

# SENATE BILL REPORT

## ESHB 2114

---

---

As of February 22, 2024

**Title:** An act relating to improving housing stability for tenants subject to the residential landlord-tenant act and the manufactured/mobile home landlord-tenant act by limiting rent and fee increases, requiring notice of rent and fee increases, limiting fees and deposits, establishing a landlord resource center and associated services, authorizing tenant lease termination, creating parity between lease types, and providing for attorney general enforcement.

**Brief Description:** Improving housing stability for tenants subject to the residential landlord-tenant act and the manufactured/mobile home landlord-tenant act by limiting rent and fee increases, requiring notice of rent and fee increases, limiting fees and deposits, establishing a landlord resource center and associated services, authorizing tenant lease termination, creating parity between lease types, and providing for attorney general enforcement.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Alvarado, Macri, Ramel, Peterson, Mena, Slatter, Farivar, Taylor, Doglio, Cortes, Fitzgibbon, Gregerson, Berry, Senn, Reed, Bateman, Ortiz-Self, Simmons, Ormsby, Street, Chopp, Orwall, Bergquist, Berg, Wylie, Stonier, Lekanoff, Fosse, Riccelli, Pollet, Kloba and Davis).

**Brief History:** Passed House: 2/13/24, 54-43.

**Committee Activity:** Ways & Means: 2/22/24.

### Brief Summary of Bill

- Limits rent and fee increases to 7 percent during any 12-month period and prohibits rent and fee increases during the first 12 months of a tenancy for tenants subject to the Residential Landlord-Tenant Act and the Manufactured/Mobile Home Landlord-Tenant Act, regardless of the length of their lease, with certain exemptions.
- Provides certain other protections for tenants, including rent and fee increase notice requirements, tenant lease termination provisions, limits

---

*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.*

on move-in fees, security deposits, and late fees, and requires parity in terms between month-to-month and longer-term rental agreements.

- Provides remedies and enforcement mechanisms, including under the Consumer Protection Act and a through private cause of action.
- Requires that the Department of Commerce create an online landlord resource center and contract to carry out a social vulnerability assessment of the impacts of rent stabilization.
- Requires that the attorney general publish model lease provisions regarding rent and fee increases.

---

## SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Samuel Brown (786-7470)

**Background:** Residential Landlord-Tenant Act. The Residential Landlord-Tenant Act (RLTA) governs the relationship and agreements between residential landlords and tenants.

*Notice of a Rent Increase.* Generally, landlords subject to the RLTA must provide each affected tenant with written notice of a rent increase at least 60 days before the increase, and any increase in rent may not become effective prior to completion of the term of the rental agreement. For subsidized rental agreements governing income-based tenancies or circumstances specific to the household, a landlord must give 30 days' notice of an increase in rent to each affected tenant. An increase in the amount of rent of subsidized agreements may become effective upon completion of the term of the rental agreement, or sooner upon mutual consent

*Tenant Lease Termination.* Generally, a tenant subject to the RLTA may end a rental agreement by providing a landlord with written notice at least 20 days before the end of any month for a month-to-month tenancy, or written notice at least 20 days before the end date specified in the rental agreement for a longer-term tenancy. However, upon receiving certain military orders, a tenant who is a member of the armed forces may end a month-to-month tenancy with less than 20 days of written notice and may end a longer-term tenancy with at least 20 days of written notice at any time during the tenancy.

Manufactured/Mobile Home Landlord-Tenant Act. The Manufactured/Mobile Home Landlord-Tenant Act (MHLTA) governs the relationship and agreements between the owner of a manufactured/mobile home community (landlord) and the owner of the manufactured/mobile home (tenant). The MHLTA includes a dispute resolution program run through the Attorney General's Office (AGO).

*Notice of a Rent Increase.* Three months' written notice is required from a landlord seeking

to raise a tenant's rent at the end of a rental agreement term. Rental agreements may not contain provisions allowing the landlord to alter the due date for rent payments or increase the rent during the term of the rental agreement if the term is less than two years, or more frequently than annually if the initial term is for two years or more. An exception is provided for certain escalation clause provisions.

