

SENATE BILL REPORT

SB 5377

As of February 11, 2015

Title: An act relating to providing adequate time and assistance for tenants to relocate due to a rent increase or change of use of the residential unit.

Brief Description: Concerning the provision of time and assistance for tenants to relocate due to a rent increase or change of use of the residential unit.

Sponsors: Senators Kohl-Welles, Miloscia, Frockt, Jayapal, Darneille, Pedersen, McAuliffe, Keiser and Chase.

Brief History:

Committee Activity: Financial Institutions & Insurance: 2/11/15.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Staff: Shani Bauer (786-7468)

Background: A landlord may institute a new rule of tenancy, including a change in the amount of rent, upon completion of the term of the rental agreement and after 30 days' written notice to the tenant. Termination of tenancy is not a change in rule under this section. A tenancy will terminate by written notice of 20 days or more preceding the end of any month or period of tenancy.

Any city, town, county, or municipal corporation may pass an ordinance requiring a landlord pay reasonable relocation assistance to low-income tenants upon the demolition, substantial rehabilitation, or other change of use of residential property. Relocation assistance may not exceed \$2,000 – adjusted by the consumer price index; one-half to be paid by the landlord and one-half to be paid by the local jurisdiction. The landlord may not be required to pay relocation assistance if the tenant moved out of the residence prior to the owner's application for a permit for the change in use.

Low-income tenants means tenants whose combined total income per dwelling unit is at or below 50 percent of county median income. Examples of county median incomes for 2014 are in the table below:

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.

	King County		Thurston County	
	Single	Family of 4	Single	Family of 4
50% AMI	\$30,900	\$44,100	\$20,950	\$29,900
80% AMI	\$49,440	\$70,560	\$33,520	\$47,840

Summary of Bill: Any city, town, county, or municipal corporation may pass an ordinance requiring a landlord provide up to 90 days' written notice prior to any change in rent exceeding 10 percent of the tenant's current rent.

A property owner may be required to provide relocation assistance to a low-income tenant who moved out of a residence prior to the owner's application for a construction permit for change of use if the local jurisdiction finds the property owner in violation of the requirement to provide relocation assistance after the tenant has moved out.

The definition of low-income tenants is amended to include tenants whose combined total income per dwelling unit is at or below 80 percent of county median income.

Technical and organizational changes are made to the statutes for readability.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This bill is attempting to address those situations where the tenants may be older or low income and have lived on the property for quite some time. The property is then purchased by a large corporation for a lot of money. Rents may be below average and the owner wants to renovate the property. The owner gives notice that rent will be increased at rates of up to 100 percent or 150 percent. Sometimes the tenant is displaced during renovations. There are three real life examples: one apartment building gave tenants notice that they had 20 days to move out of their apartment before renovations would be started. They could come back after a period of time, but rent would be increased substantially. In another example, – Linda Manor – rents increased on a 421 square foot apartment from \$650 to \$1450. Third is an example of how it should be done. Tenants had been living for quite a few years in Panorama Apartments with no rent increase. They were notified that a rehab was going to take place and given three or four months notice to get prepared to move out or move temporarily and come back. It is fair to provide lengthier notice than 20 or 30 days that rent will increase in a major way. It may be argued that it is unfair to landlords who need to recoup their costs. The owner has to plan for rehabilitation it seems fair to also give a tenant time to plan.

The key to any new housing policy is to consider whether it makes sense during up and down economic cycles. Proper notice can make the difference between a financial crisis and the

ability to find a new home. Some rent increases are used to circumvent other laws, such as tenant relocation assistance. Landlords who follow the law are being put at a disadvantage by those who do not follow the law. This cannot be addressed by local law and needs to be addressed in the statute. A 30-day notice of a change in rent only gives a tenant ten days to determine whether they need to give notice to move out. Tenants need to have time to save up for a move. This bill is not trying to stop those who follow the law, only those who try to economically circumvent the rental relocation assistance law. Seattle is the highest city in the nation for rent increases.

CON: In response to the examples that were given, in the first scenario, the landlord simply violated Seattle ordinance. At Linda Manor, the landlord gave exorbitant rent notices in the hope that tenants would vacate and would not have to pay relocation assistance. This is a loophole in the law, but it doesn't need to be addressed in state law. Seattle is the only city with relocation assistance. This can be addressed on the local level. The permit process for relocation assistance takes three to six months. Only upon getting a relocation license can the landlord give notice to the tenant. Under this process, tenants already get three to six months' notice of what's going on. Seattle already requires 60 days notice for a 10 percent increase. If a tenant wants surety as to the amount of rent, the answer is to enter into a longer-term lease.

Persons Testifying: PRO: Senator Kohl-Welles, prime sponsor; Nick Licata, Council Member, city of Seattle; Lisa Herbold, city of Seattle; Michele Thomas, WA Low Income Housing Alliance; Jonathan Grant, Eliana Horn, Tenants Union of WA State; Rory O'Sullivan, Housing Justice Project of King County; Eleanor Watts, Beverly Aarons, citizens.

CON: Chester Baldwin, WA Rental Owners Assn.; Kyle Woodring, Rental Housing Assn.; Joseph Puckett, WA Multi-Families Assn.; Tim Seth, WA Landlord Assn.