CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE amending Sections 7.24.020, 7.24.030, 7.24.040, 7.24.050, and 7.24.060 of the Seattle Municipal Code (SMC); and adding new Sections 7.24.035 and 7.24.036 to the SMC; to limit the amount of security deposits and non-refundable move-in fees for residential rental properties and to allow residential tenants to pay security deposits, non-refundable move-in fees, and last month's rent in installments.

WHEREAS, before moving into a rental unit, landlords typically require that tenants pay some type of security deposit to ensure that the tenant will comply with certain provisions of the rental agreement, such as payment for damage to the dwelling unit or cleaning the unit when the tenant vacates the unit; and

WHEREAS, before moving into a rental unit, landlords sometimes also require payment of non-refundable fees such as fees for tenant screening reports or cleaning; and

WHEREAS, before moving into a rental unit, landlords typically require that tenants prepay the last month's rent; and

WHEREAS, rents in Seattle have been increasing rapidly and vacancies in rental housing are at low levels, making it increasingly difficult for tenants, especially those with limited finances, to obtain rental housing; and

WHEREAS, rent increases may cause a tenant to move due to inability to pay the increased rent; and

WHEREAS, these conditions in the rental market have created a relocation crisis, because tenants, especially those with limited finances, may be unable to save money to pay security deposits, non-refundable move-in fees, and last month's rent; and

WHEREAS, payment of security deposits, nonrefundable move-in fees, and last month's rent in advance of

tenancy, especially for people with limited finances, is one of the barriers to obtaining housing; and

WHEREAS, limiting the amount a landlord can charge for a security deposit and non-refundable move-in fees will help reduce this barrier and allow people to prepare for moving expenses with more certainty; and

WHEREAS, allowing tenants to pay security deposits, non-refundable move-in fees, and last month's rent in installments will help reduce this barrier; and

WHEREAS, the Council finds that this ordinance will protect and promote the health, safety, and welfare of the general public; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 7.24.020 of the Seattle Municipal Code, last amended by Ordinance 124919, is amended as follows:

7.24.020 Definitions

* * *

"Last month's rent" means money that is paid as rent for the last month of a residential tenancy and that is paid at the inception of the tenancy or in installments as authorized by subsection 7.24.036.

* * *

"Non-refundable move-in fees" means non-refundable fees paid by a tenant to reimburse a landlord for the cost of obtaining a tenant screening report or to pay for cleaning of the dwelling unit upon termination of the tenancy.

* * *

"Security deposit" means any payment, fee, charge, or deposit of money paid to the landlord by the tenant at the beginning of the tenancy as a deposit and security for performance of the tenant's obligations in a written lease agreement but does not include a payment for last month's rent. Security deposits include payments, charges, or deposits for the purpose of:

1. Repairing damage to the premises, exclusive of ordinary wear and tear, caused by the

tenant, by a guest or licensee of the tenant, or by pets.

2. Cleaning the premises upon termination of the tenancy to the level of cleanliness present when the tenancy began, if a non-refundable move-in fee for cleaning was not required.

3. Compensating the landlord for the tenant's breach of the tenant's duties prescribed in the rental agreement to restore, replace, or return personal property or appurtenances.

4. Compensating the landlord for the tenant's failure to return keys to the premises.

* * *

Section 2. Section 7.24.030 of the Seattle Municipal Code, last amended by Ordinance 119171, is amended as follows:

7.24.030 Rental agreement requirements ((.))

A. Any rental agreement or renewal of a rental agreement for a residential rental unit in ((~~the~~)) The City of Seattle entered into after ((~~the effective date of the ordinance adding this subsection A~~)) October 28, 1998, shall include or shall be deemed to include a provision requiring a minimum of ((~~sixty (60)~~)) 60 days' prior written notice whenever the periodic or monthly housing costs to be charged a tenant ((~~is~~)) are to increase by ten (((~~10~~))) 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 ((~~twelve (12)~~))) 12-month period.

