

SENATE BILL REPORT

SHB 1593

As of February 14, 2022

Title: An act relating to expanding the landlord mitigation program to alleviate the financial burden on victims attempting to flee domestic violence, sexual assault, unlawful harassment, or stalking.

Brief Description: Expanding the landlord mitigation program to alleviate the financial burden on victims attempting to flee domestic violence, sexual assault, unlawful harassment, or stalking.

Sponsors: House Committee on Housing, Human Services & Veterans (originally sponsored by Representatives Leavitt, Riccelli, Ryu, Taylor, Shewmake, Chopp, Wylie, Fitzgibbon, Caldier, Wicks, Barkis, Simmons, Duerr, Ramel, Eslick, Graham, Valdez, Gregerson, Bateman, Bronoske, Davis, Fey, Gilday, Macri, Peterson, Rule, Santos, Slatter, Bergquist, Tharinger, Kloba, Pollet, Griffey, Dolan, Ormsby, Chambers, Young, Hackney and Frame).

Brief History: Passed House: 2/8/22, 96-0.

Committee Activity: Housing & Local Government: 2/16/22.

Brief Summary of Bill

- Expands the Landlord Mitigation Program (LMP) to allow landlord claims for damages to residential rental property when a tenant-victim of domestic violence, sexual assault, unlawful harassment, or stalking terminates the tenancy and other conditions are met.
- Clarifies that public housing authorities may apply for claim reimbursement under certain LMP programs.

SENATE COMMITTEE ON HOUSING & LOCAL GOVERNMENT

Staff: Brandon Popovac (786-7465)

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.

Background: Residential Landlord-Tenant Act— Generally. The Residential Landlord-Tenant Act (RLTA) regulates the creation of residential tenancies and the relationship between landlords and tenants of residential dwelling units. The RLTA establishes rights and duties of both tenants and landlords, procedures for the parties to enforce their rights, how and when a tenancy expires or may be terminated, and remedies for violations of the RLTA.

Residential Landlord-Tenant Act— Damage Deposits. Landlords may collect a damage or security deposit at the inception of a tenancy to cover any damage caused to the property by the tenant in excess of normal wear and tear resulting from ordinary use. Landlords must place this deposit in a trust account, while retaining any interest earned.

Within 21 days after the termination of the rental agreement and vacation of the premises, or after abandonment by the tenant, the landlord must provide a full and specific statement of the basis for retaining any of the deposit and pay any refund due the tenant. No portion of any deposit may be withheld on account of normal wear and tear. If damages exceed the amount of the damage deposit, the landlord may proceed against the tenant to recover such amounts.

Residential Landlord-Tenant Act— Tenancy Termination for Tenant-Victims. A tenant may terminate a tenancy without further obligation under a rental agreement if the tenant notifies the landlord in writing that he or she or a household member is a victim of a crime of domestic violence, sexual assault, unlawful harassment, or stalking and if:

- the tenant or household member has a valid order of protection or has reported the domestic violence, sexual assault, or stalking to a qualified third party who has provided a written and signed record of the report;
- the tenant makes the protection order or written record available to the landlord; and
- the request to terminate is made within 90 days of the reported act or event that led to the protection order or report.

A written record that a report was made to a qualified third party is satisfied by a document signed by the third party that includes specified information or completion of a form that substantially complies with the form set out in the RLTA. "Qualified third party" means law enforcement, health professionals, court employees, licensed mental health professionals or counselors, trained advocates for crime victim or witness programs, or clergy.

A tenant who terminates a rental agreement under these circumstances is liable for payment of rent for the month in which they quit the premises, but is not responsible for the payment of rent for any future months. The tenant is entitled to a full refund of the deposit despite any agreed upon lease provision that allows for forfeiture of a deposit for early termination. The tenant remains responsible for any damage caused to the property in excess of normal wear and tear, and the landlord may retain some or all of the damage deposit to cover that damage.

Landlord Mitigation Program. The Landlord Mitigation Program (LMP) allows landlords to seek reimbursement for unpaid rent, damages, and other costs by submitting a claim to the Department of Commerce (Commerce) under three separate programs.