*Tenant Lease Termination.* Generally, a tenant subject to the MHLTA may end a rental agreement by providing a landlord with written notice one month before the expiration of the rental agreement. However, a tenant may end a rental agreement with 30 days of written notice at any time during the rental agreement whenever a change in the location of the tenant's employment requires a change in residence. Additionally, a tenant who is a member of the armed forces may end a rental agreement with less than 30 days of written notice at any time during the rental agreement if the tenant receives certain military orders that do not allow for greater notice.

Consumer Protection Act. The Consumer Protection Act (CPA) prohibits:

- unfair or deceptive acts or practices in trade or commerce;
- the formation of contracts, combinations, and conspiracies in restraint of trade or commerce; and
- monopolies.

A person injured by a violation of the CPA may bring a civil action to enjoin violations and recover certain damages, costs, and attorneys' fees. The AGO may bring an action in the name of the state, or on behalf of persons residing in the state, against any person to enjoin violations of the CPA and obtain restitution, and may seek civil penalties against any person who violates the CPA. Civil penalty awards from CPA enforcement actions are paid to the state.

**Summary of Bill:** Rent and Fee Increase Limit. A landlord is prohibited from increasing the rent and fees for a tenant subject to the RLTA or the MHLTA, regardless of the length of their lease, in an amount greater than 7 percent during any 12-month period, or by any amount during the first 12 months after the tenancy begins.

The rent and fee increase limit does not apply in the following circumstances:

- in dwelling units under the RLTA where the first certificate of occupancy was issued ten or less years before the date of the notice of the rent and fee increase are exempt from the limit;
- during the first 12 months after the qualified sale of a manufactured/mobile home community (MHC) to an eligible organization under the MHLTA whose mission aligns with the long-term preservation and affordability of the MHC, if needed to cover the cost of purchasing the MHC and approved by the majority of homeowners in the MHC;
- in dwelling units or manufactured/mobile home lots operated by a public housing authority, public development authority, or nonprofit organization where maximum

- rents are regulated by other laws or local, state, or federal affordable housing program requirements, if compliant with regulatory agreements;
- additional nonprofit entities and low-income tenancies; and
  - certain owner-occupied rentals.

Notice Requirements. A landlord must annually provide tenants with written notice of rent and fee increases in a specific format. If a landlord claims an exemption from the rent and fee increase limit, the landlord must include facts supporting any claimed exemptions in the notice. The notice must comply with the 60-day notice requirement for rent increases in the RLTA or the three-month notice requirement for rent increases in the MHLTA. If a landlord under the RLTA or MHLTA intends to increase the rent and fees by 3 percent or more, the landlord must provide each affected tenant with notice at least 180 days before the effective date of the increase unless the exemption for public authorities and nonprofit organizations applies.

Tenant Lease Termination. If a landlord increases the rent above the 7 percent limit without providing a qualifying exemption, a tenant may terminate a rental agreement at any time by providing the landlord with at least 20 days of written notice under the RLTA or 30 days of written notice under the MHLTA, in combination with other remedies. When terminating a rental agreement under these circumstances, the tenant only owes pro rata rent until the tenant vacates the dwelling unit or manufactured/mobile home lot, and the landlord is prohibited from charging the tenant any fines or fees for terminating the rental agreement.

Other Provisions. The following additional provisions apply to tenants subject to the RLTA and MHLTA:

- move-in fees and security deposits combined may not exceed one month's rent.
- late fees may not exceed 1.5 percent of the tenant's total rent per month.
- landlords are prohibited from charging a higher rent or fees or including terms or conditions in a rental agreement that are more burdensome to a tenant for a month-to-month rental agreement than for a longer-term rental agreement, or vice versa.
- landlords are prohibited from reporting a tenant to a tenant screening service provider for failure to pay rent or fees that were unlawfully increased in violation of the limit.
- it is a defense to an eviction or other legal action that the action was for nonpayment of rent or fees that were unlawfully increased in violation of the limit.