B. No rental agreement entered into after ((~~the effective date of the ordinance codified in this chapter~~)) September 29, 1993, that creates or purports to create a tenancy from month to month or from period to period on which rent is payable, may:

1. Require occupancy for a minimum term of more than one (((~~1~~))) month or period;

2. Impose penalties, whether designated as "additional rent" or fees, if a tenant terminates the tenancy pursuant to law and vacates before expiration of any minimum term prohibited by subsection ((~~B(1) of this section~~)) 7.24.030.B.1;

3. Require forfeiture of all or any part of a deposit if the tenant terminates the tenancy

pursuant to law and vacates before expiration of any minimum term prohibited by subsection ((~~B(1) of this section~~)) 7.24.030.B.1; provided, that nothing in this chapter shall prevent a landlord from retaining all or a portion of a deposit as compensation for damage to the premises as provided by law and the rental agreement or, as provided by law, for failure to perform other obligations imposed by the rental agreement.

C. Any rental agreement entered into after the effective date of the ordinance introduced as Council Bill 118756 is subject to the requirements of this Section 7.24.030. Security deposits and non-refundable move-in fees are prohibited unless authorized by a written rental agreement that:

1. Identifies the non-refundable move-in fees;

2. Describes the terms and conditions under which the security deposit or portion thereof may be retained by the landlord. The agreement shall specifically describe the condition and cleanliness of the dwelling unit at the time of occupancy including damages to the premises and furnishings, which include but are not limited to: walls, floors, countertops, carpets, drapes, furniture, and appliances.

3. Describes the terms and conditions of the payment schedule for the security deposit and non-refundable move-in fees pursuant to subsection 7.24.035.C.

D. Any rental agreement entered into after the effective date of the ordinance introduced as Council Bill 118756 is subject to the requirements of this Section 7.24.030. Any payment of last month's rent by the tenant to the landlord shall be authorized by a written rental agreement that:

1. Identifies the amount of the last month's rent; and

2. Describes the terms and conditions of the payment schedule for the last month's rent if the tenant elects to pay the last month's rent in installments as authorized by subsection 7.24.036.

Section 3. A new Section 7.24.035 is added to the Seattle Municipal Code as follows:

7.24.035 Security deposits and nonrefundable move-in fees

A. Limit on the amount of charges for security deposits and non-refundable move-in fees. After the effective date of the ordinance introduced as Council Bill 118756, the total amount of a security deposit and

nonrefundable move-in fees may not exceed the amount of the first full month's rent for the tenant's dwelling unit. If rent is not paid or otherwise apportioned on a monthly basis, then for the sole purpose of applying this limit the total rent shall be pro-rated on an equal, monthly basis and the total charge to a tenant for the cost of a security deposit and nonrefundable move-in fees may not exceed the pro-rated, monthly rental amount.

B. Restrictions on fees

1. Other than non-refundable move-in fees, security deposits, and last month's rent, landlords are prohibited from charging tenants any one-time fee at the beginning of the tenancy.

2. Pursuant to RCW 59.18.257, any fees charged to a tenant by the landlord to reimburse the landlord for the cost of obtaining a tenant screening report cannot exceed the actual cost of obtaining the report, which may not exceed the customary costs charged by a tenant screening service in The City of Seattle.

3. If the tenant has paid a non-refundable move-in fee for cleaning, the landlord may not deduct additional cleaning fees from the tenant's security deposit.

4. The total amount of non-refundable move-in fees may not exceed ten percent of the first full month's rent, except that if the cost of a tenant screening report exceeds ten percent of the first full month's rent, the amount in excess of ten percent may be included in the non-refundable fee but may not exceed the customary costs charged by a screening service in The City of Seattle.

C. Tenants may pay security deposits and non-refundable move-in fees in installments as provided below. Landlords may not impose any fee, charge any interest, or otherwise impose a cost on a tenant because a tenant elects to pay in installments.

1. For any rental agreement term that establishes a tenancy for six months or longer, the tenant may elect to pay the security deposit and non-refundable move-in fees in six consecutive, equal monthly installments that begin at the inception of the tenancy or, if agreed by the landlord and tenant, according to an installment schedule described in the rental agreement.

2. For any rental agreement term that establishes a tenancy between 30 days and six

months, the tenant may elect to pay the security deposit and non-refundable move-in fees in no more than four equal amounts that begin at the inception of the tenancy and are paid in installments of equal duration or, if agreed by the landlord and tenant, according to an installment schedule described in the rental agreement.

3. For any rental agreement term that establishes a tenancy from month to month, the tenant may elect to pay the security deposit and non-refundable move-in fees in two equal installments. The first payment is due at the inception of the tenancy and the second payment is due on the first day of the third week of the tenancy or, if agreed by the landlord and tenant, according to an installment schedule described in the rental agreement.

