SENATE BILL REPORT
EHB 1217

As of March 19, 2025

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: 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 History: Passed House: 3/10/25, 53-42.
Committee Activity: Housing: 3/19/25.

Brief Summary of Bill

- Limits rent increases to 7 percent during any 12 month period and prohibits rent increases during the first 12 months of a tenancy for tenants subject to the Residential Landlord-Tenant Act or the Manufactured/Mobile Home Landlord-Tenant Act (MHLTA), with certain exemptions.
- Establishes rent increase notice requirements and tenant termination provisions when the landlord increases rent above amount allowed.

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.

- Limits move-in fees, security deposits, and late fees for tenants subject to MHLTA.
- Authorizes a tenant or the attorney general to bring a court action to enforce compliance.
- Requires that the Department of Commerce to contract with a third party to carry out a social vulnerability assessment of the impacts of rent stabilization.

SENATE COMMITTEE ON HOUSING

Staff: Bill Fosbre (786-7531)

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. Landlords subject to 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. A tenant subject to 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. 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 or mobile home community (landlord) and the owner of the manufactured or mobile home (tenant). 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. A tenant subject to MHLTA may end a rental agreement by providing a landlord with written notice one month before the expiration of the rental agreement. 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.

Summary of Bill: Rent and Fee Increase Limit. Unless an exemption applies, a landlord is prohibited from increasing the rent for a tenant subject to RLTA or 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.

Exemptions. The rent increase limit does not apply in the following circumstances:

- in dwelling units subject to the RLTA where the first certificate of occupancy was issued 12 or fewer years before the date of the notice of the rent increase;
- during the first 12 months after the qualified sale of a manufactured or mobile home community (MHC) to an eligible organization under 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 owned by, or manufactured or 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;
- for tenancies in certain low-income housing developments;
- certain owner-occupied rentals under the RLTA; and
- when a rental agreement subject to the MHLTA is transferred due to the sale of manufactured or mobile home the landlord has the option, after giving notice to the purchaser prior to the transfer, to make a one-time increase of not more than 10 percent.

Notice Requirements. A landlord must provide tenants with written notice of rent increases in a specific form. If a landlord claims an exemption from the rent and fee increase limit, the landlord must include facts supporting the exemption in the notice.

The landlord must provide each affected tenant a minimum of 90 days' prior written notice of an increase in rent in the RLTA or the three-month notice requirement for rent increases in MHLTA. If a tenant whose rental agreement under RLTA was entered or renewed before the effective date of the act and agreement has more than 60 days but less than 90

days left before the end of the specified date, the landlord must provide the tenant a minimum of 60 days' before the effective date of an increase in rent.

Tenant Lease Termination. If a landlord increases the rent above the 7 percent limit without providing a qualifying exemption, the tenant:

- must offer the landlord an opportunity to cure the unauthorized rent increase by providing a written demand to reduce the increase to an amount that complies with the limit; and
- may terminate a rental agreement at any time by providing the landlord with at least 20 days of written notice under RLTA or 30 days of written notice under MHLTA, in combination with other remedies. When terminating a rental agreement under these circumstances, the tenant only owes rent for the full month in which the tenant vacates the dwelling unit or manufactured or mobile home lot, and the landlord is prohibited from charging the tenant any fines or fees for terminating the rental agreement.

Other Tenant Protections. For lease or rental agreements entered on or after the effective date of the bill for tenancies subject to the MHLTA:

- move-in fees and security deposit combined may not exceed one month's rent, unless the tenant has pets and then the combined amount may not exceed two month's rent. Tenant deposits paid as security for performance shall be deposited in trust for the tenant, and any interest earned shall be paid to the landlord unless otherwise agreed upon; and
- late fees for rent more than five days past due may not exceed: 2 percent of the tenants total rent per month during the first month that rent is past due; 3 percent during the second consecutive month rent is past due; and 5 percent during the third consecutive month the rent is past due.

Landlords subject to the RLTA:

- are prohibited from 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; and
- must provide parity between lease types with respect to the amount of rent charged with parity being no more than 5 percent difference in rent depending on type of rental agreement offered.

For tenancies subject to RLTA or MHLTA: landlords are prohibited from reporting a tenant to a tenant screening service provider for failure to pay rent or fees that were unlawfully increased.

Enforcement. A tenant or the AGO may bring a court action to enforce compliance. If a court finds that a landlord violated the bill, the court must award the tenant 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. Local governments may also adopt policies, ordinances, or other regulations to enforce the bill.

Definition of Rent Under the Manufactured/Mobile Home Landlord-Tenant Act. For 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 or 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, including attorney fees.

Social Vulnerability Assessment. Subject to the availability of amounts appropriated, 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 June 30, 2028, and consider the following:

- the impact of rent stabilization on extending tenancies due to rent capping;
- whether there are social vulnerability 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;
- the impacts on alternative rental markets such as short-term rentals; and
- the impacts on state-owned or state-run housing units.

