

SENATE BILL REPORT

SB 5222

As of January 22, 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: Senators Trudeau, Chapman, Bateman, Conway, Frame, Hasegawa, Lovelett, Nobles, Orwall, Pedersen, Riccelli, Robinson, Saldaña, Slatter, Stanford, Valdez and Wilson, C..

Brief History:

Committee Activity: Housing: 1/22/25.

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 additional protections for tenants, including rent and fee increase notice requirements, tenant lease termination provisions, limits on move-in fees, security deposits, and late fees, and requires parity in terms between month-to-month and longer-term rental agreements.

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- Provides remedies and enforcement mechanisms for violations, including attorney general enforcement under the Consumer Protection Act and a private cause of action.
- Requires that the Department of Commerce create an online landlord resource center and a contract with a third party 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.

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. 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 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 CPA and obtain restitution, and may seek civil penalties against any person who violates 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 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 and fee increase limit does not apply in the following circumstances:

- in dwelling units where the first certificate of occupancy was issued ten or less 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 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, if compliant with regulatory agreements;
- for tenancies in certain low-income housing developments; 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 or attach documents supporting any claimed exemptions in the notice. The notice must comply with the 60-day notice requirement for rent increases in RLTA or the three-month notice requirement for rent increases in MHLTA. If a landlord under 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 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 pro rata rent until 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 Provisions. The following additional provisions apply to tenants subject to 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; 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.

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. AGO may enforce the provisions of the bill under 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 AGO.

Model Lease Provisions. 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 AGO's website and provided in hard copy upon request to landlords, tenants, and other relevant entities. AGO must publish the first version of the model lease by January 1, 2025, and periodically update them as necessary to incorporate any relevant changes to 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. The assessment must be provided to the Legislature by December 1, 2027 and 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 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.

Appropriation: None.

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: Countless Washingtonians are grappling with the harsh realities of our housing crisis. People cannot wait for 20-30 years for housing supplies to grow. They need solutions now. Data is clear that people cannot keep up with rising rental costs. More than one million Washingtonians are rent burdened meaning they spend over 30 percent of their income on housing. An increase in \$100 in median rent prices results in increases in homelessness in metro and rural areas.

This bill injects stability and predictability for tenants feeling squeezed by an unstable and

an untenable market. It will prevent families and vulnerable community members from entering homelessness.

Requires landlords to provide enough notice for tenants to plan for annual increases. Tenants will have a year to plan, which provides predictability regarding housing costs.

The bill lets landlords raise the rent each year, invest in the property, and make a profit. Landlords can also raise the rents before or after tenancy. Our (landlords) fixed costs, including the mortgage principle and interest are the largest portion of our expenses, and even if all of other expenses go up 35 percent in one year we would still be covered by the 7percent rent increase.

If housing is viewed as a stool with three legs this is the third leg, rent stabilization. The other two are permit support and subsidies for affordable housing. It will take time for new housing to be developed, and we need to ensure people aren't subject to predatory rent increases. A 2007 study of rent control in New Jersey found no statistical significance between moderate rent controls and new construction. When Massachusetts ended rent control in 1994 there was no corresponding increase in housing supply.

People of color continue to suffer from systemic racism and oppression. This legislation can help decrease the harms caused on Black and brown communities. Black households are 30 percent more likely to be severely cost burdened, which means that they spend more than 50 percent of their income on housing. From my lived experience and with data collected from tenants of black, indigenous and peoples of color, discrimination in housing stability will continue without rent stabilization.

Many manufactured home owners are on fixed incomes and a lot rents have increased significantly every year, and many of us cannot or will not be able to continue to live in our homes. Very stressful if don't know how much your rent will increase in the future.

Unfortunately, renting a home, not purchasing, has become a luxury that hardworking Washington residents can no longer afford. The 7 percent cap is too high.

Corporate landlords are driving up rents and fueling the housing crisis, often using price fixing software like real-page. Real-page controls 80 percent of multi-family dwellings in the U.S., and openly admits its software is designed to drive every possible opportunity to increase price.

Rent increases can force renters to move away from their community support systems, medical providers, and jobs. Being forced to move also takes away stability for their children.

CON: When it comes to housing we agree the problem in Washington is a lack of supply. This will not move the needle forward on the supply side. California and Oregon both have

versions of rent control that are less restrictive than Washington State. Both of them are at 7 percent, with a CPI cap on top of that, capping at 10 percent annually. This bill has a strict 7 percent cap and will take Washington from being the most desirable place to build to the least desirable state on the West Coast. Rent stabilization does not address the housing supply issue and makes Washington less competitive than other neighboring states for critical investment funds.