Remedies and Enforcement. A landlord who violates the provisions of the bill is liable for damages in the amount of any excess rent, fees, or other costs paid by the tenant; mandatory damages equal to three months of any unlawful rent, fees, or other costs charged by the landlord; and reasonable attorneys' fees and costs. The AGO may enforce the provisions of the bill under the CPA. Local governments may also adopt policies, ordinances, or other regulations to enforce the bill.

Landlord Resource Center. The Department of Commerce must create an online landlord resource center to distribute information to landlords about available programs and

resources, such as the landlord mitigation program, low-income weatherization programs, local government resources, and model lease provisions regarding rent and fee increases created by the AGO.

Model Lease Provisions. The AGO must publish model lease provisions regarding rent and fee increases in the top ten languages most frequently spoken in Washington. The model lease provisions must be published on the AGO's website and provided in hard copy upon request to landlords, tenants, and other relevant entities. The first version of the model lease provisions must be published by January 1, 2025, and periodically updated as necessary to incorporate any relevant changes to the RLTA.

Social Vulnerability Assessment. The Department of Commerce must contract with an independent third party to carry out a social vulnerability assessment of the impacts of limiting rent increases to 7 percent per 12-month period, to be provided to the Legislature by December 1, 2026, which considers the following:

- the impact on extending tenancies due to rent capping;
- impacts on cost burdened, immutable characteristic communities, or rural communities;
- whether rent stabilization creates a disproportionate burden on new or transitioning renters as a result of current tenants' rent being capped;
- impacts on alternative rental markets; and
- impacts on state-owned or state-run housing units.

Definition of Rent under the Manufactured/Mobile Home Landlord-Tenant Act. For the MHLTA, rent or rental amount is defined as recurring and periodic charges identified in the rental agreement for the use and occupancy of the manufactured/mobile home lot, which may include certain charges for utilities. These terms do not include nonrecurring charges for costs incurred due to late payment, damages, deposits, legal costs, or other fees.

**Appropriation:** The bill contains a null and void clause requiring specific funding be provided in an omnibus appropriation act.

**Fiscal Note:** Available. New fiscal note requested on February 14, 2024.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony:** PRO: Our mobile home lot rent has gone from \$485 to \$750 over the last year with less upkeep and no park improvements. I am a senior citizen on fixed income and so are the majority of the other mobile homeowners in my community, this is a huge burden on myself and others. We are scared that we will become homeless. Stability should be a fundamental right for all Washington residents. No one should have to choose between rent and basic needs. Over the last two years and two rent

increases our lot rents will have increased \$500 a month. This is a bipartisan issue. There are stories of people being locked out on the street in the rain. We are forced to choose between medicine, food and rent. I am on a fixed income and in my 70s, I cannot wait 20 years for the market to correct itself. Lives are at stake.

Our entire retirement investment of \$250,000 is in our mobile home. Both my husband and I are on social security, and my husband is disabled, our lot rent has increased by \$100 every year and this year \$200. We want to stay in the house we've already paid for. If we lose our home we lose everything. I have never seen rents decrease. As a fixed income disabled senior I purchased what I was hoping to be my forever home. At 63 and on a fixed income, it is common for me to get to the 15th of the month and only have \$10 till next month.

Taxpayers are spending large amounts of money on the homelessness crisis. Economic instability is a driver of homelessness. We are asking for something that will allow employees to plan their finances better. The housing crisis demands a comprehensive approach beside supply. Record profits shouldn't be at the cost of taxpayers. I am a single mother of two teenage boys and a nonprofit employee. Our food costs have more than doubled, we could not also afford a large rent increase. I have faced multiple rent increases totaling \$180; however, I could plan for and afford a 7 percent increase. My son had a mental health crisis last year and keeping him in a stable housing situation is better for him and all children.

Funds stay the same, but rents and move in costs have increased. It generally costs over \$4000 just to cover move in costs for one household. Rates are so high no rental assistance program is enough to cover the need. We cannot rental assistance our way out of this crisis. We deserve to live in a state where young and people of color are equally afforded housing stability. People of color are the majority of renters in this state and rental stability will be an act of equity.

