
Housing Committee

HB 1388

Brief Description: Protecting tenants by prohibiting predatory residential rent practices and by applying the consumer protection act to the residential landlord-tenant act and the manufactured/mobile home landlord-tenant act.

Sponsors: Representatives Macri, Ramel, Peterson, Thai, Gregerson, Hackney, Ormsby, Alvarado, Doglio, Cortes, Riccelli, Mena, Kloba, Bateman, Fitzgibbon, Street, Taylor, Lekanoff, Simmons, Farivar, Pollet, Stonier, Berry, Reed, Bergquist, Morgan, Davis, Santos, Chopp, Stearns and Fosse.

Brief Summary of Bill

- Prohibits, with certain exceptions, a landlord subject to the Residential Landlord-Tenant Act or the Manufactured/Mobile Home Landlord-Tenant Act from engaging in predatory practices related to excessive rent increases, differential treatment based on whether the tenancy is month-to-month or longer term, and charging move-in fees and deposits that exceed one month's rent before a tenant takes possession of a dwelling unit.

Hearing Date: 1/24/23

Staff: Audrey Vasek (786-7383).

Background:

Residential Landlord-Tenant Act.

The Residential Landlord-Tenant Act (RLTA) regulates the relationship between landlords and tenants, and includes provisions regarding the duties of tenants and landlords, remedies for

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.

violations of those duties, and prohibited actions.

Manufactured/Mobile Home Landlord-Tenant Act.

The Manufactured/Mobile Home Landlord-Tenant Act (MHLTA) governs the legal rights, remedies, and obligations arising from any rental agreement between a landlord and a tenant regarding a mobile home lot within a mobile home park where the tenant has no ownership interest in the property or in the association that owns the property.

Consumer Protection Act.

The Consumer Protection Act (CPA) prohibits: unfair or deceptive acts or practices in trade or commerce; the formation of contracts, combinations, and conspiracies in restraint of trade or commerce; and monopolies. A person injured by a violation of the CPA may bring a civil action to enjoin further violations and recover actual damages, costs, and attorneys' fees.

The Attorney General (AG) may bring an action in the name of the State, or on behalf of persons residing in the State, against any person to enjoin violations of the CPA and obtain restitution. The AG may seek civil penalties up to the statutorily authorized maximums against any person who violates the CPA. Civil penalties are paid to the State.

Summary of Bill:

Prohibitions on Predatory Practices.

A landlord subject to the RLTA or the MHLTA is prohibited, with certain exceptions, from engaging in predatory practices.

Predatory Practices.

Renting or seeking to rent a dwelling unit at an excessive rent is considered a predatory practice if the rent increase is not justified by costs necessary to maintain the dwelling unit, is substantially likely to force the tenant or household to move or involuntarily relocate from the home, or is used as a means to avoid other protections afforded to tenants under the RLTA, the MHLTA, or any other source of legal rights.

"Excessive rent" means a rent increase during any 12-month period that is greater than the rate of inflation as measured by the consumer price index or 3 percent, whichever is greater, up to a maximum of 7 percent above the existing rent, as required to be calculated and published by the Department of Commerce beginning on September 30, 2023, and on each following September 30th. The "rate of inflation as measured by consumer price index" means the September-to-September 12-month percent change in the consumer price index for all urban consumers (CPI-U), west region, as published each September by the United States Department of Labor, Bureau of Labor Statistics.

Charging a higher rent or including terms of payment or other material conditions in a rental agreement that are more burdensome to a tenant based on whether the tenancy is month-to-month or longer term, and charging a tenant move-in fees or security deposits before a tenant takes possession of a dwelling unit that exceed one month's rent, are also considered predatory practices.

Exceptions to Prohibitions.

The prohibitions on predatory practices do not apply to a tenancy in a federally funded property owned or operated by a public housing authority, or a tenancy in a property that is funded through a state housing assistance program. Additionally, for tenancies subject to the RLTA, the prohibitions do not apply to a tenancy in a dwelling unit for which the first certificate of occupancy was issued 10 or less years before the notice of the rent increase.

Investigations.

The AG may investigate predatory practices. When investigating, the AG may consider, in addition to any other relevant information, the condition of the dwelling unit; whether a rent increase, move-in fee, security deposit, term of payment, or other material condition in the lease was used to evade tenant protections under the RLTA, MHLTA, or any other source of legal rights; and whether a rent increase will force the tenant or household to move or involuntarily relocate from the home.

Enforcement and Remedies.

The AG may issue a cease and desist letter to prevent predatory practices, and may file a court action to enforce the cease and desist letter if the recipient of the letter does not comply within five calendar days of receipt of the letter. If the court finds that a person engaged in predatory practices and failed to comply with a cease and desist letter, the court must issue an injunction to prevent the person from engaging in predatory practices and impose a civil penalty of no more than \$10,000 per violation of the cease and desist letter.

In addition to any penalties imposed for violations of a cease and desist letter, a person who engages in predatory practices must pay a civil penalty of no more than \$25,000 per predatory practice violation. Additional civil penalties may not be assessed for the same violation under the CPA.

A tenant whose landlord engages in predatory practices may also sue the landlord to recover actual damages in the amount of the excess rent or charges paid, mandatory punitive damages equal to three months of the unlawful higher rent or charges, and reasonable attorneys' fees and costs incurred in bringing the action. These remedies are in addition to any other legal remedies.

Additional Protections.

A landlord may not report a tenant to a tenant screening service provider for failure to pay excessive rent.

It is a defense to an eviction action that the eviction is for nonpayment of an excessive rent increase.

Translations of Prohibitions.

By January 1, 2024, the AG must produce and maintain translated versions of the statutes containing the predatory practice prohibitions on its website in the 10 languages most frequently spoken in the State. A translation must be made available upon request in printed form.

Application of the Consumer Protection Act.

A violation of the RLTA or the MHLTA by a landlord is an unfair or deceptive act in trade or commerce for the purpose of applying the CPA.

Appropriation: None.

Fiscal Note: Requested on January 20, 2023.

Effective Date: The bill contains an emergency clause and takes effect immediately.