This bill destroys the economic opportunity for those willing to take the risk of becoming a housing provider. This creates inequitable outcomes for those currently in their units versus those who have not entered the rental market yet, or those that are looking to move out of the area.

The 7 percent cap doesn't come close to covering the cost increase associated with maintaining the rental. The bill doesn't allow a raise in existing rent for the first 12 months; however, rent includes variable items that go at different times of the year. Because the 7 percent annual increase is so low it won't cover the increase in costs and force more landlords to sell their properties and reduce the supply of rental properties. The cap does not have an exception for increased utility costs; if utilities are included in the cap then there won't be funds available to pay for other expenses like real estate taxes and maintenance of the building. Not all landlords have a fixed-rate mortgage. Awarding attorney fees to tenants is being used to penalize landlords. All landlord tenant disputes for less than \$10,000 should be settled in small claims without attorney fees allowed.

A 3 percent trigger for the 180 day notice to increase the rent is too long. The long-notice timeframe will encourage max increases just below the cap threshold because landlords do not want to get behind on their economic needs. A 1.5 percent cap on late fees does not incentivize renters to pay rent on time.

This should be called the no second chance bill because affordable properties won't be remodeled, and deferred maintenance won't be done. Many affordable units that need work will actually be demolished and replaced with expensive luxury units that are exempt from rent control for the use of rich people. Housing providers won't be able to collect a little extra security deposit as a tool to give second chances to tenants that otherwise don't qualify.

The idea that certain owners of affordable housing would receive an exemption signals that the policy is too restrictive if it wasn't, why provide an exemption. One of the exemptions is for owner occupied units of three or less. That doesn't really make sense because you can get owner occupied financing for four units or less. There should be exemption if you only have two single-family homes near where you live.

This policy only serves to reinforce disinvestment and distrust. Rent caps severely limit market rate housing supply. It's hard to get investors to do developments these days because costs are so high and interest rates are high too, when you tell them rent caps are

being considered their enthusiasm is muted.

The inclusion of the manufactured housing under the Attorney General's Office through the Consumer Protection Act (CPA) is a problem. Unlike other forms of housing, manufactured housing already has a self-funded program under the AGO that is a dispute resolution program that's been working well. Putting this under the CPA creates a contradictory incentive on the part of the AGO.

OTHER: Resetting to market rates when you have a turnover in a tenant, either in multifamily or manufactured housing is essential for continuing to allow for investment in properties, while not keeping tenants at the highest possible rate. The bill is silent on multifamily situations in manufactured housing communities where there are obligations for a lease assumption by an incoming tenant. This will cause problems with raising the rents after the original tenant leaves, and the committees should consider some amendments to the bill that would accommodate that.

Persons Testifying: PRO: Senator Yasmin Trudeau, Prime Sponsor; Jani Hitchen, Jani Hitchen-Pierce County Council Chair; Annette Hanson, Public WA State School retiree and modular home owner in 55+ park; Claire Lane, Anti-Hunger & Nutrition Coalition; Mindy Woods; Nancy Sapiro, Puget Sound Advocates for Retirement Action; Bryce Yadon, Futurewise; Kraig Peck; Siobhana McEwen, Southwest Washington Equity Coalition and the Love & Justice Alliance; Chris Walker; Stephanie Tidholm; Kathy Yasi; Duana Ricks-Johnson, The Resident Action Project; Monica Zazueta, LULAC Council #47026; Alouise Urness; Kelley Rinehart; Ethan Robinson, Habitat for Humanity Seattle-King & Kittitas Counties; Tina Hammond; Sol Villarreal; Deborah Wilson; Ann Sadler; Brianna Vazquez; Rachael Snell; Caroline Hardy; Robin Zorich, Association of Manufactured Homeowners; Kate Rubin, Be:Seattle; Kerri Burnside, Bellingham Tenants Union; Jake Garcia, Latino Community Fund of Washington State; Riley Irish; Paul Benz, Quaker Voice; Melanie Smith, Washington State Coalition Against Domestic Violence; Matthew Randazzo, Snoqualmie Indian Tribe; Lindsey Schromen-Wawrin, City of Port Angeles.

