

SENATE BILL REPORT

SHB 1070

As Reported by Senate Committee On:
Housing, February 10, 2023

Title: An act relating to exempting the sale and leaseback of property by a seller from the residential landlord-tenant act when the seller agrees to a written lease at closing.

Brief Description: Exempting the sale and leaseback of property by a seller from the residential landlord-tenant act when the seller agrees to a written lease at closing.

Sponsors: House Committee on Housing (originally sponsored by Representatives Connors, Reeves, Hutchins, Schmidt, Peterson, Christian, Rude, Klicker, Barkis and Walsh).

Brief History: Passed House: 1/25/23, 96-0.

Committee Activity: Housing: 2/01/23, 2/10/23 [DP].

Brief Summary of Bill

- Adds, under certain conditions, an exemption from the Residential Landlord-Tenant Act for living arrangements where the buyer and seller of a dwelling unit enter into a written agreement for the seller to retain possession of the dwelling unit after closing of the sale.

SENATE COMMITTEE ON HOUSING

Majority Report: Do pass.

Signed by Senators Kuderer, Chair; Frame, Vice Chair; Fortunato, Ranking Member; Braun, Cleveland, Gildon, Saldaña, Shewmake, Trudeau and Wilson, J..

Staff: Riley Bengé (786-7316)

Background: The Residential Landlord-Tenant Act (RLTA) regulates the creation of residential tenancies and the relationship between landlords and tenants of residential dwelling units.

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.

Certain types of living arrangements are exempt from the RLTA, including:

- residence at an institution;
- occupancy under a bona fide earnest money agreement or contract to purchase a dwelling unit where the tenant is the purchaser;
- residence in a hotel, motel, or other transient lodging;
- rental agreements where occupancy is by an owner-condemnee whose property has been condemned by the Department of Transportation for acquisition as state highway property, where such agreement is certified by the attorney general's office;
- rental agreements for the use of any single-family residence that are incidental to leases or rentals entered in connection with a lease of land to be used primarily for agricultural purposes;
- rental agreements providing housing for seasonal agricultural employees while provided in conjunction with such employment;
- rental agreements with the Department of Natural Resources on Washington State public lands; and
- occupancy by an employee of a landlord whose right to occupy is conditioned upon employment in or about the premises.

Summary of Bill: An exemption is added to the RLTA for living arrangements where the buyer and seller of a dwelling unit enter into a written agreement for the seller to remain in the unit after closing the sale if the following conditions are met:

- the rental agreement permits the seller to remain in the dwelling unit for no more than three months after closing, and the buyer does not accept any rent payments from the seller after three months from closing;
- the dwelling unit was not a distressed home at the time of closing; and
- the seller was represented by a licensed attorney or licensed real estate broker during the negotiation of the purchase agreement or at the time of closing.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: A leaseback agreement is a tool that allows a buyer and seller to enter into an agreement for a short period of time, which can be helpful to facilitate transactions. Currently, people are afraid to use the tool because they don't want to enter into a landlord-tenant relationship. Leasebacks help buyers and sellers. For sellers, they have more time and flexibility to move. For buyers, it can improve the offer to purchase and provide opportunity for cost savings. The bill gives freedom to buyers and sellers, but also contains protections for distressed homes.

Persons Testifying: PRO: Representative April Connors, Prime Sponsor; Mary Hull-Drury, Washington Realtors; Annie Fitzsimmons, Washington Realtors.

Persons Signed In To Testify But Not Testifying: No one.