

SENATE BILL REPORT

SB 5577

As Reported By Senate Committee On:
Financial Institutions, Housing & Consumer Protection, February 24, 2005

Title: An act relating to relocation assistance payments to tenants.

Brief Description: Making available relocation assistance payments to tenants.

Sponsors: Senators Fairley, Keiser, Kline, Fraser, Poulsen and Kohl-Welles.

Brief History:

Committee Activity: Financial Institutions, Housing & Consumer Protection: 2/9/05, 2/24/05 [DPS].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Majority Report: That Substitute Senate Bill No. 5577 be substituted therefor, and the substitute bill do pass.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Benton, Ranking Minority Member; Benson, Brandland, Delvin, Franklin, Prentice and Schmidt.

Staff: Jennifer Arnold (786-7471)

Background: The Residential Landlord Tenant Act (RLTA) provides that if a landlord has been notified by a government agency of a housing, or any similarly applicable, code violation that renders the dwelling condemned, or otherwise legally uninhabitable, the landlord must not enter into any rental agreement until the conditions creating the violation are remedied.

A tenant is entitled to the following remedies, if a landlord knowingly entered into a rental agreement prior to correcting such code violations: (1) three months rent or treble actual damages, which ever is greater, (2) costs of suit or arbitration, and (3) reasonable attorney's fees. In the event that the tenant either opts, or is required , to vacate the dwelling due to the building's condition, the tenant is also entitled to recover any amounts paid as a deposit or prepaid rent.

If the local legislative body finds applicable code violations that require a dwelling to be closed and vacated, repaired, altered, or demolished, that government may adopt ordinances to address such violations, which may include assessing the local government's costs of repairs, vacating and closing, or demolition against the real property that incurred the costs.

There are concerns that certain tenants are forced to remain in housing that is below the state's minimum standards for health and safety due to the inability to pay for relocation costs. Further, in cases where such buildings have been condemned, low-income families are often displaced without any where else to go and that therefore, a process to provide relocation funds in such instances is needed.

Summary of Substitute Bill: Under RLTA a statutory procedure is created to provide relocation assistance to tenants of dwellings that fail to meet the state's health and safety standards. This procedure provides that, if a landlord has been notified that a dwelling is to be condemned or is uninhabitable due to conditions in violation of applicable health and safety laws, the landlord is required to pay relocation assistance to the displaced tenants. Relocation assistance will be the greater of 2,000 dollars per dwelling unit or three times the monthly rent, adjusted annually for inflation. However, landlords are not required to pay relocation assistance in the event the damage resulting in the condemnation or no occupancy order is: (1) directly the result of a tenant or third party's illegal conduct of which the landlord had no prior knowledge or (2) due to natural disasters.

Relocation assistance, along with any deposit or prepaid rent, must be paid to the tenant within seven days of government notice of condemnation, eviction, or displacement. This may be paid to the tenants individually or in a lump sum to the government agency issuing the notice. If the amount is not paid within seven days, the local government may advance the relocation costs to the tenants.

Between the time a landlord is given notice of a violation under these provisions to the time the relocation assistance is paid or the conditions leading to the violation are corrected, the landlord should not: (1) evict, harass, or intimidate tenants, (2) reduce tenant services, or (3) materially increase or change tenant obligations.

Displaced tenants are also entitled to recover any actual damages that exceed the relocation assistance payments, as well as court or arbitration costs and reasonable attorneys fees incurred.

A local government that advanced relocation costs will assess a penalty of 15 dollars per day for each tenant that the government has advanced and collect interest, if the landlord has failed to repay such amounts within 30 days from the advance. The local government is entitled to attorney's fees and costs associated with any legal actions necessary to collect unpaid funds.

Tenants of a condemned or uninhabitable dwelling must be notified of their rights to relocation assistance. This notice will be provided by the same government agency that notified the landlord of code violations.

Any funds that displaced tenants receive under these provisions are not considered income for the purposes of determining eligibility to state assistance programs and are not to reduce those payments. These payments are also not subject to any excise tax.

A local government may adopt ordinances to assess costs paid for advanced relocation assistance, incurred interest, and penalties against any real property that must be vacated and closed.

Substitute Bill Compared to Original Bill: An exception is created, providing that a landlord is not required to pay relocation assistance when the damage resulting in the condemnation or no occupancy order is: (1) caused by a tenant or third party's illegal conduct of which the landlord had no prior knowledge or (2) due to natural disasters.

Appropriation: None.

Fiscal Note: Request on February 7, 2005.

Committee/Commission/Task Force Created: No.

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

Testimony For: The highest duty of an elected official is to protect the citizens. This bill is needed to address situations where the inhumane actions of slum lords force people to live in deplorable conditions. Many are too afraid to report the situation to authorities out of fear that if the building is condemned, they will end up living on the street with no where to go. This would only apply when a landlord knowingly violates the law; it does not include acts of nature.

Testimony Against: There are unintended consequences. Potentially, this would be a disincentive to people who want to improve dilapidated buildings and rehabilitate them. Further, additional obligations on the landlord could increase the rent of long-term tenants. There needs to be clarifying language for landlords that act in good faith, providing that a landlord is not responsible for condemnations due to natural disasters or uninhabitable conditions caused by a tenant.

Who Testified: PRO: Jack Block, Jr., City of Burien; Neil McClanahan, City of Tumwater; Matthew Green, City of Olympia; Laurie Strong, Tenants Union; Sandra Larson, Tenants Union; Dewayne Martin, Tenants Union, Michele Thomas, Tenants Union.

CON: Terri Hotvedt, Rental Housing Association of Puget Sound.