

March 27, 2020

MEMORANDUM

To: Seattle City Councilmembers
From: Asha Venkataraman, Analyst
Subject: Council Bill 119762: Emergency legislation for rental payment plans

On March 23, 2020, Councilmember González sponsored for introduction and referral [Council Bill \(CB\) 119762](#). This legislation would allow a tenant who is unable to pay timely rent during and six months after the end of the COVID-19 civil emergency to pay late rent on an installment schedule, as agreed to between the landlord and the tenant. CB 119762 would be effective immediately upon passage. This memorandum provides background on this legislation and describes the bill and its impacts.

Background

In response to developments regarding the spread, transmission, and contraction of COVID-19 in Washington State and the Seattle region, Mayor Durkan proclaimed a civil emergency on March 3, 2020. Governor Inslee has issued a series of emergency orders intended to slow COVID-19, including restricting the size of public gatherings and limiting operations of bars and restaurants. These restrictions, among others, reduce work and cause loss of income for workers in multiple industries, including the service and entertainment industries, and are causing widespread economic impacts. Decreases in workers' income risks financial instability and uncertainty about how to allocate resources to continuing expenses, including rent.

Because the economic disruptions from COVID-19 increase the likelihood that tenants will have difficulty paying rent and such disruptions are unlikely to end immediately when the civil emergencies end, the timing of when such impacts will cause tenants to be unable to pay rent will vary. As of this time, no federal or state actions address a tenant's ability to pay rent or provide relief from the full amount of rent coming due periodically during this crisis.

CB 119762

This legislation would allow tenants to pay overdue rent in installments on a payment schedule:

- For overdue rent incurred during or within six months after the end of the civil emergency proclaimed by the Mayor on March 3;
- If the failure to pay rent is the result of any of the following, caused by the COVID-19 emergency:
 - illness;
 - loss or reduction of income;
 - loss of employment;
 - reduction in compensated hours of work;

- business or office closure;
- a need to miss work to care for a family member or child, where that care is uncompensated; or
- other similar loss of income.

The landlord and tenant may negotiate a written payment schedule subject to the following parameters:

- The schedule may not require the tenant to pay more than one-third (1/3) of the monthly or periodic rent when it is due unless the tenant agrees; and
- Any overdue rent is made current to the landlord within one year after the end of the civil emergency proclaimed by the Mayor on March 3.

Lastly, no late fees, interest, or other charges due to late payment of rent can accrue during or within six months after the end of the civil emergency proclaimed by the Mayor on March 3. The bill would not amend the Seattle Municipal Code, but rather sets out emergency provisions that are in effect for the same amount of time the protections in CB 119761 apply, which is six months after the end of the civil emergency proclaimed by the Mayor on March 3.

Next Steps

Central Staff will be working to answer questions and craft potential amendments from Councilmembers for discussion at a subsequent committee or Council meeting.

cc: Kirstan Arestad, Executive Director
 Aly Pennucci, Supervising Analyst