

SENATE BILL REPORT

SB 5337

As of January 18, 2023

Title: An act relating to exempting the sale and leaseback of property by a seller from the residential landlord-tenant act when the seller agrees to a written lease at closing.

Brief Description: Exempting the sale and leaseback of property by a seller from the residential landlord-tenant act when the seller agrees to a written lease at closing.

Sponsors: Senators Cleveland, Braun and Kuderer.

Brief History:

Committee Activity: Housing: 1/18/23.

Brief Summary of Bill

- Exempts, from the Residential Landlord-Tenant Act, living arrangements where the buyer and seller of a dwelling unit enter into a written agreement for the seller to remain in the dwelling unit after closing the sale.

SENATE COMMITTEE ON HOUSING

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.

Certain types of living arrangements are exempt from the RLTA, including:

- residence at an institution;
- occupancy under a bona fide earnest money agreement or contract to purchase a dwelling unit where the tenant is the purchaser;
- residence in a hotel, motel, or other transient lodging;

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- rental agreements where occupancy is by an owner-condemnee whose property has been condemned by the Department of Transportation for acquisition as state highway property, where such agreement is certified by the attorney general's office;
- rental agreements for the use of any single-family residence that are incidental to leases or rentals entered in connection with a lease of land to be used primarily for agricultural purposes;
- rental agreements providing housing for seasonal agricultural employees while provided in conjunction with such employment;
- rental agreements with the Department of Natural Resources on Washington State public lands; and
- occupancy by an employee of a landlord whose right to occupy is conditioned upon employment in or about the premises.

Summary of Bill: An exemption is added to the RLTA for living arrangements where the buyer and seller of a dwelling unit enter into a written agreement for the seller to remain in the dwelling unit after closing the sale.

Appropriation: None.

Fiscal Note: Requested on January 14, 2023.

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: PRO: The bill addresses a specific issue that occurs when a home is sold and sometimes the seller is not ready to move out or the buyer is not ready to move in. This type of agreement is far from a typical landlord-tenant situation and this bill clarifies that this specific situation should not fall under the RLTA. Historically, leasebacks were an important tool used in residential real estate sales that help both sides of the transaction. A leaseback scenario now places buyers in the role of a landlord. Home buyers and sellers are not the audience the RLTA intends to address.

OTHER: As written, the bill could exempt distressed homes or distressed conveyances from the RLTA and leave some people vulnerable.

Persons Testifying: PRO: Senator Annette Cleveland, Prime Sponsor; Mary Hull-Drury, Washington Realtors.

OTHER: Edmund Witter, King County Bar Association.

Persons Signed In To Testify But Not Testifying: No one.