Everyone deserves stable and predictable housing costs. Mortgages don't increase with 30 days' notice, why should rents? We know homelessness increases when rents increase. As a landlord, planning for 7 percent increases is more than fair. Being a landlord is our only retirement income besides social security (SS) and we already do not increase more than the cost-of-living increase percentage set by SS. This is good for long term tenants, which is good for our business. As a small landlord already subject to many of these provisions, they can plan. The biggest expense as a small landlord is our mortgage, which is fixed.

You will not be a homeowner if you can't afford rent. We need to address rising costs to protect consumers. This bill will save lives. We must keep people housed to prevent homelessness. I am a long-term landlord and believe that 7 percent is more than enough to plan for catastrophic events, we make our money through rents, tax breaks, and appreciation of property values.

CON: This legislation will have unintended consequences of increasing rent and only exempts new construction. But new construction doesn't need a new roof. As a long time landlord with older buildings, upgrades and repairs are costly. Without the ability to apply daily late fees, some tenants would not be incentivized to pay as quickly as possible. The 1.5 percent late fee is not enough. This means if people don't want to pay, we will have to wait to go after their estate when they die. As a landlord that recently experienced a major repair to a fire sprinkler system, under this bill I would not have been able to recover the costs. The cost of managing our rentals has tripled, including evictions and rehabilitation.

As a small rental business, we not only supply housing, but provide jobs in process. We have many long-term tenants, up to ten years. The state should be providing incentives not controls, as this will negatively impact my business. This will ultimately increase the housing costs for providers. If you put a cap on what I can charge for rents, it will limit what I can afford to put into a property. It is often less stable to own the home and risk large upkeep costs, opposed to renting. Many homeowners also have adjustable-rate mortgages that could increase well over 7 percent.

We have found that the short-term benefits of rent control are less than long term harms to renters. This will not address housing shortages. The laws of economics and supply and demand cannot be legislated away. The government does not own these properties and should not tell landlords how to set rents. This will reduce properties available and the quality that they are maintained. If you are not a growing industry you are a dying industry. You will lose small mom and pop landlords. The state has a housing voucher program already and should put more money into that program. Rent control has been proven to reduce housing investment.

I have been working on my parents' properties since I was a kid. Rent control is not the real issue. The issue is the number of available units. Not those that are providing housing. We have already sold off all but two units. We are considering selling the last two. I have worked on my own properties and try to keep costs down. This puts the issues on individual landlords. This works against the issue it is trying to solve. My husband and I have worked for 49 years to provide housing for people and have worked hard to be generous with people. The law used to focus on our right to obtain our property from those who do not pay. It is costly for us to stay in business. Stop protecting the rule breakers and not those providing housing.

This is a supply crisis. Rent control doesn't recognize housing cost and increases or the increase of people that don't desire home ownership. The State and communities should be focusing on cutting red tape for builders and expanding renter assistance programs. The Growth Management Act (GMA) killed the available rural lots that could be increasing housing supply. If you restrict supply, you increase costs. This bill will increase homelessness.

**Persons Testifying:** PRO: Nicole Gomez, Washington Federation of State Employees;

Chris Walker; Tina Hammond; Kelley Rinehart; Stephanie Tidholm; Kraig Peck; Kathleen Knutsen; Caroline Hardy; Deborah Wilson; Bryce Yadon, Futurewise; Boyd West; Monica Zazueta; Brianna Vazquez; Douglas Freimarck Sr, AMHO; Sol Villareal; Xavier Perez; Councilmember Paul Dillon; Tonya Hennen; Rebecca Ward.

