

# SENATE BILL REPORT

## ESHB 2114

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As of February 20, 2024

**Title:** An act relating to 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.

**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:** House Committee on Appropriations (originally sponsored by 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 History:** Passed House: 2/13/24, 54-43.

**Committee Activity:** Ways & Means: 2/22/24.

### Brief Summary of Bill

- Limits rent and fee increases to 7 percent during any 12-month period and prohibits rent and fee 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, regardless of the length of their lease, with certain exemptions.
- Provides certain other protections for tenants, including rent and fee increase notice requirements, tenant lease termination provisions, limits

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on move-in fees, security deposits, and late fees, and requires parity in terms between month-to-month and longer-term rental agreements.

- Provides remedies and enforcement mechanisms, including under the Consumer Protection Act and a through private cause of action.
- Requires that the Department of Commerce create an online landlord resource center and contract to carry out a social vulnerability assessment of the impacts of rent stabilization.
- Requires that the attorney general publish model lease provisions regarding rent and fee increases.

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## SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Samuel Brown (786-7470)

**Background:** Residential Landlord-Tenant Act. The Residential Landlord-Tenant Act (RLTA) governs the relationship and agreements between residential landlords and tenants.

*Notice of a Rent Increase.* Generally, landlords subject to the RLTA must 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. For subsidized rental agreements governing income-based tenancies or circumstances specific to the household, a landlord must give 30 days' notice of an increase in rent to each affected tenant. An increase in the amount of rent of subsidized agreements 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 relationship and agreements between the owner of a manufactured/mobile home community (landlord) and the owner of the manufactured/mobile home (tenant). The MHLTA includes a dispute resolution program run through the Attorney General's Office (AGO).

*Notice of a Rent Increase.* Three months' written notice is required from a landlord seeking

to raise a tenant's rent at the end of a rental agreement term. Rental agreements may not contain provisions allowing the landlord to alter the due date for rent payments or 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. An exception is provided for certain escalation clause provisions.

*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 AGO 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, and may seek civil penalties against any person who violates the CPA. Civil penalty awards from CPA enforcement actions are paid to the state.

**Summary of Bill:** Rent and Fee Increase Limit. A landlord is prohibited from increasing the rent and fees for a tenant subject to the RLTA or the MHLTA, regardless of the length of their lease, in an amount greater than 7 percent during any 12-month period, or by any amount during the first 12 months after the tenancy begins.

The rent and fee increase limit does not apply in the following circumstances:

- in dwelling units under the RLTA where the first certificate of occupancy was issued ten or less years before the date of the notice of the rent and fee increase are exempt from the limit;
- 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, if needed to cover the cost of purchasing the MHC and approved by the majority of homeowners in the MHC;
- in 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, if compliant with regulatory agreements;
- additional nonprofit entities and low-income tenancies; and
  - certain owner-occupied rentals.

Notice Requirements. A landlord must annually 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 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. 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 unless the exemption for public authorities and nonprofit organizations applies.

Tenant Lease Termination. If a landlord increases the rent above the 7 percent limit without providing a qualifying exemption, a tenant may terminate a rental agreement at any time by providing the landlord with at least 20 days of written notice under the RLTA or 30 days of written notice under the MHLTA, in combination with other remedies. 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 Provisions. The following additional provisions apply to 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 1.5 percent of the tenant's total rent 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 provisions of 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 AGO may enforce the provisions of the bill under the CPA. Local governments may also adopt policies, ordinances, or other regulations to enforce the bill.

Landlord Resource Center. The Department of Commerce must 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 AGO.

Model Lease Provisions. The AGO must publish model lease provisions regarding rent and fee increases in the top ten languages most frequently spoken in Washington. The model lease provisions must be published on the AGO's website and provided in hard copy upon request to landlords, tenants, and other relevant entities. The first version of the model lease provisions must be published by January 1, 2025, and periodically updated as necessary to incorporate any relevant changes to the RLTA.

Social Vulnerability Assessment. The Department of Commerce must contract with an independent third party to carry out a social vulnerability assessment of the impacts of limiting rent increases to 7 percent per 12-month period, to be provided to the Legislature by December 1, 2026, which considers the following:

- the impact on extending tenancies due to rent capping;
- impacts on cost burdened, immutable characteristic communities, or rural communities;
- whether rent stabilization creates a disproportionate burden on new or transitioning renters as a result of current tenants' rent being capped;
- impacts on alternative rental markets; and
- impacts on state-owned or state-run housing units.

Definition of Rent under the Manufactured/Mobile Home Landlord-Tenant Act. For the MHLTA, rent or rental amount is 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:** The bill contains a null and void clause requiring specific funding be provided in an omnibus appropriation act.

**Fiscal Note:** Available. New fiscal note requested on February 14, 2024.

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

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