

SENATE BILL REPORT

SB 5961

As of January 10, 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: Senators Trudeau, Nobles, Frame, Hasegawa, Keiser, Kuderer, Lovelett, Nguyen, Randall, Robinson, Saldaña, Stanford, Van De Wege and Wilson, C..

Brief History:

Committee Activity: Housing: 1/12/24.

Brief Summary of Bill

- Prohibits a landlord under the Residential Landlord-Tenant Act or the Manufactured/Mobile Home Landlord-Tenant Act from increasing a tenant's rent during the first 12 months after the tenancy begins and limits the amount by which a landlord may increase a tenant's rent during any 12-month period to 5 percent, 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.

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.

- Requires the Department of Commerce to create an online landlord resource center and requires the Attorney General's Office to publish model lease provisions regarding rent and rent increases.
- Provides remedies and enforcement, including attorney general enforcement of provisions under the Consumer Protection Act, for damages against a landlord who violates certain provisions of the bill.

SENATE COMMITTEE ON HOUSING

Staff: Samantha Doyle (786-7335)

Background: Residential Landlord-Tenant Act. The Residential Landlord-Tenant Act (RLTA) governs the relationship and agreements between residential landlords and tenants. These regulations include provisions regarding the rights and duties of both landlords and tenants. RLTA further establishes the procedures for enforcement and remedies for violations. These procedures include how and when tenancy expires or may be ended.

Notice of a Rent Increase. Except for rental agreements governing subsidized tenancies, a landlord must give a minimum 60 days' notice to each affected tenant of a rental increase that may become effective upon the 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. A tenant subject to RLTA may generally 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. A tenant who is a member of the armed forces, upon receiving certain military orders, 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). These regulations include provisions regarding the rights and duties of both landlords and tenants and establishes the procedures for enforcement and remedies for violations. MHLTA includes a dispute resolution program run through the Attorney General's Office.

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

to raise the 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.

Any rent increase that occurs within the closure notice period for a change of land use of the mobile home park may not be more than one percentage point above the United States consumer price index for all urban consumers, housing component, published by the United States Bureau of Labor Statistics in the periodical *Monthly Labor Review and Handbook of Labor Statistics* established annually by the United States Department of Commerce.

Tenant Lease Termination. A tenant subject to MHLTA may generally 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. 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 in total for a tenant subject to RLTA or MHLTA:

- during the first 12 months after a tenancy begins; and
- during any 12-month period, in an amount greater than 5 percent above the existing rent.

Exemptions to the Rent Increase Limit. 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 not subject to the rent increase limitation.

Newly Constructed Dwelling Units Under the Residential Landlord-Tenant Act. A residential landlord may be exempt from the rent increase limitation if the first certificate of occupancy for the dwelling unit was issued ten or less years before the date of the notice of the rent increase.

Eligible Organizations Under the Manufactured/Mobile Home Landlord-Tenant Act. A manufactured/mobile home landlord may be exempt from the rent increase limitation if during the first 12 months after the qualified sale of a manufactured/mobile home community (MHC) to an eligible organization under MHLTA whose mission aligns with the long-term preservation and affordability of the MHC if the rent and fee increases are needed to cover the cost of purchasing the MHC and are approved by vote or agreement with the majority of the homeowners in the MHC.

Rent and Fee Increase Notice Requirements. If a landlord subject to either the RLTA or MHLTA intends to increase the rent and fees combined in the amount of 3 percent or more, the landlord must provide each affected tenant at least 180 days written notice prior to the effective date of the increase. The notice must still comply with the 60-day notice requirement for rent increases in the RLTA or the 3-month notice requirement for rent increases in the MHLTA.

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.

Terminations. 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 RLTA or 30 days of written notice under 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.

Additional Tenant Protection Provisions. The following additional 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 making it more burdensome or expensive for tenants to agree to either month-to-month or agreements of longer durations;
- 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; and

- 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.

Landlord Resource Center. The Department of Commerce (Commerce) must establish an online landlord resource center to distribute information to landlords about available programs and resources such as the landlord mitigation program, low-income residential weatherization programs, local government resources, and other materials Commerce determines relevant.

By January 1, 2025, the Attorney General's Office (AGO) must publish the first version of the model lease provisions regarding rent and rent increases in the top ten 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 AGO must periodically publish new versions as necessary to incorporate any relevant changes to RLTA.

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.

Appropriation: None.

Fiscal Note: Requested on January 5, 2024

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

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