CON: Constance Nelson; Jennifer Lekisch; DAVID NAGEL; Amanda Cardis, Neeb Enterprises; Audrey Riddle, Goodman Real Estate; Ian Randall, Seattle Grassroots Housing Providers; Tim Eyman, Initiative Activist; Rick Glenn, Yakima Valley Landlords association; PATRICIA HOENDERMIS, Yakima Valley Landlords Assoc.; Anne Knapp; Debby Herbert; Jeff Krueger, Hidden Haven Mobile Home Park; Riley Bengel, Washington REALTORS; Kevin Schilling, Mayor of Burien; Russ Millard, Manufactured Housing Communities of Washington (MHCW); Greg Christiansen; Susan Watkins, Owner of 150 homes; Morgan Irwin, Association of Washington Business; Michael Gustavson; Marianne Gustavson.

**Persons Signed In To Testify But Not Testifying:** PRO: Stacey Valenzuela, Manufactured Homeowner; Don Carlson, Retired State, Senator and Tennant at Brookdale Greens Manu. Homes; Jazmine Smith, The Washington Bus; Paula Sardinas, WBBA (WA Build Back Black Alliance); Cindy Madigan; Kjells Houghton; Anthony Nash, Self Advocates in Leadership; Kyle Matheson, Self Advocates in Leadership; Eric Matthes, Self Advocates in Leadership; Sara Eubank, President: Silverdale Estates Resident Assn. 55+ Manufactured Home Community; Cindy Vargas, Tenants of Timberlane Mobile Estates; Richard Pirtle; Rebekah Gardea, QLaw Foundation of Washington; Julie Sparkman; Steven Powell; Elizabeth Oergel, Timberlane Mobile Estates; Linda Garcia, Washington State Community Action Partnership; Mellany Manaig; Ry Armstrong; Amber I aid.

CON: Christie Malchow; Amandeep Cheema; Douglas Cole, - None -; Carl Haglund, Columbia modern living ; Bruce Becker; Jeffrey Pack, Washington Citizens Against Unfair Taxes; Bradford Augustine, MADRONA REAL ESTATE SERVICES, LLC; Gordon Bock; Cobi Clark; Zoya Volynsky; Eli Volynsky ; MICHAEL YOUNG; Kyle Ottosen; Ty Brickner; Eunje Stephens; Brian Hansen; Alvaro Oregel; Doris Schiessl; Angela Veeder; Lorraine Obar; Michael Frost; Ken Hick, 413 Brooks; kathy kirby; Michael O'Gorman; Raymond Baron; SURESH KANDANATHAN; Hamlin Ellen; Kolton Dean; ryan cordero; Robert Zube; James Veeder, Wenatchee Rental Association; Clifford Lund; Rebecka Bailey, McCathren Management; Trista Engle; Christina Kilbourn; Lori Lindquist; Patricia Townsend; Jeannette Mcchesney; michael walsh, None; Natalie Martell, Windermere Property Management; David Boccock; Raymundo Manzanares; Janelle Costanti, Independent Small Housing Provider; Scott Heino; Ike Bannon, Ph.D., Senior Fellow, Jack Kemp Foundation; Morgan Shook, Partner/Sr. Policy Advisor, ECONorthwest; Sheri Druckman, Regional Vice-President, Legacy Partners; Carolyn Anderson, Republican Women of Whatcom County; Keith Schlemlein; Trina DeMoss; Rob Little; Michael Stach; Sam Spiegelman, CADF; Doris McConnell, Former Shoreline Councilmember; Sam Spiegelman, CADF - Citizen's Action Defense Fund; Brett Waller, General Counsel, Devco Residential Group; Christa Connolly, West Prairie Village MHP; Monica Grant, Manufactured Housing Communities of Washington (MHCW); Chris Rossman, NAIOPwa;



Kevin Wallace, Wallace Properties, Inc.; AP Hurd; Teri Haglund; Joe Levin, Disbursement Department; Chris Savage; Kyle Weeks; John Shaw, SeaLevel Properties; Michael Martin; Regina mbure; DENISE Helms; Elena Dailey; Anne Karppinen; Wyatt Stanley; Cory Brewer; barbara korducki; Andrea Reay; Donald Arsenault, Arsenault Realty Advisors, LLC; Brandon Allen, 85-3467580; Don Peterson, Prometheus Real Estate Group; Elisa Lyles; Alberto Aguirre.

OTHER: Thomas Karston.