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**SUBSTITUTE SENATE BILL 5697**

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**State of Washington 68th Legislature 2023 Regular Session**

**By** Senate Housing (originally sponsored by Senators Van De Wege, Kuderer, Conway, Hunt, Lovelett, and C. Wilson)

AN ACT Relating to authorizing the utilities and transportation commission to regulate the rates and services of all persons engaging in the business of acting as a landlord for a mobile home park, manufactured housing community, or manufactured/mobile home community; amending RCW 80.01.040 and 59.20.060; reenacting and amending RCW 59.20.030; adding new sections to chapter 59.20 RCW; and prescribing penalties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

**Sec.**  RCW 59.20.030 and 2019 c 342 s 1 and 2019 c 23 s 4 are each reenacted and amended to read as follows:

For purposes of this chapter:

(1) "Abandoned" as it relates to a mobile home, manufactured home, or park model owned by a tenant in a mobile home park, mobile home park cooperative, or mobile home park subdivision or tenancy in a mobile home lot means the tenant has defaulted in rent and by absence and by words or actions reasonably indicates the intention not to continue tenancy;

(2) "Active duty" means service authorized by the president of the United States, the secretary of defense, or the governor for a period of more than thirty consecutive days;

(3) "Consumer price index" means the September 12-month percent change in the consumer price index for all urban consumers, west region, as published by the bureau of labor statistics of the United States department of labor in September of the current calendar year.

(4) "Eligible organization" includes local governments, local housing authorities, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes in the state of Washington, and regional or statewide nonprofit housing assistance organizations;

((~~(4)~~)) (5) "Housing and low-income assistance organization" means an organization that provides tenants living in mobile home parks, manufactured housing communities, and manufactured/mobile home communities with information about their rights and other pertinent information;

((~~(5)~~)) (6) "Housing authority" or "authority" means any of the public body corporate and politic created in RCW 35.82.030;

((~~(6)~~)) (7) "Landlord" means the owner of a mobile home park and includes the agents of a landlord;

((~~(7)~~)) (8) "Local government" means a town government, city government, code city government, or county government in the state of Washington;

((~~(8)~~)) (9) "Manufactured home" means a single-family dwelling built according to the United States department of housing and urban development manufactured home construction and safety standards act, which is a national preemptive building code. A manufactured home also: (a) Includes plumbing, heating, air conditioning, and electrical systems; (b) is built on a permanent chassis; and (c) can be transported in one or more sections with each section at least eight feet wide and forty feet long when transported, or when installed on the site is three hundred twenty square feet or greater;

((~~(9)~~)) (10) "Manufactured/mobile home" means either a manufactured home or a mobile home;

((~~(10)~~)) (11) "Mobile home" means a factory-built dwelling built prior to June 15, 1976, to standards other than the United States department of housing and urban development code, and acceptable under applicable state codes in effect at the time of construction or introduction of the home into the state. Mobile homes have not been built since the introduction of the United States department of housing and urban development manufactured home construction and safety act;

((~~(11)~~)) (12) "Mobile home lot" means a portion of a mobile home park or manufactured housing community designated as the location of one mobile home, manufactured home, or park model and its accessory buildings, and intended for the exclusive use as a primary residence by the occupants of that mobile home, manufactured home, or park model;

((~~(12)~~)) (13) "Mobile home park cooperative" or "manufactured housing cooperative" means real property consisting of common areas and two or more lots held out for placement of mobile homes, manufactured homes, or park models in which both the individual lots and the common areas are owned by an association of shareholders which leases or otherwise extends the right to occupy individual lots to its own members;

((~~(13)~~)) (14) "Mobile home park subdivision" or "manufactured housing subdivision" means real property, whether it is called a subdivision, condominium, or planned unit development, consisting of common areas and two or more lots held for placement of mobile homes, manufactured homes, or park models in which there is private ownership of the individual lots and common, undivided ownership of the common areas by owners of the individual lots;

((~~(14)~~)) (15) "Mobile home park," "manufactured housing community," or "manufactured/mobile home community" means any real property which is rented or held out for rent to others for the placement of two or more mobile homes, manufactured homes, or park models for the primary purpose of production of income, except where such real property is rented or held out for rent for seasonal recreational purpose only and is not intended for year-round occupancy;

