

Director's Report and Recommendation Conforming City Code to New State Landlord-Tenant Requirements

Background and Purpose

The State legislature made significant improvements to tenant protections during the 2019 legislative session. The City of Seattle supported these changes. SB 5600 most notably increases the period of time a tenant has to address an eviction notice from a landlord for non-payment of rent from three days to 14. HB 1440 increases the required notice of a rent increase from 30 days to 60 days. The effective date of these changes in state law will be July 28, 2019. The Seattle codes need to be updated to reflect the changes in state law.

Proposal

SDCI proposes to amend several sections of City code to make it consistent with changes made to State law (SB 5600 and HB1440) during the 2019 legislative session that increase the eviction notice period from three to fourteen days, establish a definition of rent that includes all recurring and periodic charges identified in the rental agreement, require tenant payments to first apply to rent before other fees, and increase required notice for rent increases from 30 days to 60 days. These changes must be incorporated into the Just Cause Eviction Ordinance (SMC 22.206.160), the Cooperative Conversion Ordinance (SMC 22.902), the Rental Agreement Regulation Ordinance (SMC 7.24), the Tenant Relocation Assistance Ordinance (SMC 22.210), and the Prohibited Acts Ordinance (SMC 22.206.180).

Analysis

Needed Changes

The following table shows the changes in State law with the relevant sections of the Seattle Municipal Code, including the substantive proposed changes.

SB 5600:	SMC
RCW 59.12.030(3): A tenant of real property for a term less than life is ((guilty of)) <u>liable for</u> unlawful detainer either:	Just Cause Eviction Ordinance SMC 22.206.160.c.1.a: The tenant fails to comply with a three 14 day notice to pay rent or vacate pursuant to RCW 59.12.030(3); a ten day notice to comply or

<p>(3) When he or she continues in possession in person or by subtenant after a default in the payment of rent, and after notice in writing requiring in the alternative the payment of the rent or the surrender of the detained premises, served (in manner in RCW 23 59.12.040 provided) ((#)) on behalf of the person entitled to the rent upon the person owing it, has remained uncomplished with for the period of three days after service ((thereof)), or for the period of <u>fourteen days after service for tenancies under chapter 59.18 RCW</u>. The notice may be served at any time after the rent becomes due. <u>For the purposes of this subsection and as applied to tenancies under chapter 59.18 RCW, "rent" has the same meaning as defined in RCW 59.18.030;</u></p>	<p>vacate pursuant to RCW 59.12.030(4); or a three day notice to vacate for waste, nuisance (including a drug-related activity nuisance pursuant to chapter RCW 7.43), or maintenance of an unlawful business or conduct pursuant to RCW 59.12.030(5);</p>
<p>RCW 59.18.030: (25) <u>"Rent" or "rental amount" means recurring and periodic charges identified in the rental agreement for the use and occupancy of the premises, which may include charges for utilities. Except as provided in section 6(3) of this act, these terms do not include nonrecurring charges for costs incurred due to late payment, damages, deposits, legal costs, or other fees, including attorneys' fees.</u></p>	<p>Cooperative Conversion Ordinance SMC 22.902.120.A: A developer shall not evict tenants or force tenants to vacate their rental units for the purposes of avoiding application of this chapter. No cooperative unit shall be sold or offered for sale if, in the one-hundred-fifty (150) day period immediately preceding the sale or offer for sale, any tenant has been evicted without good cause. For one hundred twenty (120) days prior to offering a rental unit for sale to the public, the tenant of that unit shall be evicted only for good cause. For the purposes of this chapter "good cause" shall mean:</p> <p>A. Failure to pay rent after service of a three (3) <u>14</u> day notice to pay rent or vacate as provided in RCW 59.12.030(3);</p>
	<p>Rental Agreement Regulation Ordinance SMC 7.24.020: "Housing costs" means ((the compensation or fees paid or charged, usually periodically, for the use of any property, land, buildings, or equipment. For purposes of this ((chapter)) Chapter 7.24, housing costs include the basic))rent ((charge and any periodic or monthly fees for other services paid to the landlord by the tenant, but do not include utility charges that are based on usage and that the tenant has agreed in the rental agreement to pay, unless the obligation to pay those charges is itself a change in the terms of the rental agreement)) <u>as defined by chapter 59.18 RCW.</u></p>
	<p>Tenant Relocation Assistance Ordinance SMC 22.210.030.K:</p>

