

HOUSE BILL REPORT

HB 1904

As Reported by House Committee On:
Housing, Human Services & Veterans

Title: An act relating to protecting tenants from excessive rent and related fees by providing at least six months' notice for rent increases over a certain amount, allowing tenants the right to terminate a tenancy, and limiting late fees.

Brief Description: Protecting tenants from excessive rent and related fees by providing at least six months' notice for rent increases over a certain amount, allowing tenants the right to terminate a tenancy, and limiting late fees.

Sponsors: Representatives Peterson, Morgan, Simmons, Chopp, Ormsby, Johnson, J., Ramel, Hackney, Frame, Riccelli, Lekanoff, Taylor, Bateman, Fitzgibbon, Macri, Harris-Talley and Pollet.

Brief History:

Committee Activity:

Housing, Human Services & Veterans: 1/18/22, 2/1/22 [DPS].

Brief Summary of Substitute Bill

- Requires landlords to provide at least 180 days and no more than 220 days' notice for rent increases over a certain amount.
- Allows a tenant to terminate a tenancy for any rent increase over a certain amount.
- Limits late fees to \$75.

HOUSE COMMITTEE ON HOUSING, HUMAN SERVICES & VETERANS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Peterson, Chair; Taylor, Vice Chair; Bateman, Chopp and Donaghy.

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

Minority Report: Do not pass. Signed by 2 members: Representatives Gilday, Assistant Ranking Minority Member; Barkis.

Minority Report: Without recommendation. Signed by 2 members: Representatives Caldier, Ranking Minority Member; Leavitt.

Staff: Serena Dolly (786-7150).

Background:

Residential Landlord-Tenant Act.

The Residential Landlord-Tenant Act (RLTA) regulates the relationship between residential landlords and tenants, including the duties of tenants and landlords and remedies for violations of those duties. With some statutory exceptions, the rental of a dwelling unit for living purposes is generally covered under the RLTA.

Rent Increases.

Except for rental agreements governing subsidized tenancies, a landlord must provide each affected tenant a minimum of 60 days' prior written notice of an increase in the amount of rent, and any rent increase may not become effective before the end of the rental agreement. For subsidized tenancies where the rental amount is based on the income of the tenant or circumstances specific to the subsidized household, the landlord must provide 30 days' prior notice of the rent increase, and the rent increase may become effective at the end of the rental term or sooner upon mutual consent.

Termination of Tenancy.

A tenant who terminates a tenancy of a specified time, sometimes called a lease, prior to the end of the lease period is liable for rent until the end of the period, although the landlord is required to mitigate his or her damages by attempting to re-rent the unit at a fair rental price. Alternatively, a dwelling unit may be rented for an indefinite time, from month-to-month or period to period. Such a tenancy is automatically renewed for another month or period until terminated by the landlord for causes specified under the RLTA or by the tenant by giving at least 20 days' written notice prior to the end of any of the months or periods of tenancy.

Late Fees.

A landlord may not charge late fees for rent that is paid within five days following its due date. If the rent is more than five days past due, the landlord may charge late fees commencing from the first day after the due date until paid. When late fees may be assessed after rent becomes due, the tenant may propose that the date rent is due per the rental agreement be altered to a different date of the month. The landlord must agree to such a proposal if it is submitted in writing and the tenant is able to demonstrate that his/her primary source of income is a regular, monthly source of governmental assistance that is not received until after the date rent is due per the rental agreement. The proposed due date

may not be more than five days after the date the rent is due per the rental agreement.

Manufactured/Mobile Home Landlord-Tenant Act.

The Manufactured/Mobile Home Landlord-Tenant Act (MHLTA) governs the legal rights, remedies, and obligations arising from any rental agreement between a landlord and a tenant regarding a mobile home lot within a mobile home park where the tenant has no ownership interest in the property or in the association that owns the property.

Rent Increases.

A landlord must provide a tenant with three months' written notice of any rent increase, any rent increase may not become effective before the end of the term of the rental agreement.