The social vulnerability assessment provisions expire July 1, 2029.

Severability Clause. A severability clause is included that states if any provision of the bill or its application to any person or circumstance is held invalid, the remainder of the bill or the application of the provision to other persons or circumstances is not affected.

Appropriation: The bill contains a null and void clause requiring specific funding be provided in an omnibus appropriation act.

Fiscal Note: Available.

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

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

Staff Summary of Public Testimony: PRO: This is a reasonable, balanced bill that seeks to provide some modest amount of stability and predictability to renters in the state of Washington. This bill that's before us today is a compromise. Landlords who thought that the 180-day notice period was too long, this bill has a 90-day notice period. Landlords who complained about having caps on moving fees and late fees for residential housing, this bill removes requirements on late fees and moving fees.

Developers who wanted to see a longer exemption for new construction, this bill moves the exemption from 10 years to 12 years to mirror the state property tax exemption. Some people were concerned about the enforcement protections under this bill, the bill removes the Consumer Protection Act from applying under this bill.

Manufactured homeowner communities said that the rent cap was too restrictive when a manufactured homeowner leaves their home, the legislation allows for a one-time 10 percent increase after someone leaves a manufactured home.

Forty percent of the people in this state are renters or manufactured homeowners and they have zero protections right now about how high their rent can go up. The bill gives a modest amount of predictability and stability.

Solving our housing shortfall requires a three legged stool. The first, that future is to increase housing options, providing additional development capacity and address other impediments to housing. The second, is increase investments in long term affordable housing. And the third leg of the stool, HB 1217 addresses our housing issues on rent stabilization.

Having predictable and stable rent provides potential home buyers a way to plan on savings and assisting them get their first home.

Mobile homeowners on a fixed income are struggling to pay for the significant increase to the property rent increases. They have stopped paying for medication, cut back on groceries and turned their heat off to pay for these increases. It's wrong that our seniors are forced to prioritize higher rent in lieu of food, doctor appointments, and vital medications.

From my lived experience, along with data collected from more tenants of Black, Indigenous, and people of color, the discrimination in housing stability like ours will continue without rent stabilization to keep landlords and property management from raising rents to evict people of color like my already victimized family.

Fixed costs for landlords, including mortgages, principal and interest, have been the largest portion of their expenses. All of their other expenses combined could go up 35 percent and they could still be covered by the 7 percent allowed rent increase, and make a comfortable profit.

CON: Extensive global research clearly illustrates the harmful impacts of rent caps on housing markets. A recent comprehensive review published in the Journal of Housing Economics analyzed 200 global studies consistently highlighting negative effects such as impacts on housing supply and affordability.

Moreover, rent caps jeopardized state and local budgets, especially given this state's tax structure heavily which relies on housing construction for critical revenue. These housing

construction projects generate substantial one-time sales tax revenues and ongoing occupation taxes such as utility taxes, benefit local jurisdictions.

There is not statewide system capacity or funding for nonprofits alone to meet the state's need for affordable housing development and operations. The operational risk proposition for for-profit affordable housing developers is increased by this bill, because our low-income partnerships do not qualify for the exemption, then for-profit developers will no longer develop in Washington due to the risk. The system will produce less housing because this bill discriminates against certain property owners.

New investment in Washington's multifamily housing market is already in decline. Last September, the Office of Financial Management revised projected state revenues through 2029 to decline by $39 million primarily due to reduced projections for construction activity resulting in reduced sales tax collection. This bill will further decline these revenues. Last year, the nation's fifth largest multifamily developer and builder publicly closed their Washington operations and several other large real estate developers have recently stated that they will divest from Washington. Often these decisions are directly tied to investor concerns about increased regulation and declining returns. If this legislation passes, we can expect further divestment.

Washington is largely dependent on raising capital both within the state of Washington and outside the state of Washington. And when we have these artificial impacts on the free market, a lot of these investment dollars tend to move elsewhere. These regulations directly impact the free market and the ability of developers to keep up with costs.

Oregon and St. Paul, Minnesota have rent control and since their enactments, there has been a stark increase in eviction rates. Increases in eviction rates in both those regions have exceeded 50 percent from pre 2019-2020 levels.

Section 103 includes a mandatory notice. And in that mandatory notice is a statement that the landlord declares under penalty of perjury. This is a hidden penalty in the bill. One mistake in calculating rent or transcribing that notice from the statute could result in ten years in prison or a $20,000 fine.

Section 202 is a problem for manufactured housing communities because it doesn't allow the landlord to reset the rent when a new tenant comes in, it only allows a 10 percent increase.

OTHER: Southport Financial Services is one of the largest providers of deed restricted affordable farm worker and workforce housing, operating 50 properties statewide that provide more than 3000 permanently affordable homes to families across our state. Southport's concerns is language in section 102 that requires light tech entities to secede majority decision-making authority to the nonprofit organization Southport partners on these projects in order to qualify for the exemptions provided under this legislation. And

while every one of Southport's properties includes a nonprofit organization in the general partnership, seceding majority decision-making authority would make it impossible to secure that private capital necessary between $40 and $60 million.