Landlord Damage Relief Program. A landlord may seek reimbursement from the LMP for claims related to renting private market rental units to low-income tenants using a housing subsidy program. This program allows up to \$1,000 in reimbursement to landlords for potentially required move-in upgrades, up to 14 days of lost rental income, and up to \$5,000 in any unpaid rent and utilities and qualifying damages caused by a tenant during the tenancy. Any landlord that has screened, approved, and offered rental housing to any applicant that will be using any form of housing subsidy program is eligible to submit a claim, except for properties operated by public housing authorities. Such claims under this program are prioritized for funding before other types of claims under other LMP programs.

Tenancy Preservation Program. A landlord also may file a reimbursement claim from the LMP in unlawful detainer cases where judicial discretion is exercised and there is an unpaid judgment for rent, late fees, attorneys' fees, and costs, including any unpaid portion of the judgment after the tenant defaults on a court ordered-payment plan, and for unpaid judgments based on a tenant's failure to comply with a security deposit or nonrefundable fee installment plan. The court may issue an order finding that the landlord is eligible to receive reimbursement from the LMP if the court finds that the tenant is low-income, limited resourced, or experiencing hardship.

Landlord COVID Relief Program. A landlord also may seek reimbursement under the LMP for up to \$15,000 of any unpaid rent that accrued between March 1, 2020, and December 31, 2021, when the tenant is low-income, resource-limited, or experiencing hardship and has voluntarily vacated or abandoned the tenancy. A landlord is not eligible if the tenancy was terminated due to an unlawful detainer action based on nonpayment of rent. A landlord is also eligible to file a reimbursement claim for up to \$15,000 for any remaining rent after the tenant defaults on a repayment plan as long as the tenancy has not been terminated at the time of reimbursement. After reimbursement under either type of claim, the landlord may not take legal action or pursue a collection action against the tenant for damages or seek any remaining unpaid rent accrued between March 1, 2020, and December 31, 2021.

Summary of Bill: The LMP is expanded to allow landlord claims up to \$5,000 for damages to rental property when:

- the tenant has terminated their tenancy as authorized when tenants are victims of domestic violence, sexual assault, unlawful harassment, or stalking;
- the property has sustained damage beyond normal wear and tear;
- the landlord has, within 21 days of termination, provided the tenant with a statement regarding the basis for retaining any of the damage deposit, and rather than retaining any of the deposit, returns the full damage deposit to the tenant; and
- the landlord has agreed not to proceed against the tenant to recover any balance

exceeding the amount of the damage deposit.

Commerce must provide a form on its website for landlords to apply for reimbursement under the new allowance. In reviewing a claim and determining eligibility, Commerce must receive acceptable documentation that the claim involves a tenancy that was terminated as authorized when the tenant is a victim of domestic violence, sexual assault, unlawful harassment, or stalking, and that all other LMP requirements have been met. Commerce must maintain confidentiality of such tenant's personal information and adopt any necessary rules to protect such personal information.

Any claim for reimbursement under the new allowance is not an entitlement. If, at any time, funds do not exist in the LMP account to reimburse claims submitted under the new allowance, Commerce must create a waitlist for claims and distribute funds in the order the claims are received. Waitlist claim payments must be made only from the LMP account. Commerce is not civilly or criminally liable and may not have any penalty or cause of action of any nature arise against it regarding the provision or lack of provision of LMP account funds for reimbursement.

A landlord who seeks reimbursement for damages from the LMP under the new allowance may not retain any portion of the tenant's deposit or proceed against the tenant to recover any balance exceeding the amount of the tenant's deposit for damage to the property.

The form utilized by a qualified third party as the record of the report of domestic violence, sexual assault, unlawful harassment, or stalking is amended to require the qualified third party to verify that he or she has informed the tenant about the LMP and form for reimbursement.

The authority and eligibility of public housing authorities to apply for landlord claim reimbursement under the Tenancy Preservation Program, Landlord COVID Relief Program, and this new allowance under the LMP is clarified.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 11, 2022.

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

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