Termination of Tenancy.

If a tenant does not intend to renew a rental agreement, the tenant must notify the landlord one month prior to the end of the rental agreement.

Summary of Substitute Bill:

Residential Landlord-Tenant Act.

Under the RLTA, a landlord may not increase a tenant's rent by more than 7.5 percent without providing written notice between 180 and 220 days before the increase takes effect. The notice must inform the tenant of the tenant's ability to terminate the tenancy. A tenant who receives notice of a rent increase of more than 7.5 percent may terminate the tenancy at any point prior to the effective date of the increase by providing at least 20 days' notice for a month-to-month or periodic tenancy or at least 45 days' notice for a tenancy of a specified period, and the landlord must prorate the rent owed to the tenant's move-out date.

A tenant who is charged and pays rent reflecting an increase of more than 7.5 percent without receiving the required written notice may recover actual damages in the amount of the excess rent paid, and treble damages, costs, and reasonable attorneys' fees.

A landlord may not charge a tenant a fee for late payment of rent that exceeds \$75.

Manufactured/Mobile Home Landlord-Tenant Act.

Under the MHLTA, a landlord may not increase rent by more than 4 percent without providing written notice between 180 and 220 days before the increase takes effect. The notice must inform the tenant of the tenant's ability to terminate the tenancy. A tenant who receives notice of a rent increase of more than 4 percent may terminate the tenancy at any point prior to the effective date of the increase by providing at least 45 days' notice, and the landlord must prorate the rent owed to the tenant's move-out date.

A tenant who is charged and pays rent reflecting an increase of more than 4 percent without receiving the required written notice may recover actual damages in the amount of the

excess rent paid, and treble damages, costs, and reasonable attorneys' fees.

Substitute Bill Compared to Original Bill:

The substitute bill changes the percentage that triggers a landlord's requirement to provide between 180 and 220 days' written notice and a tenant's ability to terminate a tenancy from 3 percent to 7.5 percent. The original bill allowed a tenant to terminate the tenancy at any time after receiving such a notice; the substitute bill allows a tenant to terminate the tenancy with 20 days' notice for a month-to-month tenancy and 45 days' notice for a tenancy of a specified period.

The substitute bill changes the maximum allowable late fee charged due to nonpayment of rent from 1.5 percent of the tenant's monthly rent to \$75.

The substitute bill adds requirements for tenancies governed by the MHLTA. A landlord of a mobile home park may not increase rent by more than 4 percent without providing written notice between 180 and 220 days before the increase takes effect. The notice must inform the tenant of the tenant's ability to terminate the tenancy. A tenant who receives notice of a rent increase of more than 4 percent may terminate the tenancy at any point prior to the effective date of the increase by providing at least 45 days' notice, and the landlord must prorate the rent owed to the tenant's move-out date. A mobile home tenant who is charged and pays rent reflecting an increase of more than 4 percent without receiving the required written notice may recover actual damages in the amount of the excess rent paid, and treble damages, costs, and reasonable attorneys' fees.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) This bill is not about rent control. It does not bar anyone from increasing rent. It is about notification to the tenant. If a landlord's costs go up, then the rent can be raised, but the tenant receives notice in case they need to find another place to live. Many tenants are barely scraping by with an affordable housing shortage. Tenants are facing rent increases of 50 percent or more. These increases are leading to homelessness. Inflated rent is forcing difficult choices between housing, food, and medical care. Chronic conditions and disabilities prevent some people from moving or from working to cover the additional rent. Senior citizens cannot afford significant rent increases, but subsidized housing has long wait lists. Tenants need more than 60 days' notice for rent increases. With low

vacancy rates, this bill gives renters an opportunity to navigate rent increases in the difficult housing market. Landlords use rent increases to force tenants to move. It is a loophole in just cause protections.

