

HOUSE BILL REPORT

HB 1124

As Reported by House Committee On:

Housing

Title: An act relating to protecting tenants from excessive rent and related fees by providing at least six months' notice for rent increases over a certain amount, allowing tenants the right to terminate a tenancy without penalty, and limiting late fees.

Brief Description: Protecting tenants from excessive rent and related fees by providing at least six months' notice for rent increases over a certain amount, allowing tenants the right to terminate a tenancy without penalty, and limiting late fees.

Sponsors: Representatives Peterson, Fitzgibbon, Taylor, Street, Berry, Bateman, Ramel, Doglio, Macri, Simmons, Chopp, Lekanoff, Thai, Bergquist, Stonier, Pollet, Riccelli and Ormsby.

Brief History:

Committee Activity:

Housing: 1/12/23, 1/26/23 [DPS].

Brief Summary of Substitute Bill

- Requires landlords to provide at least 180 days' and no more than 220 days' notice for rent increases over 5 percent.
- Allows a tenant to terminate a tenancy without penalty for any rent increase over 5 percent.
- Limits late rental payment fees to the lesser of 10 percent of the rental amount or \$75 total.

HOUSE COMMITTEE ON HOUSING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Peterson, Chair; Alvarado, Vice Chair; Leavitt,

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Vice Chair; Bateman, Chopp, Entenman, Reed and Taylor.

Minority Report: Do not pass. Signed by 5 members: Representatives Klicker, Ranking Minority Member; Connors, Assistant Ranking Minority Member; Barkis, Hutchins and Low.

Staff: Serena Dolly (786-7150).

Background:

Residential Landlord-Tenant Act.

The Residential Landlord-Tenant Act (RLTA) regulates the relationship between residential landlords and tenants, including the duties of tenants and landlords and remedies for violations of those duties. With some statutory exceptions, the rental of a dwelling unit for living purposes is generally covered under the RLTA.

Rent Increases.

Except for rental agreements governing subsidized tenancies, a landlord must provide each affected tenant a minimum of 60 days' prior written notice of an increase in the amount of rent, and any rent increase may not become effective before the end of the rental agreement. For subsidized tenancies where the rental amount is based on the income of the tenant or circumstances specific to the subsidized household, the landlord must provide 30 days' prior notice of the rent increase, and the rent increase may become effective at the end of the rental term or sooner upon mutual consent.

Termination of Tenancy.

A tenant who terminates a tenancy of a specified time, sometimes called a lease, prior to the end of the lease period is liable for rent until the end of the period, although the landlord is required to mitigate the damages by attempting to re-rent the unit at a fair rental price. Alternatively, a dwelling unit may be rented for an indefinite time, from month-to-month or period-to-period. Such a tenancy is automatically renewed for another month or period until terminated by the landlord for causes specified under the RLTA or by the tenant by giving at least 20 days' written notice prior to the end of any of the months or periods of tenancy.

Late Fees.

A landlord may not charge late fees for rent that is paid within five days following its due date. If the rent is more than five days past due, the landlord may charge late fees commencing from the first day after the due date until paid. When late fees may be assessed after rent becomes due, the tenant may propose that the date rent is due per the

rental agreement be altered to a different date of the month. The landlord must agree to such a proposal if it is submitted in writing and the tenant is able to demonstrate that his/her primary source of income is a regular, monthly source of governmental assistance that is not received until after the date rent is due per the rental agreement. The proposed due date may not be more than five days after the date the rent is due per the rental agreement.

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.

Rent Increases.

A landlord must provide a tenant with three months' written notice of any rent increase, and any rent increase may not become effective before the end of the term of the rental agreement.

Termination of Tenancy.

If a tenant does not intend to renew a rental agreement, the tenant must notify the landlord one month prior to the end of the rental agreement.

Summary of Substitute Bill:

Under the RLTA and the MHLTA, a landlord may not increase a tenant's rent, excluding any charges for utilities, by more than 5 percent without providing written notice between 180 and 220 days before the increase takes effect. The notice must inform the tenant of the tenant's ability to terminate the tenancy without penalty. A tenant who receives notice of a rent increase of more than 5 percent may terminate the tenancy at any point prior to the effective date of the increase by providing at least 20 days' notice for a month-to-month or at least 45 days' notice for a tenancy with a lease, and the landlord must prorate the rent owed to the tenant's move-out date.

A tenant who is charged and pays rent reflecting an increase of more than 5 percent without receiving the required written notice may recover actual damages in the amount of the excess rent paid and treble damages, costs, and reasonable attorneys' fees.

A landlord may not charge a tenant a fee for late payment of rent that exceeds the lesser of 10 percent of the rental amount, excluding any charges for utilities, or \$75 total.

Substitute Bill Compared to Original Bill:

The original bill limited late rental payment fees for tenancies covered by the RLTA to \$75 total. The substitute bill limits late rental payment fees to the lesser of 10 percent of the rental amount, excluding utility charges, or \$75 total and extends the late fee limits to tenancies covered by the MHLTA.

The substitute bill also excludes any utility charges in calculating the 5 percent threshold for requiring landlord notice and allowing a tenant to terminate the tenancy.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill does not tell landlords they cannot raise the rent. It only requires them to give tenants more notice. Landlords should be able to see costs rising and project what rental increase might be needed in six months. Tenants have few options when faced with a high rent increase on short notice. In one complex, tenants on a fixed income are facing a \$400 rent increase with just 60 days' notice. They are struggling to find a place to live, and some may have to leave retirement. Six months' notice gives renters time to explore their options. A tenant may be able to pick up more hours at work, delay other costs, or if needed, find a new place to live. Tenants are facing economic eviction, and some people become homeless when landlords give short notice. Tenants facing significant rent increases need to be able to move as soon as they find suitable housing. Late fees do not incentivize a tenant to pay rent on time. They only make it harder for a tenant to get caught up.

(Opposed) The state's landlord-tenant laws are too complicated for an individual property owner to navigate, forcing landlords to use professional property management companies. This increases the cost of owning a rental thereby increasing the rent charged. A 5 percent rental increase does not even remotely cover inflation and rising costs for landlords. A 45-day walkaway provision is the biggest threat to affordable housing. It discourages people from providing rental housing and is a short-sighted approach. These policies represent a gross interference with an existing contract. The state needs to focus on incentivizing people to provide rental housing. Landlords only get one month's notice for property tax increases, so it seems like the state thinks 30 days is enough.

Persons Testifying: (In support) Representative Strom Peterson, prime sponsor; Ishbel Dickens, Association of Manufactured Home Owners; Stacey Valenzuela; Devin Glaser, Tenant Law Center; Shannon Corrick; Michele Thomas, Washington Low Income Housing

Alliance; and Saree Adams.

(Opposed) Jeff Pack; Brad Tower and Ryan Erickson, Commonwealth Real Estate Services; and Cory Brewer.

Persons Signed In To Testify But Not Testifying: Amy Kangas; Nicole Doyle; Terri Anderson, Tenants Union of Washington State; Linda Asher; Jean Poirier; Cristina Mateo, Washington Build Back Black Alliance; Darlene Carmody; Tereasa Staley; Marie Petite; Fei Priddy; Dezda Finn; Constance Nelson; Bruce Becker; Allison Moser; Lyle Crews; Kevin Glenn; Judy Bardin; and Patricia Hoendermis, Yakima Valley Landlords Association.