((~~(15)~~)) (16) "Notice of sale" means a notice required under RCW 59.20.300 to be delivered to all tenants of a manufactured/mobile home community and other specified parties within fourteen days after the date on which any advertisement, multiple listing, or public notice advertises that a manufactured/mobile home community is for sale;

((~~(16)~~)) (17) "Occupant" means any person, including a live-in care provider, other than a tenant, who occupies a mobile home, manufactured home, or park model and mobile home lot;

((~~(17)~~)) (18) "Orders" means written official military orders, or any written notification, certification, or verification from the service member's commanding officer, with respect to the service member's current or future military status;

((~~(18)~~)) (19) "Park model" means a recreational vehicle intended for permanent or semi-permanent installation and is used as a primary residence;

((~~(19)~~)) (20) "Permanent change of station" means: (a) Transfer to a unit located at another port or duty station; (b) change of a unit's home port or permanent duty station; (c) call to active duty for a period not less than ninety days; (d) separation; or (e) retirement;

((~~(20)~~)) (21) "Qualified sale of manufactured/mobile home community" means the sale, as defined in RCW 82.45.010, of land and improvements comprising a manufactured/mobile home community that is transferred in a single purchase to a qualified tenant organization or to an eligible organization for the purpose of preserving the property as a manufactured/mobile home community;

((~~(21)~~)) (22) "Qualified tenant organization" means a formal organization of tenants within a manufactured/mobile home community, with the only requirement for membership consisting of being a tenant;

((~~(22)~~)) (23) "Recreational vehicle" means a travel trailer, motor home, truck camper, or camping trailer that is primarily designed and used as temporary living quarters, is either self-propelled or mounted on or drawn by another vehicle, is transient, is not occupied as a primary residence, and is not immobilized or permanently affixed to a mobile home lot;

((~~(23)~~)) (24) "Service member" means an active member of the United States armed forces, a member of a military reserve component, or a member of the national guard who is either stationed in or a resident of Washington state;

((~~(24)~~)) (25) "Tenant" means any person, except a transient, who rents a mobile home lot;

((~~(25)~~)) (26) "Transient" means a person who rents a mobile home lot for a period of less than one month for purposes other than as a primary residence.

NEW SECTION. **Sec.**  A new section is added to chapter 59.20 RCW to read as follows:

(1) Except as authorized by an exemption described in section 3 of this act and as provided in RCW 59.20.060(2)(c), a landlord may not increase the rent for any tenancy:

(a) During the first 12 months after the tenancy begins; and

(b) At any time after the first year of the tenancy in an amount greater than the rate of inflation as measured by the consumer price index above the existing rent.

(2) Notice under this section must comply with the requirements of RCW 59.20.090(2) and be served in accordance with RCW 59.12.040.

(3) A landlord terminating a tenancy may not set rent for the next tenancy in an amount greater than the consumer price index above the previous rent.

(4) A landlord who charges rent in violation of this section and receives rent in excess of amounts permitted by this section is liable to the tenant for an amount not to exceed $100,000.

(5) If a mobile home park or manufactured housing community has been sold or leased, the new owner or leaseholder may not increase rent beyond the amount that the previous landlord would have been permitted to increase the rent under this section or section 3 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 59.20 RCW to read as follows:

(1) A landlord may increase rent in an amount greater than allowed under section 2 of this act only:

(a) By participating in the banked capacity program established under this section; or

(b) As provided in RCW 59.20.060(2)(c).

(2) If a landlord participates in the banked capacity program, the landlord may increase the rent above the maximum annual rent increase percentage by an additional amount for each year in which the landlord has banked capacity.