(Opposed) Notice requirements for rent increases were just changed in 2019. Landlords cannot keep up with the increasing number of state and local regulations. Landlords are bearing the costs of tax increases and the pandemic. Landlords try to be good and fair. Landlords do not want to lose good tenants. Rent increases are often delayed. Landlords do not always know what the property tax increase will be six months in advance. The moratorium prevented landlords from raising rents to keep pace with rising costs. Rent is based on the of operating and maintaining rental properties, and supply chain issues are increasing the cost of repairs and maintenance. This bill would have a drastic impact on smaller landlords, especially the ability of a tenant to move out at any time after notice. Landlords cannot afford to continue being landlords and are selling their rental properties to new owners who use them as a primary residence instead. This bill will create significant challenges for affordable housing owners and limit the construction of additional affordable housing. Some federal programs only allow rental increases once per year.

Persons Testifying: (In support) Representative Strom Peterson, prime sponsor; Mindy Woods; Breean Beggs, Spokane City Council President; Kshama Sawant, Seattle City Council District 3; Lindsey Schromen-Wawrin, Port Angeles City Council; Amber Abrahamson; and Patricia Zachary.

(Opposed) Brett Waller, Washington Multi Family Housing Association; Sheri Druckman; and Audrey Riddle, Goodman Real Estate Services Group.

Persons Signed In To Testify But Not Testifying: Jacob Arntson, Commonwealth Real Estate Services; Richard Hoy; Victoria Loveland, Violet Lavatai, and Terri Anderson, Tenants Union of Washington State; Andra Kranzler, Tenant Law Center of Catholic Community Services; Sarah Nagy, Columbia Legal Services; Mei Shah; Amy Kangas; Gordon Haggerty; Joan Segall; Mercedes White Calf, Native American Youth and Family Center, Resident Action Project; Angela Chapman, Spokane Resident Action Project; Ira Adams; Vila Pruner; Dave Bilslund; Michele Thomas, Washington Low Income Housing Alliance; Marsha Cutting; Danyelle Robinson; Mariya Chmyr; Emma H; Ishbel Dickens, Association of Manufactured Home Owners; Carmen Pacheco Jones; Jim Henderson, Rental Housing Association of Washington; Ryan Erickson, Commonwealth Real Estate Services; Jim Reddington; David Oldham; Daniel White; Jennifer Lekish; Matthew Gilroy; Alex Whitworth; Ronald Greer; Lynn Melton; John Mebrahtu; Allison Liang; Gordon Haggerty; Brett Frank-Looney; Chester Baldwin, Washington Landlord Association, Rental Housing Coalition, Washington Business Properties Association, Manufactured Housing Communities of Washington; Jeannette Gordon; Hong Sodoma; CleAnn Goodell; Mary Hull-Drury, Washington Realtors; Threasa Melton; John Barrett; Nancy Trucano; Mike Ennis, Association of Washington Business; Cory Brewer; Katrina Christoffersen; Kaitlyn Jackson, Jim Henderson, and Larry Crites, Rental Housing Association of

Washington; Donna Swanson; Ronald Stallings, Starling Bay Properties; Marvin Calhoun; Robert Hubbard; June Fricke; Rocky Ortega; Cristina Dugoni, Davis Investors and Management; Matthew Sprott; Marsha Todd; Lian Zhou; Elisa Lyles; Colleen Giampapa; Carol Rasmussen; Brandon Phillips; Bruce Becker; Patricia Hoendermis, Yakima Valley Landlords Association; Richard Johnson; Kathleen Fias, Washington Landlord Association; John Rasmussen; Anthony Springer; Ted Roberts; Mark Reid; Daniel Klemme, Landlord Association of the Inland Northwest; Mel Codd; Brad Augustine; Larry Seto, Hudson Ship Canal Place; Phil Sodoma; Yan Zhang; Frances Moldskred; Simon Zhang; Christine Chen; Jacky Hu; Dezda Finn; Clyde Priddy; Sherry Miller-Leber, Renov8mds; Rick Glenn, Yakima Valley Landlords Association; Candice Chevallier; Nora Schultz; Judith Bardin; Constance Nelson; Rechilda Childs; and Kathleen Tan.