D. Nothing in this chapter prohibits a landlord from bringing an action against a tenant to recover sums exceeding the amount of the tenant's security deposit for damage to the dwelling unit for which the tenant is responsible. The landlord may seek attorney's fees for such an action as prescribed by chapter 59.18 RCW.

Section 4. A new Section 7.24.036 is added to the Seattle Municipal Code as follows:

7.24.036 Installment payment option for last month's rent

A tenant may elect to pay last month's rent in installments as follows:

A. For any rental agreement term that establishes a tenancy for six months or longer, the tenant may elect to pay the last month's rent in six consecutive, equal monthly installments that begin at the inception of the tenancy or, if agreed by the landlord and tenant, according to an installment schedule described in the rental agreement.

B. For any rental agreement term that establishes a tenancy between 60 days and six months, the tenant may elect to pay the last month's rent in no more than four equal amounts that begin at the inception of the tenancy and are paid in installments of equal duration or, if agreed by the landlord and tenant, according to an installment schedule described in the rental agreement.

C. Landlords may not impose any fee, charge any interest, or otherwise impose a cost on a tenant because a tenant elects to pay the last month's rent in installments.

Section 5. Section 7.24.040 of the Seattle Municipal Code, last amended by Ordinance 116843, is amended as follows:

7.24.040 Provisions in violation of restrictions null and void ((.))

Any provisions in violation of ((~~Section~~)) Sections 7.24.030, 7.24.035, and 7.24.036 of this chapter in a rental agreement are null and void and of no lawful force and effect.

Section 6. Section 7.24.050 of the Seattle Municipal Code, last amended by Ordinance 119171, is amended as follows:

7.24.050 Defense in commencing action-Fees and costs awarded ((.))

In any action commenced for unlawful detainer or to enforce a rental agreement, to impose penalties or to forfeit a deposit contrary to rental agreement provisions required by ((~~Section~~ ((~~7.24.030 A~~)) subsections 7.24.030.A, 7.24.030.C, or 7.24.030.D of this chapter or pursuant to rental agreement provisions prohibited by ((~~Section 7.24.030 B~~)) subsection 7.24.030.B of this chapter, it ((~~shall be~~)) is a defense to such action that such provisions are contrary to the requirements for rental agreements imposed by this chapter, and a tenant who prevails on such defense shall be awarded reasonable attorney fees and costs.

Section 7. Section 7.24.060 of the Seattle Municipal Code, last amended by Ordinance 119171, is amended as follows:

7.24.060 Landlord liability to tenant ((.))

A. If a landlord attempts to enforce provisions in a rental agreement that are contrary to ((~~those required to be included in a rental agreement by Section 7.24.030 A or includes provisions prohibited by Section 7.24.030 B in a rental agreement entered into after the effective date of this ordinance~~)) the requirements of Sections 7.24.030, 7.24.035, or 7.24.036, the landlord shall be liable to the tenant for: 1) any actual damages incurred by the tenant as a result of the landlord's attempted enforcement; ((~~plus~~)) 2) double the amount of any penalties imposed by the City; 3) double the amount of any ((~~or~~)) security deposit ((~~forfeited,~~)) unlawfully charged or withheld by the landlord; ((~~as well as~~)) and 4) reasonable attorney fees and costs. ((~~Prior~~

~~to seeking damages and penalties for failure to return a security deposit, the tenant must have~~)) The landlord is not liable for double the amount of the security deposit for unlawfully withholding return of all or a portion of the security deposit unless the tenant has requested return of the security deposit from the landlord.

B. A landlord who includes provisions prohibited by ((~~Section 7.24.030 B~~)) subsection 7.24.030.B, Section 7.24.035, or Section 7.24.036 in a new rental agreement, or in a renewal of an existing agreement, shall be liable to the tenant for ((~~One Thousand Dollars ($1,000)~~)) $1,000 plus reasonable attorney fees and costs.

Section 8. The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance, or the invalidity of its application to any person or circumstance, does not affect the validity of the remainder of this ordinance, or the validity of its application to other persons or circumstances.

Section 9. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the ____ day of _____, 2016,

and signed by me in open session in authentication of its passage this _____ day of _____, 2016.

_____

President _____ of the City Council

Approved by me this ____ day of _____, 2016.

_____

Edward B. Murray, Mayor

Filed by me this ____ day of _____, 2016.

_____

Monica Martinez Simmons, City Clerk

(Seal)