Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Housing Committee

HB 1217

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, Berry, Mena, Thai, Reed, Obras, Farivar, Parshley, Ortiz-Self, Cortes, Duerr, Street, Berg, Taylor, Fitzgibbon, Doglio, Timmons, Tharinger, Fosse, Gregerson, Simmons, Wylie, Pollet, Kloba, Nance, Davis, Ormsby, Lekanoff, Bergquist, Scott, Stonier and Hill.

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 or type of lease, with certain exemptions.
- Provides certain other protections for tenants, such as rent and fee increase notice requirements; tenant lease termination provisions; and limits on move-in fees, security deposits, and late fees.
- Provides remedies and enforcement mechanisms for violations of the bill, including Attorney General enforcement under the Consumer Protection Act and a private cause of action for damages.
- Requires the Department of Commerce to create an online landlord resource center and to contract with an independent third party to carry out a social vulnerability assessment of the impacts of rent stabilization.
- Requires the Attorney General to publish model lease provisions

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.

regarding rent and fee increases.

Hearing Date: 1/13/25

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 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 sooner than completion of the term of the rental agreement 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 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, regardless of the length or type of 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. This limit applies to all tenancies subject to the RLTA, including any tenancies in dwelling units operated as short-term or vacation rentals.

Exemptions to the Rent and Fee Increase Limit.
The rent and fee increase limit does not apply in the following circumstances:

- for tenancies in dwelling units where the first certificate of occupancy was issued 10 or less years before the date of the notice of the rent increase;
- for tenancies in dwelling units or manufactured/mobile home lots operated by public housing authorities, public development authorities, nonprofit organizations where maximum rents are regulated by other laws or local, state, or federal affordable housing program requirements, or certain other nonprofit entities;
- for tenancies in certain qualified low-income housing developments;

- for tenancies in certain owner-occupied rentals; and
- 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.

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 unlawful detainer 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 certain exemptions apply, 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.
If a landlord increases the rent and fees above the 7 percent limit and is not authorized by an exemption, a tenant may terminate the rental agreement at any time before the effective date of the increase. When terminating a rental agreement under these circumstances, the tenant must provide the landlord with a 20-day written notice under the RLTA or a 30-day written notice under the MHLTA. 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.
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 1.5 percent of a 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 rental agreement where the term is greater or lesser than month-to-month, 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.
- 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.

Remedies and Enforcement.
A landlord who violates the rent and fee increase limit, rent and fee increase notice requirements,

tenant lease termination provisions, or certain other provisions 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 certain other provisions 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 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 AG.

Model Lease Provisions.
The AG must 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.

Social Vulnerability Assessment.
The Department of Commerce must contract with an independent third party to carry out a social vulnerability assessment of the bill's impacts. The assessment must be provided to the Legislature by December 1, 2027, and must consider 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.
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 9, 2025.

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