

HOUSE BILL REPORT

ESHB 1440

As Passed Legislature

Title: An act relating to providing longer notice of rent increases.

Brief Description: Providing longer notice of rent increases.

Sponsors: House Committee on Civil Rights & Judiciary (originally sponsored by Representatives Robinson, Macri, Riccelli, Gregerson, Doglio, Tarleton, Kloba, Frame, Jinkins, Morgan, Ortiz-Self and Ormsby).

Brief History:

Committee Activity:

Civil Rights & Judiciary: 2/5/19, 2/15/19 [DPS].

Floor Activity:

Passed House: 3/5/19, 62-36.

Passed Senate: 4/10/19, 29-18.

Passed Legislature.

Brief Summary of Engrossed Substitute Bill

- Requires a landlord to provide a tenant at least 60 days' prior written notice of an increase in rent, except in the case of rental agreements governing subsidized tenancies where the rental amount is based on the income of the tenant or circumstances specific to the subsidized household.

HOUSE COMMITTEE ON CIVIL RIGHTS & JUDICIARY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Jinkins, Chair; Thai, Vice Chair; Goodman, Hansen, Kilduff, Kirby, Orwall, Valdez and Walen.

Minority Report: Do not pass. Signed by 4 members: Representatives Dufault, Assistant Ranking Minority Member; Klippert, Shea and Ybarra.

Minority Report: Without recommendation. Signed by 2 members: Representatives Irwin, Ranking Minority Member; Graham.

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

Staff: Edie Adams (786-7180).

Background:

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, and remedies for violations of the RLTA.

A rental agreement may establish a tenancy for a specified period of time (e.g., one year) or a periodic tenancy (e.g., month to month). A tenancy for a specified time, also called a lease, is terminated at the end of the specified period. A periodic tenancy is automatically renewed until terminated by either the tenant or the landlord according to statutory notice requirements.

A landlord may change the rent price and other terms of the tenancy by providing all the affected tenants with 30-day prior written notice of the change. A change in rent or other terms of the tenancy becomes effective at the end of the rental term, or sooner with mutual consent.

A termination of tenancy is not a change of rule. A landlord or tenant may terminate a periodic tenancy by providing written notice of termination at least 20 days prior to the end of the month.

Summary of Engrossed Substitute Bill:

Except for rental agreements governing certain 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 term of the rental agreement.

In the case of a rental agreement governing 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.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) Many tenants are senior citizens or persons with health issues who have planned out their retirement and budgeted their expenses, and have chosen affordable housing that fits within their budgets. However, some rental agreements have addendums buried in the lease

that allow the landlord to increase rent when the area median income increases. This can impose a significant financial burden. Tenants are getting priced out of the market, and they do not know where they are going to go.

Tacoma recently passed tenant protections that include a 60-day notice for rent increases. For many people rent increases function as evictions, so this additional notice is necessary to help prevent homelessness. Rental housing is very expensive in Washington, and increasing rent just \$100 per month can create a real emergency for some families. An eviction is an incredibly traumatic experience. The state needs to step up and do something.

Tenants need a longer notice period to adjust and plan for a rent increase. The longer notice is especially important for people who are on a fixed incomes. The simple act of giving more notice allows families time to adjust budgets, find more hours at work, or find a new affordable rental. Or, if they need to move, it gives them more time to find housing that is affordable, habitable, and near a place of employment and schools.

Many communities in the state are experiencing sky high rent and dramatic rent increases. It is only fair to give more notice. Current tenants are given only a 30-day notice. This gives the tenant only 10 days to decide whether they can afford the new rent or if they need to give a 20-day notice to terminate the tenancy. This is not enough time to make these decisions. Increasing notice will help keep people housed in Washington.

(Opposed) None.

(Other) Landlords may have unanticipated costs, and they need the ability to pass down costs in the form of a small rent increase. Requiring 60 days' notice to do that presents concerns for landlords. This bill regulates month-to-month tenancies but does not cover folks on a fixed-term lease since they are going to come to agreement on the amount of the rent for the lease term.

For landlords, this is a business, and if their expenses rise there will be a transference of costs. That is part of running a business. There should be a different set of laws to address housing affordability for people with limited incomes. It is not appropriate to burden landlords based on challenges that are socioeconomic. These are two separate issues that need to be addressed separately, not imposed on the landlord-tenant structure. This is holding landlords accountable in way that is not reasonable.

This bill is bad for a number of reasons. Tenant advocates have said folks cannot afford to move in the current 30-day time period because they need time to save money for a new place. If the time period is extended, how will tenants be able to pay the 60 days of rent while they are trying to save to move to a new place? This just takes money away from the landlords because the landlord will have to carry the cost of rent for one or two months when a rent turns over. If this bill passes it will actually result in a decrease in affordable housing.

Persons Testifying: (In support) Representative Robinson, prime sponsor; Debbie Simmons; Molly Nichols; Xochitl Maykovich, Washington Community Action Network; Sarah Nagy, Columbia Legal Services; Dinah Braccio, Tenants Union of Washington; and Michele Thomas, Washington Low Income Housing Alliance.

(Other) Kyle Woodring, Rental Housing Association of Washington; Kathryn Hedrick, Washington Multifamily Housing Association; Lyle Crews, National Association of Rental Property Managers; and Chester Baldwin, Washington Landlord Association.

Persons Signed In To Testify But Not Testifying: None.