CON: Constance Nelson; Bruce Becker; Morgan Irwin, Association of Washington Business (AWB); Andrea Smiley, Building Industry Association of Washington (BIAW); Riley Benge, Washington REALTORS; Michael Gustavson; Gordon Bock, n/a; Patricia Hoendermis, Yakima Valley Landlords Association; DAVID NAGEL; Beau Harer, Detente Management, Inc.; Dan Piantanida, GP Realty Finance; Russ Millard, Manufactured Housing Communities of Washington; Kevin Wallace, Wallace Properties, Inc.; Christina Mays, Detente Management, Inc.; peter goldstein, Owner of several Washington State Mobile Home Parks; Devin Whittier; Casey Bishop; Brad Tower, Commonwealth Real Estate Services; Mischa Guenther Heide, Rain Commercial Real Estate Advisors; Morgan Shook, Partnership for Affordable Housing; A-P Hurd, SkipStone; Emily Thompson, GMD Development; bushara akbar; Michael Ewing; Jeff Krueger, Hidden Haven Associates, LLC; Casey Bishop; Gordon Haggerty; Allen Hirst.

OTHER: Tonya Hardwick; Edward Corker.

Persons Signed In To Testify But Not Testifying: PRO: Stacey Valenzuela, Manufactured Homeowner, AMHO; david harms; Kyle Lucas, Urban Indians NW & Tenants United at Western Plaza Mobile Home Park; Max Newland; Elizabeth Rung; Monique McClure; Donna Watson-Whitmore; Ishbel Dickens, Assoc of Manufactured Home Owners; Jean Schwinberg; Terri Anderson, Tenants Union of Washington State; Talauna Reed, Tenants Union of WA State; Kyrian MacMichael; Erica Subramaniam; Jorge Hernandez; Kathleen Poague, Alonda Villa Park (55 or older Park); Desirée Toliver; Angela Griffin, Byrd Barr Place; Barbara Thompson, Country Estates; Dustin Baker, Country Estates; Rebekah Gardea, QLaw Foundation of Washington; Robert Brandenburg; Josie Tracy, Washington Physicians for Social Responsibility; Chelsie Miller; Edgar Espino, The Washington Bus; Susan Cozzens; William Booth; David Wilson; George Hurst; Linda Taylor, Urban League of Metropolitan Seattle; Alexandria Nickerson, TOA Tenant Org and Advocates; Melissa Stuart, City of Redmond; Linus Lu; Kristin Ang, Faith Action Network (FAN).

CON: Lori Brothers; Kristy neubo, Hidden Creek Apartments; john stiggelbout; Troy Peterson; Dani Pro, The Rants Group; george shipley; Terri Simpson; Linda Aikens; Jeff Pack, Me; Tim Eyman, Initiative Activist; Yoel Kelman, Three Pillar Communities; OSHO BERMAN; Mike Simonitch, Shelter Management; Christa Connelly, West Prairie Village MHP; Bri O'Hare; Catherine Yutuc; Troy Swallow; SAM SPIEGELMAN, Citizen Action Defense Fund; Sylvia Renteria; Denise Booth; Mike Morris; Mackinley Robinson, Berkadia; Katherine Carter; Bo Yang; Robert Reichle; Autumn Ma; Ming Xu; Bonan Zhong; Wenjuan Zhao; David Nakata; Ke-Qin Gong; Lisa Guo; Shu Yan Johnson; Jean Xu; James Wu; Frank Hou; Kelly Song; Daniel Weisfield; Mike Wang; VICKY NARDONE, OWNER; Feili Cu; Weiling Wu; Mingxia Wang; Jyhmin Chen; Rozana Knutson; Wing Wu; Robert Liu; michael Wang; Kitty Chen; Yijun He; Brett Duncan; Loni Simone; Yusheng Huang; Rebecca Yang; Lifang Huang; xiangyu cao; Cindy Sy; Vick Guo; Chris Zhang; Ming Zhang; Tracy Zhang; Roger Schiess, 13031-31st Ave NE; Hong Jiang; David Melman; may li; Shiyang Wang; Jihua Wang; Gary Wu; Guan Zhang; Gabino Camacho; Philip Weitz; Dave Dearth; Qi Wang; June He; Mimi Lee; Tad Sommerville; Kent Hendricks, Select...; Mary Koutrelakos, Self; Thomas Oates; Kimberly Meredith, Moland Management Company, Inc.; Jim Yearby; Erik Brand; Alan Russell, Self; Sandra Ning.

OTHER: Michelle Bart; Linda Seltzer.