(3)(a) The banked capacity program operates as follows:

(i) If a landlord does not increase rent in a 12-month period, the landlord may choose to bank the rent increase capacity for future years. For each preceding year since the last increase in rent, the landlord may increase rent by the total consumer price index increase since the year in which rent was last raised. A landlord who participates in the banked capacity program must provide an annual notice as described in section 2(2) of this act to current and prospective tenants of the total banked capacity and possible future rent increases. Notice must be served in accordance with RCW 59.12.040. A landlord forfeits the landlord's right to claim banked rent increase capacity if the landlord fails to properly notify the landlord's tenants;

(ii) If a tenant is evicted or if a tenant leaves after an eviction has been initiated, for any new rental agreement entered into within 12 months of the termination of the prior tenancy, the amount of rent that a landlord may charge a new tenant is limited to the previous tenant's rent plus any banked capacity that was accrued under the prior tenancy;

(iii) If a tenant moves out voluntarily, the amount of rent that a landlord may charge a new tenant is not limited by the maximum annual rent increase percentage or any banked capacity, and the landlord may reset the rent to market rate. However, if the landlord increases the rent for the new tenant beyond the previous tenant's rent, any banked capacity is lost. If a landlord chooses not to increase the rent and charges a new tenant the same amount of rent that the landlord charged the previous tenant, the landlord may retain any banked capacity that was accrued under the prior tenancy; and

(iv) If a new owner buys a property and takes over a lease, the new owner may not increase rent for existing tenants beyond the amount that the previous landlord would have been allowed to increase rent. The former landlord's banked capacity may be transferred as part of a property sale.

(b) If a landlord participates in the banked capacity program the landlord must maintain all records relating to the banked capacity program for a three-year period, make these records available for public inspection, and furnish these records to the utilities and transportation commission upon the utilities and transportation commission's request.

(4)(a) Upon its own motion, or upon complaint by a tenant or third party, the utilities and transportation commission shall carry out duties imposed upon it by law to investigate the records, accounts, practices, and activities of the landlord.

(b) If the utilities and transportation commission finds any violation of this section, any costs incurred by the commission in its duties to review and investigate filings by the landlord shall be paid by the landlord.

(5) The utilities and transportation commission may adopt any rules in accordance with chapter 80.01 RCW necessary to implement this section.

**Sec.**  RCW 80.01.040 and 2007 c 234 s 1 are each amended to read as follows:

The utilities and transportation commission shall:

(1) Exercise all the powers and perform all the duties prescribed by this title and by Title 81 RCW, or by any other law.

(2) Regulate in the public interest, as provided by the public service laws, all persons engaging in the transportation of persons or property within this state for compensation.

(3) Regulate in the public interest, as provided by the public service laws, the rates, services, facilities, and practices of all persons engaging within this state in the business of supplying any utility service or commodity to the public for compensation.

(4) Regulate in the public interest, as provided by the public service laws, the rates and services of all persons engaging within this state in the business of acting as a landlord, as defined in RCW 59.020.030, for mobile home parks, manufactured housing communities, or manufactured/mobile home communities.

(5) Make rules and regulations necessary to carry out its other powers and duties.

**Sec.**  RCW 59.20.060 and 2022 c 95 s 4 are each amended to read as follows:

(1) Any mobile home space tenancy regardless of the term, shall be based upon a written rental agreement, signed by the parties, which shall contain:

(a) The terms for the payment of rent, including time and place, and any additional charges to be paid by the tenant. Additional charges that occur less frequently than monthly shall be itemized in a billing to the tenant;

(b) Reasonable rules for guest parking which shall be clearly stated;

(c) The rules and regulations of the park;

(d) The name and address of the person who is the landlord, and if such person does not reside in the state there shall also be designated by name and address a person who resides in the county where the mobile home park is located who is authorized to act as agent for the purposes of service of notices and process. If no designation is made of a person to act as agent, then the person to whom rental payments are to be made shall be considered the agent;

(e) The name and address of any party who has a secured interest in the mobile home, manufactured home, or park model;

(f) A forwarding address of the tenant or the name and address of a person who would likely know the whereabouts of the tenant in the event of an emergency or an abandonment of the mobile home, manufactured home, or park model;

(g)(i) A covenant by the landlord that, except for acts or events beyond the control of the landlord, the mobile home park will not be converted to a land use that will prevent the space that is the subject of the lease from continuing to be used for its intended use for a period of three years after the beginning of the term of the rental agreement;

