dawson, Washington State Coalition for the Homeless.