Persons Testifying: PRO: Representative Emily Alvarado, Prime Sponsor; Harpreet Kaur, Washington Build Back Black Alliance (WBBA); Deborah Wilson; Tomas Ramon Vasquez, Familias Unidas por la Justicia; Tina Hammond; Bryce Yadon, Futurewise and Habitat for Humanity Seattle-King & Kittitas Counties ; Duana Ricks-Johnson, Resident Action Program; Kelley Rinehart; Kerri Burnside, Bellingham Tenants Union ; Kathy Yasi; Sarah Cherin, UFCW 3000; Madeline Foutch, SEIU 775; Vanessa Kritzer, Redmond City Council President; Linda Burt, Laurel Park Manufactured Home Community.

CON: Brad Tower, Commonwealth Real Estate Services; Brent Ludeman, Building Industry Association of Washington; Christa Connelly, West Prairie Village MHP; Dan Piantanida, GP Realty Finance; Cory Brewer, WPM NW Inc.; Morgan Shook, ECOnorthwest; Emily Thompson, GMD Development LLC; Chris Rossman, NAIOP WA State; Carter Nelson; Brett Waller, Weidner Apartment Homes; Carl Shorett, AvalonBay Communities; Morgan Irwin, Association of Washington Business; Nick Streuli, REaltors; Kathy Dobler; Dave Dearth; Cory Brewer.

OTHER: David Toler, Olympia for All; Casey Brown, Southport Financial Services.

Persons Signed In To Testify But Not Testifying: PRO: Makayla Pugmire; Paula Sardinas, Washington Build Back Black Alliance (WBBA); Kyle Matheson , Self advocate ; Kerri Burnside, Bellingham Tenants Union; Stacey Valenzuela, Manufactured Homeowner ; Virginia Berry; Blake Lyon, Director of Planning and Community Development for the City of Bellingham, WA; Carolyn Stetson; Caitlin Sullivan; Shirley Messick; Caroline Hardy , Secretary AMHO and Leisure Manor Tenants Association ; Kendra Rachal; Octavia Santiago Martinez, Familias Unidas por la Justicia; Catherine Davis; Julie Staggers; William Dean, Retired; Jennifer Johnson; Lauren Moffat; Ellen torres; Marcos Munoz; Claudia Barrera Vasquez; Leigh Christianson, Oly Rollers Mobile Home Resident Association; Deb Swope; Kimberly Marquette, Gideonglassart; Daryl Lawrence; Isaac Cavazos ; Aracely Santiago ; Sharron Hall; Rhea de Ruyter; Brenda Dill; Natasha Fecteau Minger.

CON: Stacey Valenzuela, Manufactured Homeowner ; Greg Lovern; Gordon Haggerty; Errin Reynolds , Washington Landlord Association ; Greg Christiansen; Steve Horvath; Jeff Pack, Washington Citizens Against Unfair Taxes; Shep Salusky; Mike Morris; Ken Tousley, Hamilton Urban Partners; Christopher Tanaka; Bruce Becker, Bruce Becker; Janelle Costanti; Mike Kuhlman, Kuhlman Properties; Constance Nelson; Tad Sommerville; Brian Hansen; Kristi Tripple, Rowley Properties, Inc.; Benine McDonnell; Mike Nykreim, Newport West LLC; Anne Knapp; David Juhasz; Russell Millard, Park Preservations ; Hailey Irvine; Laurie Layne; LaDon Linde, Yakima County Commissioner; DAVID NAGEL; Jay Parker; Michael Urquhart; Patrick Gilroy, Washington Self Storage Association; Lilly Zheng; JIN YANG; Martha Schaefer; Christopher Gurdjian; Rick Glenn,

President, Yakima Valley Landlords' Association; Jake Hanby; Tristen Mikelson; TaraLyn Fray; Hongmin Couturier ; Monica Grant; Jacob Bond, Collective Communities ; Yoel Kelman, Three Pillar Communities; Arden Olson; Benedict Tesoro; Elsine Armstrong , CCRA; Wesley Larson, Sound West Group; Emilia Furmanczyk; Susan Watkins; Emily Cain; Mischa Heide; Trina Homan; John Shanstrom; Jeff Brookes ; Sean McNealley; Kristi Winters; johvin perry; Michael Kubacki, First Commercial Properties NW; Phil Baker; Jon Fox; Cathy Fox; Sandra Mochizuki; James Helms; Tim Eyman, Initiative Activist; Ben Assa; Dakota Manley, Washington State Young Republicans; John Girgis; Michael Gustavson, Kitsap Alliance of Property Owners; Andrea Smiley, BIAW; Katherine Mahoney, April Housing; Eyman Tim, Initiative Activist; Spencer Boudreau, DHI Properties; Joseph Hammond; Jules James, 425 72nd Ave ne.