

SENATE BILL REPORT

SB 5733

As Reported by Senate Committee On:
Financial Institutions, Economic Development & Trade, February 21, 2019

Title: An act relating to protecting tenants in residential tenancies.

Brief Description: Protecting tenants in residential tenancies.

Sponsors: Senators Saldaña, Nguyen and Wilson, C..

Brief History:

Committee Activity: Financial Institutions, Economic Development & Trade: 2/07/19, 2/21/19 [DPS, DNP, w/oRec].

Brief Summary of First Substitute Bill

- Establishes a work group consisting of legislators and stakeholders to study and make recommendations on just cause evictions.
- Extends the notice for terminating tenancies by landlords to tenants in month-to-month residential tenancies from 20 to 50 days.
- Establishes a 120 day notice requirement by landlords to tenants before terminating tenancy if the landlord plans to demolish, rehabilitate, or substantially change the premises.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE

Majority Report: That Substitute Senate Bill No. 5733 be substituted therefor, and the substitute bill do pass.

Signed by Senators Mullet, Chair; Wilson, L., Ranking Member; Braun and Hobbs.

Minority Report: Do not pass.

Signed by Senator Ericksen.

Minority Report: That it be referred without recommendation.

Signed by Senators Hasegawa, Vice Chair; Das.

Staff: Kellee Gunn (786-7429)

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.

Background: The Residential Landlord-Tenant Act. 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 tenant is defined in the RLTA as any person who is entitled to occupy a dwelling unit primarily for living or dwelling purposes under a rental agreement.

Unlawful Detainer. Unlawful detainer is the legal process for evicting a residential tenant. A tenant is guilty of unlawful detainer when the tenant has failed to pay rent, failed to comply with terms of the rental agreement, created waste or a nuisance on the property, or the tenancy is a month-to-month or periodic tenancy and the landlord gave the tenant notice to terminate. When a tenant has failed to pay rent, the landlord must give the tenant three days' notice in writing requiring payment or the surrender of the premises. If rent is not paid within the three-day time period, the tenant is guilty of unlawful detainer and may be evicted from the premises.

Other than the three-day notice under unlawful detainer for failure to pay rent, the landlord may serve a ten-day notice for a breach of the lease agreement, a three-day notice to vacate due to nuisance activity or laying waste to the property, or a twenty-day notice terminating the tenancy with or without cause.

Summary of Bill (First Substitute): Just-Cause Work Group. A work group is established to study and make recommendations on just cause evictions for the protection of tenants in residential tenancies. Membership of the work group shall include:

- the director of the Department of Commerce (Commerce) or their designee;
- two members of the Senate, representing each of the two largest caucuses of the Senate;
- two members of the House of Representatives, representing each of the two largest caucuses of the House of Representatives;
- three representatives representing landlords; and
- three representatives representing tenants.

A chair shall be chosen from the work group's membership, with Commerce convening the first meeting. The workgroup shall function within existing resources.

The work group shall review and make recommendations on the notice required by a landlord to a tenant before terminating tenancy. The work group may also review the Residential Landlord-Tenant Act against similar laws in other states and jurisdictions, and make recommendations based on its findings.

A report of its findings and recommendations for legislation to the appropriate committees of the Legislature by December 1, 2019.

Notice by Landlords to Tenants. Landlords must provide a written notice of at least 50 days to tenants in month-to-month residential tenancies when terminating the tenancy.

If a landlord plans to demolish or substantially rehabilitate a premises or plans a change of use of the premises, the landlord shall provide a written notice to a tenant at least 120 days before termination of the tenancy. This does not apply where a jurisdiction has created a relocation assistance program for low-income tenants.

If a landlord does not provide the 120 day notice, they may be held liable in a civil action up to three times the monthly rent of the real property at issue. The prevailing party may also recover court costs and reasonable attorneys' fees.

EFFECT OF CHANGES MADE BY FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE COMMITTEE (First Substitute):

- Establishes a work group consisting of legislators and stakeholders to study and make recommendations on just cause evictions.
- Extends the notice for terminating tenancies by landlords to tenants in month-to-month residential tenancies from 20 to 50 days.
- Establishes a 120 day notice requirement by landlords to tenants before terminating tenancy if the landlord plans to demolish, rehabilitate, or substantially change the premises.

Appropriation: None.

Fiscal Note: Available.

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: Housing and homelessness continues to be an issue. This is about having just cause before and giving notice before terminating a tenancy. There should be support for tenants, and they should have notice and opportunities to keep their home. The current 20 days' notice to vacate is not enough time to find another place to live. Finding rentals on a fixed budget and having enough for first and last month rent for a new place within that timeframe is impossible. When applying for a new rental, background check documents ask whether or not you have ever been asked to leave a rental making it seem as if the you did something wrong. Tenants put up with poor conditions in order to keep housing. No cause terminations should be outlawed. Right now we are in a homelessness crisis. Over the last five years we have lost about 5000 fair market rental homes. One in fifty-five adults have been evicted in Washington State and most of these are single women with children. Eviction is not about housing insecurity, it is about equality.

The RLTA needs modernization. The cost of evictions will go up incrementally. This bill will fix a loophole in the fair housing laws. Tenants have zero protection. Landlords do not use the eviction process regularly. The 120 days notice of termination of tenancy in this bill would help tenants and allow them to find a place to live within their means. And it allows time to get the funds for first and last month rent. There is a group of Washington landlords

that care, and think it is important to support stability housing for all. This bill will not impact good landlords, and will protect the most vulnerable.

CON: Many cities have looked at this policy, and the majority of them have not imposed just cause. In one case, the lease was signed for 12 months and the renter paid late over eight times. When we decided to terminate the lease, we received a death threat. The tenant damaged the property, and the cost of repairing it was over \$3,600. If this bill was law then, the process would have taken longer and the property damage would have been worse. The overwhelming number of evictions are because of nonpayment of rent. There are provisions in this bill that would create hardships for landlords including using a neutral third party, and the process of figuring out what normal wear and tear is. This will make renting more difficult for mom and pop landlords. Corporations do not have the privilege of working with tenants that may have a criminal history. This will force landlords pass on costs as a result of this bill to renters.

OTHER: There is a connection between the RLTA's deposit provisions and homelessness. These claims and charges lead to issues for people to find housing and prevent people from finding a place to live. Defining wear and tear would help, and requiring landlords to show valid costs for claims would allow for transparency in this process.

Persons Testifying: PRO: Senator Rebecca Saldaña, Prime Sponsor; John Stovell, Washington Low Income Housing Alliance; Chris Keer, citizen; Krystall Marx, citizen; Kim Thornton, citizen; Neal Black, citizen; Julissa Sanchez, Tenants Union of Washington State; Ashok Chandwaney, citizen; Malakay Betor, citizen; Sarah Howe, citizen; Xochitl Maykovich, citizen.

CON: Deborah Reiswig, Equity Residential; Kyle Woodring, Rental Housing Association of Washington; Brett Waller, Washington Multi-Family Housing Association; Ronald Bunn; Jerry Rheault, citizen; Shirley Rheault, citizen.

OTHER: Daniel Ediger, Northwest Justice Project.

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