



SEATTLE CITY COUNCIL

Legislative Summary

CB 119507

Record No.: CB 119507

Type: Ordinance (Ord)

Status: Passed

Version: 1

Ord. no: Ord 125840

In Control: City Clerk

File Created: 04/08/2019

Final Action: 06/18/2019

Title: AN ORDINANCE relating to fair housing; establishing a one-year prohibition on use of rental housing bidding platforms; amending Section 7.24.020 of the Seattle Municipal Code; and adding a new Section 7.24.090 to the Seattle Municipal Code.

| | | |
|---------------------------|-------------------------------|--------------|
| Notes: | Filed with City Clerk: | Date: |
| | | 6/18/2019 |
| | Mayor's Signature: | 6/18/2019 |
| Sponsors: Mosqueda | Vetoed by Mayor: | |
| | Veto Overridden: | |
| | Veto Sustained: | |

Attachments:

Drafter: patrick.wigren@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published: Yes No

| Ver- sion: | Acting Body: | Date: | Action: | Sent To: | Due Date: | Return Date: | Result: |
|---------------|--|------------|-----------------|---|-----------|-----------------|---------|
| 1 | City Clerk | 04/09/2019 | sent for review | Council President's Office | | | |
| | Action Text: The Council Bill (CB) was sent for review. to the Council President's Office | | | | | | |
| | Notes: | | | | | | |
| 1 | Council President's Office | 04/16/2019 | sent for review | Housing, Health, Energy, and Workers' Rights Committee | | | |
| | Action Text: The Council Bill (CB) was sent for review. to the Housing, Health, Energy, and Workers' Rights Committee | | | | | | |
| | Notes: | | | | | | |
| 1 | City Council | 04/29/2019 | referred | Housing, Health, Energy, and Workers' Rights Committee | | | |
| | Action Text: The Council Bill (CB) was referred. to the Housing, Health, Energy, and Workers' Rights Committee | | | | | | |
| | Notes: | | | | | | |

Legislative Summary Continued (CB 119507)

- 1 Housing, Health, Energy, 06/06/2019 pass Pass
and Workers' Rights
Committee
Action Text: The Committee recommends that City Council pass the Council Bill (CB).
In Favor: 2 Chair Mosqueda, Member Bagshaw
Opposed: 0
- 1 City Council 06/10/2019 passed Pass
Action Text: The Council Bill (CB) was passed by the following vote, and the President signed the Bill:
In Favor: 9 Councilmember Bagshaw, Councilmember González , Council
President Harrell, Councilmember Herboid, Councilmember Juarez,
Councilmember Mosqueda, Councilmember O'Brien, Councilmember
Pacheco, Councilmember Sawant
Opposed: 0
- 1 City Clerk 06/14/2019 submitted for Mayor
Mayor's signature
- 1 Mayor 06/17/2019 Signed
Action Text: The Council Bill (CB) was Signed.
- 1 Mayor 06/18/2019 returned City Clerk
- 1 City Clerk 06/18/2019 attested by City Clerk
Action Text: The Ordinance (Ord) was attested by City Clerk.
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CITY OF SEATTLE

ORDINANCE

125840

COUNCIL BILL

119507

AN ORDINANCE relating to fair housing; establishing a one-year prohibition on use of rental housing bidding platforms; amending Section 7.24.020 of the Seattle Municipal Code; and adding a new Section 7.24.090 to the Seattle Municipal Code.

WHEREAS, online or application-based platforms that provide landlords the ability to list rental housing units, oblige potential tenants to bid on certain lease provisions, and allow landlords their choice of tenant based on the tenant's bid and screening criteria have recently appeared in many housing markets, including Seattle's; and

WHEREAS, over the past several years, the City Council ("Council") has passed a variety of amendments to the Seattle Municipal Code regulating rentals, revising the housing code, and updating fair housing protections, resulting in a new and different regulatory landscape; and

WHEREAS, emerging technologies have caused consumers to rapidly escalate the use of application-based and online services, and it is unclear whether the structure and operation of these new services comply with the Seattle Municipal Code; and

WHEREAS, the Council wishes to understand new technologies and innovations that may have impacts on communities throughout Seattle, prior to these new technologies and innovations becoming entrenched; and

WHEREAS, the Council wishes to know more about how these services function and the impact they may have on Seattle's rental housing market before allowing landlords and tenants to use them within Seattle; and

1 WHEREAS, the Council passed Ordinance 125551 in March 2018, prohibiting landlords and
2 potential tenants from using rental housing bidding platforms for real property located in
3 Seattle city limits; and

4 WHEREAS, Ordinance 125551 also included a request for the Office of Housing to “conduct a
5 study of the current or potential impacts rental housing bidding platforms have and could
6 have on equitable access to Seattle’s rental housing market”; and

7 WHEREAS, in 2018, Rentberry, Inc. and Delaney Wysingle, an individual, sued The City of
8 Seattle for its prohibition against landlords and potential tenants’ use of rental housing-
9 bidding platforms, arguing that the prohibition interfered with their freedom of speech;
10 and

11 WHEREAS, on March 15, 2019, Judge Richard A. Jones ruled in favor of The City of Seattle,
12 stating that the use of the online rental housing bidding service Rentberry provides is
13 conduct, not speech; NOW, THEREFORE,

14 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

15 Section 1. Findings

16 A. Seattle’s housing market has become very competitive over the past decade, causing
17 scarcity issues for tenants.

18 B. It is uncertain whether and how these application-based and online services impact
19 Seattle’s rental housing market, as these services may have different effects on markets
20 depending on the scarcity of housing supply.

