

SENATE BILL REPORT

SB 5060

As Reported by Senate Committee On:
Housing, February 8, 2023

Title: An act relating to the registration of rental and vacant housing units.

Brief Description: Requiring the registration of rental and vacant housing units.

Sponsors: Senators Kuderer, Trudeau, Dhingra, Frame, Keiser, Nguyen, Nobles, Randall, Robinson and Wellman.

Brief History:

Committee Activity: Housing: 1/11/23, 2/08/23 [DPS-WM, DNP, w/oRec].

Brief Summary of First Substitute Bill

- Requires rental property owners in cities with populations of 130,000 or more to register all rental and vacant housing units and report monthly rental rates with the Department of Commerce every two years.
- Requires the Department of Commerce to create and maintain a website that tracks and discloses rental housing inventory and reported rental rate data.
- Imposes a \$70 registration fee for the first rental housing unit and a \$15 fee for each additional unit.

SENATE COMMITTEE ON HOUSING

Majority Report: That Substitute Senate Bill No. 5060 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kuderer, Chair; Frame, Vice Chair; Cleveland, Saldaña, Shewmake and Trudeau.

Minority Report: Do not pass.

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.

Signed by Senators Fortunato, Ranking Member; Braun, Gildon and Wilson, J..

Minority Report: That it be referred without recommendation.

Signed by Senator Rivers.

Staff: Riley Bengé (786-7316)

Background: The Residential Landlord-Tenant Act (RLTA) regulates the creation of residential tenancies and the relationship between landlords and tenants of residential dwelling units. Under the RLTA, local municipalities may require that landlords provide a certificate of inspection as a business license condition to operate as a landlord. However, a local municipality does not need to have a business license or registration program to require that landlords provide a certificate of inspection. A local municipality may only require a certificate of inspection on a rental property once every three years.

Numerous local municipalities throughout the state have exercised this authority in establishing rental housing safety, inspection, or registration programs, with many having a goal to ensure that all rental housing units comply with specific life and safety standards and provide a safe place for tenants to live. Some local municipalities have implemented a business license requirement for landlords.

Summary of Bill (First Substitute): The Department of Commerce (Commerce) must create and maintain a website that tracks and discloses rental and vacant housing unit inventory in real time as well as reported monthly rental rate data.

Rental property owners in cities with populations of 130,000 or more must register all rental and vacant housing units and report monthly rental rates with Commerce every two years. Rental housing units must be registered when the rental housing unit is made available or listed, or when a tenant occupies the unit. The registration fee for each initial rental or vacant housing unit is \$70 plus a fee of \$15 for each additional unit. Registration information must be kept current and any change in information contained in an initial or renewal registration application must be updated within 60 days. Unless the unit is registered, owners of a rental housing unit may not end a tenancy or evict a tenant from the rental housing unit except for the following causes:

- when the tenant continues in possession after having received at least three days' advance written notice to quit after they commit or permit waste or nuisance upon the premises;
- unlawful activity that affect the use and enjoyment of the premises; or
- other substantial or repeated and unreasonable interference with the use and enjoyment of the premises by the landlord or neighbors of the tenant.

Revenues generated from registration fees must be deposited in the rental property registration account and may be used only for programs that provide legal representation in eviction cases, distributions to local governments to assist in inspections of rental housing

units, and administration.

Registration requirements do not apply to the following housing units:

- a housing unit used as a short-term rental that is the primary residence of the rental owner;
- a housing unit rented for less than one year because the property owner, who lives in the unit, takes a work-related leave of absence or assignment that temporarily transfers them to another location;
- a room for rent in an owner-occupied home;
- a housing unit in hotels, motels, inns, bed and breakfasts;
- a housing unit in an assisted living facility, adult family home, or soldiers and veteran home that is licensed or required to be licensed;
- a housing unit in any state licensed hospital, hospice, community care facility, intermediate care facility, or nursing home;
- a housing unit in any convent, monastery, or other facility occupied exclusively by members of a religious order or congregation;
- emergency or temporary shelter or transitional housing accommodations;
- a housing unit owned, operated, or managed by a major educational or medical institution or by a third party for the institution; and
- a housing unit owned, operated, or managed by a major educational or medical institution.

Property owners with a rental housing unit within a city with a population of at least 700,000 that administers a rental property registration program, or within a city that requires residential landlords to obtain a business license, are not subject to the registration requirements. The local jurisdiction or agency that administers a city's rental property registration program or landlord licensing program must report program data to Commerce monthly.

EFFECT OF CHANGES MADE BY HOUSING COMMITTEE (First Substitute):

Limits the registration program to cities with populations of 130,000 or more.

Appropriation: None.

Fiscal Note: Requested on December 29, 2022.

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

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

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: We do not have an accurate count of rental units in Washington State. The data gathered from this bill will be helpful to

understand the housing landscape and can inform where and what to build. Registration is appropriate and fair. A registry would help both landlords and tenants and would allow useful information regarding assistance or new laws to be easily distributed.

CON: The administrative burden for landlords and property managers would be large. Rental of a unit is a private contract and registration requiring disclosure of a private contract is a violation of privacy and governmental overreach. The bill won't increase affordable housing and it may push smaller landlords out of business. Landlords with ten or fewer units should be exempted. Registration in other municipalities has not led to a reduction in the price of affordability housing. Focus on voluntary methods of gathering data rather than more burdensome regulations.

OTHER: A rental registry would provide some valuable information and would make distribution of information easier. Data on rental amounts would be useful as would getting data regarding the rental market in terms of ownership and trends. The registry would be a significant undertaking. Setting up a system would take at least a year and would be costly. Clarity regarding the Department of Commerce's role and potential liability is important.

Persons Testifying: PRO: Senator Patty Kuderer, Prime Sponsor; Michele Thomas, Washington Low Income Housing Alliance.

CON: Patricia Howndermis, Yakima Valley Landlords Association; Walter Jorgensen; Daniel Bannon, Rental Housing Association of Washington.

OTHER: Tedd Kelleher, Department of Commerce; Carl Schroeder, Association of Washington Cities.

Persons Signed In To Testify But Not Testifying:

CON: Elisa Lyles; bushara akbar; Clyde Priddy; Krishnakumar Regupathy, Krishna Realty; Bruce Becker; Jennifer Lekisch; Fei Priddy; Lyle Crews; Aurangzeb Albar; Constance Nelson; Lawton Coursey; Kevin Glenn, NARPM.