(ii) A rental agreement may, in the alternative, contain a statement that: "The park may be sold or otherwise transferred at any time with the result that subsequent owners may close the mobile home park, or that the landlord may close the park at any time after the required closure notice as provided in RCW 59.20.080." The covenant or statement required by this subsection must: (A) Appear in print that is in bold face and is larger than the other text of the rental agreement; (B) be set off by means of a box, blank space, or comparable visual device; and (C) be located directly above the tenant's signature on the rental agreement;

(h) A copy of a closure notice, as required in RCW 59.20.080, if such notice is in effect;

(i) The terms and conditions under which any deposit or portion thereof may be withheld by the landlord upon termination of the rental agreement if any moneys are paid to the landlord by the tenant as a deposit or as security for performance of the tenant's obligations in a rental agreement;

(j) A listing of the utilities, services, and facilities which will be available to the tenant during the tenancy and the nature of the fees, if any, to be charged together with a statement that, in the event any utilities are changed to be charged independent of the rent during the term of the rental agreement, the landlord agrees to decrease the amount of the rent charged proportionately;

(k) A written description, picture, plan, or map of the boundaries of a mobile home space sufficient to inform the tenant of the exact location of the tenant's space in relation to other tenants' spaces;

(l) A written description, picture, plan, or map of the location of the tenant's responsibility for utility hook-ups, consistent with RCW 59.20.130(6);

(m) A statement of the current zoning of the land on which the mobile home park is located;

(n) A statement of the expiration date of any conditional use, temporary use, or other land use permit subject to a fixed expiration date that is necessary for the continued use of the land as a mobile home park; and

(o) A written statement containing accurate historical information regarding the past five years' rental amount charged for the lot or space.

(2) Any rental agreement executed between the landlord and tenant shall not contain any provision:

(a) Which allows the landlord to charge a fee for guest parking unless a violation of the rules for guest parking occurs: PROVIDED, That a fee may be charged for guest parking which covers an extended period of time as defined in the rental agreement;

(b) Which authorizes the towing or impounding of a vehicle except upon notice to the owner thereof or the tenant whose guest is the owner of the vehicle;

(c) Which allows the landlord to alter the due date for rent payment or increase the rent: (i) During the term of the rental agreement if the term is less than two years, or (ii) more frequently than annually if the initial term is for two years or more: PROVIDED, That a rental agreement may include an escalation clause for a pro rata share of any increase in the mobile home park's real property taxes or utility assessments or charges, over the base taxes or utility assessments or charges of the year in which the rental agreement took effect, if the clause also provides for a pro rata reduction in rent or other charges in the event of a reduction in real property taxes or utility assessments or charges, below the base year: PROVIDED FURTHER, That a rental agreement for a term exceeding two years may provide for annual increases in rent in specified amounts or by a formula specified in such agreement. Any rent increase authorized under this subsection may not exceed the value of the previous year's rent plus the consumer price index for the year in which the agreement was signed. Any rent increase authorized under this subsection (2)(c) that occurs within the closure notice period pursuant to RCW 59.20.080(1)(e) may not be more than one percentage point above the United States consumer price index for all urban consumers, housing component, published by the United States bureau of labor statistics in the periodical "Monthly Labor Review and Handbook of Labor Statistics" as established annually by the department of commerce;

(d) By which the tenant agrees to waive or forego rights or remedies under this chapter;

(e) Allowing the landlord to charge an "entrance fee" or an "exit fee." However, an entrance fee may be charged as part of a continuing care contract as defined in RCW 70.38.025;

(f) Which allows the landlord to charge a fee for guests: PROVIDED, That a landlord may establish rules charging for guests who remain on the premises for more than fifteen days in any 60-day period;

(g) By which the tenant agrees to waive or forego homestead rights provided by chapter 6.13 RCW. This subsection shall not prohibit such waiver after a default in rent so long as such waiver is in writing signed by the husband and wife or by an unmarried claimant and in consideration of the landlord's agreement not to terminate the tenancy for a period of time specified in the waiver if the landlord would be otherwise entitled to terminate the tenancy under this chapter;

(h) By which, at the time the rental agreement is entered into, the landlord and tenant agree to the selection of a particular arbitrator; or

(i) By which the tenant agrees to make rent payments through electronic means only.

(3) Any provision prohibited under this section that is included in a rental agreement is unenforceable.

**--- END ---**