	<p>"Rent" ((means the basic charge for a tenant's use of the dwelling unit and any periodic or monthly fees for other services paid to a landlord by a tenant, but do not include utility charges that are based on usage and that a tenant has agreed in the rental agreement to pay)) has the meaning given in Chapter 59.18 RCW.</p>
<p>NEW SECTION. Sec. 6. A new section is added to chapter 59.18 RCW to read as follows: Under this chapter: (1) A landlord must first apply any payment made by a tenant toward rent before applying any payment toward late payments, damages, legal costs, or other fees, including attorneys' fees.</p>	<p>Rental Agreement Regulation Ordinance SMC 7.24.030.E: Any rental agreement entered into after the effective date of the ordinance introduced as Council Bill 118817 shall describe the terms and conditions of any monthly or periodic payments required as a condition of tenancy, including but not limited to: rent, security deposits, non-refundable move-in fee, last month's rent, utility payments, parking fees, late fees authorized by the rental agreement, or other monthly or periodic payments required to be made by the tenant to the landlord. When any monthly or periodic payment is made pursuant to the rental agreement, the landlord shall first apply the payment in accordance with <u>RCW 59.18 Sec. 6 (1)</u>. the payment to the rent due before applying it to other payments due by the tenant to the landlord, except that if the payment is made in response to a notice issued pursuant to RCW 59.12.030 during the period of that notice, the landlord shall first apply the payment to the amount specified in that notice, before applying it to the rent due or to other payments due by the tenant to the landlord.</p>

HB 1440	SMC
<p>RCW 59.18.140 (3)(a): <u>(3)(a) Except as provided in (b) of this subsection, a landlord shall provide a minimum of sixty days' prior written notice of an increase in the amount of rent to each affected tenant, and any increase in the amount of rent may not become effective prior</u></p>	<p>Rental Agreement Regulation Ordinance SMC 7.24.030.A: A. Any rental agreement or renewal of a rental agreement for a residential rental unit in The City of Seattle entered into after October 28, 1998, shall include or shall be deemed to include a provision requiring a</p>

<p><u>to the completion of the term of the rental agreement.</u></p> <p><u>(b) If the rental agreement governs 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 shall provide a minimum of thirty days' prior written notice of an increase in the amount of rent to each affected tenant. An increase in the amount of rent may become effective upon completion of the term of the rental agreement or sooner upon mutual consent.</u></p>	<p>minimum of 60 days' prior written notice whenever the periodic or monthly housing costs to be charged a tenant are to increase by ten percent or more over the periodic or monthly rental rate charged the same tenant for the same housing unit and same services for any period or month during the preceding 12-month period, <u>except that for a subsidized tenancy where the amount of rent is based on the income of the tenant or circumstances specific to the subsidized household, the rental agreement shall instead provide a minimum of 30 days prior written notice of an increase in the amount of rent to each affected tenant.</u></p>
	<p>Prohibited Acts Ordinance SMC 22.206.180.H:</p> <p>H. Increase the periodic or monthly housing costs to be charged a tenant by 10 percent or more over the periodic or monthly housing costs charged the same tenant for the same housing unit and the same services for any period or month during the preceding 12-month period without giving the tenant at least 60 days prior written notice of the cost increase, <u>except that for a subsidized tenancy where the amount of rent is based on the income of the tenant or circumstances specific to the subsidized household, the owner shall instead provide a minimum of 30 days prior written notice of an increase in the amount of rent to each affected tenant.</u> The notice shall describe how the tenant may obtain information about the rights and obligations of tenants and landlords under this Chapter 22.206; or</p>
	<p>Prohibited Acts Ordinance SMC 22.206.180.I:</p> <p>I. Increase the periodic or monthly housing costs to be charged a tenant by less than 10 percent over the periodic or monthly housing costs charged the same tenant for the same housing unit and the same services for any</p>

	<p>period or month during the preceding 12-month period without giving the tenant at least 30 days prior written notice of the cost increase. The notice shall describe how the tenant may obtain information about the rights and obligations of tenants and landlords under this Chapter 22.206; or</p>
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Impact on Renters and Landlords

Because these changes are made in state law and must be followed regardless of City action, the City code changes will have no impact on their own. The main impacts of the changes to the eviction notice will be to allow tenants more time to address an eviction for failure to pay rent. This could include coming up with the funds on their own, lining up rental assistance, or identifying deficiencies in the landlord's eviction proceeding. Providing a uniform 60-day notice of a rent increase will allow tenants more time to prepare for the rent increase or find a different place to live. These changes are expected to improve housing stability for renters.

Landlords will have a slower eviction process and need to plan further ahead for rent increases, but they continue to have the ability to proceed with evictions and rent increases. The state changes include utilities in the definition of rent, which clarifies that landlords can include failure to pay utilities in an eviction proceeding.

Implementation of the Changes

The new legislation will require updating print materials, changing landlord training curriculum, changing web-based information, and an associated outreach campaign. This work can be folded into existing work of the Renting in Seattle program and the Property Owner and Tenant Assistance group at a negligible effort and cost.

SDCI may see a small increase in tenant complaints and caseload since tenants will have more time to call us with questions about their rights or complaints about the eviction notice.

Recommendation

The SDCI Director recommends that the City Council adopt the proposed ordinance that conforms the City code to the new State landlord-tenant requirements.