21 C. The benefits and drawbacks of such services to landlords and tenants have not been
22 studied in Seattle.

1 D. The City of Seattle is committed to ensuring equitable access to rental housing, and
2 platforms that require use of a computer and internet in order to access rental housing may hinder
3 the ability for certain communities to meaningfully identify and obtain needed housing.

4 E. The use of new technologies and innovations can spread quickly, whether or not their
5 impacts on communities are in line with Seattle's values of equity and work toward expanding
6 access to rental housing.

7 F. Studies suggest that the auction model of rental housing-bidding works to increase
8 rents, and rental housing-bidding software will place an additional increased upward pressure on
9 rents.¹

10 G. Rent increases have been shown to disproportionately impact low-income households
11 and households of color.

12 H. The Office of Housing is conducting the study on rental housing-bidding and
13 estimates it will be completed in June 2019.

14 Section 2. Section 7.24.020 of the Seattle Municipal Code, last amended by Ordinance
15 125558, is amended as follows:

16 **7.24.020 Definitions**

17 * * *

18 "Rental agreement" means a "rental agreement" as defined and within the scope of RCW
19 59.18.030 and RCW 59.18.040 of the RLTA in effect at the time the rental agreement is

¹ Dotzour, M., Moorhead, E., & Winkler, D. (1998). The Impact of Auctions on Residential Sales Prices in New Zealand. *Journal Of Real Estate Research*, 16(1), 57-72. Retrieved from <http://aresjournals.org/doi/abs/10.5555/rees.16.1.803550373kr7t004?code=ares-site>; Lusht, K. (1996). A Comparison of Prices Brought by English Auctions and Private Negotiations. *Real Estate Economics*, 24(4), 517-530, available at <http://dx.doi.org/10.1111/1540-6229.00702>; Ashenfelter, O., & Genesove, D. (1992). Testing for Price Anomalies in Real Estate Auctions. *National Bureau Of Economic Research*, (4036), available at <http://dx.doi.org/10.3386/w4036>; Lepone, A., Frino, A., Mollica, V., & Vassallo, A. (2010). The Impact of Auctions on Residential Sales Prices: Australian Evidence. *Australasian Accounting, Business And Finance Journal*, 4(3), 3-22, available at <http://dx.doi.org/10.2139/ssrn.1665933>.

1 executed. At the time of the passage of the ordinance codified in this chapter, the RLTA defined
2 “rental agreement” as “all agreements which establish or modify the terms, conditions, rules,
3 regulations, or any other provisions concerning the use and occupancy of a dwelling unit.”

4 “Rental housing bidding platform” or “platform” means a person that connects potential
5 tenants and landlords via an application based or online platform to facilitate rental housing
6 auctions wherein potential tenants submit competing bids on certain lease provisions including
7 but not limited to housing costs and lease term, to landlords for approval or denial. Merely
8 publishing a rental housing advertisement does not make a person a rental housing bidding
9 platform. This definition shall expire on the date Section 7.24.090 expires.

10 * * *

11 Section 3. A new Section 7.24.090 is added to the Seattle Municipal Code as follows:

12 **7.24.090 Use of online or application based rental housing bidding services prohibited**

13 A. Landlords and potential tenants are prohibited from using rental housing bidding
14 platforms for real property located in Seattle city limits.

15 B. This Section 7.24.090 shall expire one year after the effective date of the ordinance
16 introduced as Council Bill 119507 unless the City Council exercises its authority under
17 subsection 7.24.090.C, in which case it shall expire at the end of the extension.

18 C. The City Council has the authority to extend the prohibition in subsection 7.24.090.A
19 by up to 12 months if the Office of Housing requests more time to complete the study of rental
20 housing impacts, or if the Council needs more time to review the study or discuss potential
21 action.

22 Section 4. The provisions of this ordinance are declared to be separate and severable. If
23 any clause, sentence, paragraph, subdivision, section, subsection or portion of this ordinance, or

1 the application thereof to any person or circumstance, is held to be invalid, it shall not affect the
2 validity of the remainder of this ordinance, or the validity of its application to other persons or
3 circumstances.

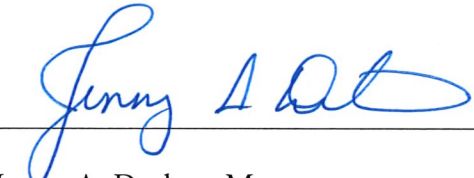
1 Section 5. This ordinance shall take effect and be in force 30 days after its approval by
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

4 Passed by the City Council the 10th day of June, 2019,
5 and signed by me in open session in authentication of its passage this 10th day of
6 June, 2019.

7 


8 President _____ of the City Council

9 Approved by me this 17th day of JUNE, 2019.

10 

11 Jenny A. Durkan, Mayor

12 Filed by me this 18th day of JUNE, 2019.

13 

14 Monica Martinez Simmons, City Clerk

15 (Seal)

