

May 31, 2019

## MEMORANDUM

**To:** Housing, Health, Energy, and Workers' Rights Committee Members  
**From:** Asha Venkataraman, Council Central Staff  
**Subject:** CB 119507: Prohibiting Use of Rental Housing Bidding Platforms

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On June 6, the Housing, Health, Energy, and Workers' Rights (HHEWR) Committee plans to discuss and vote on [Council Bill \(CB\) 119507](#), which would establish a one-year prohibition on the use of rental housing bidding platforms by landlords and potential tenants for the purpose of renting property within City limits. Rental housing bidding platforms such as [Rentberry](#) or [Bidwell](#) are sites for online auctions that allow landlords to list available rental units and potential tenants to bid on those units. Landlords can then choose the tenant based on their bid and other application materials submitted. The Council enacted a prohibition on the use of these platforms in 2018 in [Ordinance 125551](#) to provide time to determine whether or how to regulate rental housing bidding platforms. The original prohibition expired on April 30, 2019. As part of Ordinance 125551, the Council requested an evaluation of the legality and impacts of the use of rental bidding platforms. The report has not yet been completed, but Council anticipates that the Office of Housing will submit the report in July 2019. This memorandum describes the background and content of CB 119507.

### Background

In 2018, Councilmember Mosqueda discussed in the HHEWR committee concerns about whether rental housing bidding platforms were compliant with current City laws and the potential impacts of these platforms on Seattle's rental housing market. She sponsored and the Council passed Ordinance 125551, which was intended to give the City time to determine whether and to what degree these platforms were a cause for concern and what, if any, regulatory action the City should take. Ordinance 125551 prohibited landlords and potential tenants from using rental housing bidding platforms for property in Seattle for one year. To determine compliance and impact, Ordinance 125551 requested that OH coordinate with the Seattle Office for Civil Rights (SOCR) and the Seattle Department of Construction and Inspections (SDCI) to study whether rental housing bidding platforms comply with City law and to determine whether the platforms could have impacts on equitable access in the City's rental housing market. SOCR and SDCI administer rental housing-related laws. The Central Staff memo for Ordinance 125551 is located [here](#).

The prohibition established under Ordinance 125551 went into effect on April 30, 2018 and expired April 30, 2019. However, OH does not anticipate that it will complete its study on rental housing bidding platforms until July 2019, and Council will need time to review the study and discuss potential action. CB 119507 addresses this issue by creating a new year-long prohibition. Due to the timing of anticipated passage for CB 119507, there would be an

approximate 2.5 month-long gap between the end of the original prohibition and the new prohibition.

In addition, shortly after passage of the Ordinance 125551, Rentberry and a private individual sued the City, arguing that the prohibition interfered with freedom of speech. On March 15, 2019, the U.S. District Court for the Western District of Washington ruled in favor of the City. Plaintiffs have filed a notice of appeal. The results of the appeal may impact the prohibition established through CB 119507.

### **CB 119507**

This bill sets out preliminary findings about the current state of Seattle’s housing market, general concerns about how new technologies might impact the market, and equity. It then sets out the same definition of “rental housing bidding platform,” as was used in Ordinance 125551, which is:

a person that connects potential tenants and landlords via an application based or online platform to facilitate rental housing auctions wherein potential tenants submit competing bids on certain lease provisions including but not limited to housing costs and lease term, to landlords for approval or denial. Merely publishing a rental housing advertisement does not make a person a rental housing bidding platform.

Section 3 of the bill prohibits landlords and potential tenants from using rental housing bidding services for one year from the date the ordinance becomes effective.

### **Next Steps**

If the HHEWR committee votes for referral out of committee at its June 6 meeting, the bill will be in front of the Council for a vote on June 10.

Once OH submits its report on the potential impacts of rental housing bidding platforms, the Council and Central Staff will analyze whether to and how the City might regulate these platforms on a more permanent basis.

cc: Kirstan Arestad, Central Staff Director  
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