
Housing Committee

HB 2114

Brief Description: Improving housing stability for tenants subject to the residential landlord-tenant act and the manufactured/mobile home landlord-tenant act by limiting rent and fee increases, requiring notice of rent and fee increases, limiting fees and deposits, establishing a landlord resource center and associated services, authorizing tenant lease termination, creating parity between lease types, and providing for attorney general enforcement.

Sponsors: Representatives Alvarado, Macri, Ramel, Peterson, Mena, Slatter, Farivar, Taylor, Doglio, Cortes, Fitzgibbon, Gregerson, Berry, Senn, Reed, Bateman, Ortiz-Self, Simmons, Ormsby, Street, Chopp, Orwall, Bergquist, Berg, Wylie, Stonier, Lekanoff, Fosse, Riccelli, Pollet, Kloba and Davis.

Brief Summary of Bill

- Limits rent and fee increases to 5 percent during any 12-month period and prohibits rent and fees increases during the first 12 months of a tenancy for tenants subject to the Residential Landlord-Tenant Act and the Manufactured/Mobile Home Landlord-Tenant Act, with certain exemptions.
- Provides certain other protections for tenants, such as rent and fee increase notice requirements, tenant lease termination provisions, limits on move-in fees, security deposits, and late fees, and requirements for parity between month-to-month and longer-term rental agreements.
- Provides remedies and enforcement mechanisms, including Attorney General enforcement of certain provisions in the bill under the Consumer Protection Act and a private cause of action for damages against landlords who violate certain provisions of the bill.
- Requires the Department of Commerce to create an online landlord resource center and requires the Attorney General to publish model lease

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.

provisions regarding rent and fee increases.

Hearing Date: 1/11/24

Staff: Audrey Vasek (786-7383).

Background:

Residential Landlord-Tenant Act.

The Residential Landlord-Tenant Act (RLTA) governs the legal duties, rights, and remedies related to any rental agreement between a landlord and a tenant for a residential dwelling unit.

Rent Increases and Rent Increase Notice Requirements.

Generally, a landlord subject to the RLTA is required to provide each affected tenant with written notice of a rent increase at least 60 days before the increase, and any increase in rent may not become effective prior to completion of the term of the rental agreement. However, if the rental agreement is for a subsidized tenancy where the amount of rent is based on the income of the tenant or circumstances specific to the subsidized household, a landlord must provide each affected tenant with written notice of a rent increase at least 30 days before the increase, and an increase in rent may become effective upon completion of the term of the rental agreement or sooner upon mutual consent.

Tenant Lease Termination.

Generally, a tenant subject to the RLTA may end a rental agreement by providing a landlord with written notice at least 20 days before the end of any month for a month-to-month tenancy, or written notice at least 20 days before the end date specified in the rental agreement for a longer-term tenancy. However, upon receiving certain military orders, a tenant who is a member of the armed forces may end a month-to-month tenancy with less than 20 days of written notice and may end a longer-term tenancy with at least 20 days of written notice at any time during the tenancy.

Manufactured/Mobile Home Landlord-Tenant Act.

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

Rent Increases and Rent Increase Notice Requirements.

Under the MHLTA, a rental agreement between a landlord and a tenant is generally not allowed to contain any provisions that allow the landlord to increase the rent during the term of the rental agreement if the term is less than two years, or more frequently than annually if the initial term is for two years or more. However, an exception is provided for certain escalation clause

provisions.

A landlord subject to the MHLTA who intends to increase the rent upon the expiration of the term of a rental agreement must notify the tenant in writing three months prior to the effective date of the rent increase.

Tenant Lease Termination.

Generally, a tenant subject to the MHLTA may end a rental agreement by providing a landlord with written notice one month before the expiration of the rental agreement. However, a tenant may end a rental agreement with 30 days of written notice at any time during the rental agreement whenever a change in the location of the tenant's employment requires a change in residence. Additionally, a tenant who is a member of the armed forces may end a rental agreement with less than 30 days of written notice at any time during the rental agreement if the tenant receives certain military orders that do not allow for greater notice.

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 violations and recover certain 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:

Rent and Fee Increase Limit.

Unless an exemption applies, a landlord is prohibited from increasing the rent and fees for a tenant subject to the RLTA or the MHLTA in an amount greater than 5 percent during any 12-month period, or by any amount during the first 12 months after the tenancy begins.

Exemptions to the Rent and Fee Increase Limit.

The following exemptions to the rent and fee increase limit are allowed:

- *Newly constructed dwelling units under the RLTA.* Rent and fee increases for dwelling units under the RLTA where the first certificate of occupancy was issued 10 or less years before the date of the notice of the rent and fee increase are exempt from the limit. This exemption does not apply to tenants under the MHLTA.
- *Eligible organizations under the MHLTA.* Rent and fee increases during the first 12 months after the qualified sale of a manufactured/mobile home community (MHC) to an eligible organization under the MHLTA whose mission aligns with the long-term preservation and affordability of the MHC are exempt from the limit if the rent and fee increases are needed to cover the cost of purchasing the MHC and are approved by the

majority of homeowners in the MHC. This exemption does not apply to tenants under the RLTA.

- *Public and nonprofit organizations under both the RLTA and MHLTA.* Rent and fee increases that comply with legally binding and recorded regulatory agreements for dwelling units or manufactured/mobile home lots operated by a public housing authority, public development authority, or nonprofit organization where maximum rents are regulated by other laws or local, state, or federal affordable housing program requirements are exempt from the limit.

Rent and Fee Increase Notice Requirements.

A landlord must provide tenants with written notice of rent and fee increases in a specific format. If a landlord claims an exemption from the rent and fee increase limit, the landlord must include facts supporting any claimed exemptions in the notice. The notice must be served in accordance with the process for service of notice in the evictions chapter.

The notice must comply with the 60-day notice requirement for rent increases in the RLTA or the three-month notice requirement for rent increases in the MHLTA. However, unless the exemption for certain public and nonprofit organizations applies, if a landlord under the RLTA or MHLTA intends to increase the rent and fees by 3 percent or more, the landlord must provide each affected tenant with notice at least 180 days before the effective date of the increase.

Tenant Lease Termination.

Unless the exemption for certain public and nonprofit organizations applies, a tenant may terminate a rental agreement at any time before the effective date of a rent and fee increase that is 3 percent or more by providing the landlord with at least 20 days of written notice under the RLTA or 30 days of written notice under the MHLTA. When terminating a rental agreement under these circumstances, the tenant only owes pro rata rent until the tenant vacates the dwelling unit or manufactured/mobile home lot, and the landlord is prohibited from charging the tenant any fines or fees for terminating the rental agreement.

Other Tenant Protection Provisions.

In addition to the rent and fee increase limit, rent and fee increase notice requirements, and tenant lease termination provisions, the following protections are provided for tenants subject to the RLTA and MHLTA:

- Move-in fees and security deposits combined may not exceed one month's rent.
- Late fees may not exceed \$10 per month.
- Landlords are prohibited from charging a higher rent or fees or including terms or conditions in a rental agreement that are more burdensome to a tenant for a month-to-month rental agreement than for a longer-term rental agreement, or vice versa.
- Landlords are prohibited from reporting a tenant to a tenant screening service provider for failure to pay rent or fees that were unlawfully increased in violation of the limit.
- It is a defense to an eviction or other legal action that the action was for nonpayment of rent or fees that were unlawfully increased in violation of the limit.

Remedies and Enforcement.

A landlord who violates the rent and fee increase limit, rent and fee increase notice requirements, tenant lease termination provisions, or other tenant protection provisions in the bill is liable for damages in the amount of any excess rent, fees, or other costs paid by the tenant, mandatory damages equal to three months of any unlawful rent, fees, or other costs charged by the landlord, and reasonable attorneys' fees and costs.

The AG is authorized to enforce the rent and fee increase limit, rent and fee increase notice requirements, tenant lease termination provisions, and other tenant protection provisions in the bill under the CPA.

A local government may also adopt policies, ordinances, or other regulations to enforce the bill.

Landlord Resource Center.

The Department of Commerce is required to create an online landlord resource center to distribute information to landlords about available programs and resources, such as the landlord mitigation program, low-income weatherization programs, local government resources, and model lease provisions regarding rent and fee increases created by the AG.

The AG is required to publish model lease provisions regarding rent and fee increases in the top 10 languages spoken in Washington. The model lease provisions must be published digitally on the AG's website and in hard copy upon request to landlords, tenants, and other relevant entities. The AG is required to publish the first version of the model lease provisions by January 1, 2025, and must periodically publish new versions as necessary to incorporate any relevant changes to the RLTA.

Definition of Rent under the MHLTA.

A definition of "rent" or "rental amount" is added to the MHLTA that is similar to the definition provided in the RLTA. For the MHLTA, these terms are defined as recurring and periodic charges identified in the rental agreement for the use and occupancy of the manufactured/mobile home lot, which may include certain charges for utilities. These terms do not include nonrecurring charges for costs incurred due to late payment, damages, deposits, legal costs, or other fees.

Appropriation: None.

Fiscal Note: Requested on January 4, 2024.

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