



SEATTLE CITY COUNCIL

Sustainability and Renters' Rights Committee

Agenda

Friday, June 30, 2023

9:30 AM

Special Meeting

Council Chamber, City Hall
600 4th Avenue
Seattle, WA 98104

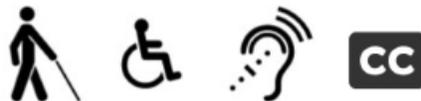
Kshama Sawant, Chair
Sara Nelson, Vice-Chair
Debora Juarez, Member
Andrew J. Lewis, Member
Tammy J. Morales, Member

Chair Info: 206-684-8803; Kshama.Sawant@seattle.gov

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Meeting Location:

Council Chamber, City Hall, 600 4th Avenue, Seattle, WA 98104

Committee Website:

<http://www.seattle.gov/council/committees/sustainability-and-renters-rights>

This meeting also constitutes a meeting of the City Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business.

Members of the public may register for remote or in-person Public Comment to address the Council. Details on how to provide Public Comment are listed below:

Remote Public Comment - Register online to speak during the Public Comment period at the meeting at

<http://www.seattle.gov/council/committees/public-comment>. Online registration to speak will begin two hours before the meeting start time, and registration will end at the conclusion of the Public Comment period during the meeting. Speakers must be registered in order to be recognized by the Chair.

In-Person Public Comment - Register to speak on the Public Comment sign-up sheet located inside Council Chambers at least 15 minutes prior to the meeting start time. Registration will end at the conclusion of the Public Comment period during the meeting. Speakers must be registered in order to be recognized by the Chair.

Submit written comments to Councilmember Sawant at Kshama.Sawant@seattle.gov

Please Note: Times listed are estimated

A. Call To Order

B. Approval of the Agenda

C. Public Comment

D. Items of Business

1. Rent Control Community Panel

Supporting Documents: [Rent Control FAQ - June 2023](#)

Briefing and Discussion (30 minutes)

Presenters: Kailyn Nicholson, Socialist Alternative; Rose Hiemstra, Rank-and-file Member of the Northshore Education Association; Barbara Phinney, American Federation of Government Employees Local 3197 Delegate to the Martin Luther King, Jr. County Labor Council; Ella Rapp, New York City Renter Rights Advocate

2. [CB 120606](#) AN ORDINANCE relating to tenant protections; establishing rent control provisions; regulating residential rent increases; establishing a Rent Control Commission and District Rent Control Boards to authorize rent control exemptions; establishing enforcement provisions; adding a new Chapter 7.28 to the Seattle Municipal Code; and amending Sections 3.06.030 and 22.214.040 of the Seattle Municipal Code.

Supporting Documents: [Summary and Fiscal Note](#)
[Central Staff Memo \(6/30/23\)](#)

Briefing and Discussion (45 minutes)

Presenters: Asha Venkataraman and Jennifer LaBrecque, Council Central Staff

E. Adjournment



Legislation Text

File #: Inf 2285, **Version:** 1



Seattle Needs Rent Control Now!

Frequently Asked Questions

Office of Councilmember Kshama Sawant | Updated June 28, 2023

Councilmember Kshama Sawant's office has brought forward [rent control legislation](#) for the city of Seattle, to be voted on by the Seattle City Council this summer.

Why do Seattle's renters need rent control?

Seattle's housing affordability and cost of living crisis is the worst it's been in decades, and it's only getting worse. Over the last three years, overall costs in the Seattle metropolitan area [climbed](#) over 20 percent, more than cities like New York, Los Angeles, and San Francisco. Wages in Seattle, meanwhile, have far from kept up, growing just 16 percent after a precipitous drop at the start of the pandemic.

Even before this record inflation was unleashed, Seattle metro area rents increased by nearly [92 percent](#) between 2010 and 2020. This means Seattle-area rents in that decade increased more than in comparable regions such as the California Bay Area. Using the conventional measure of defining a household as rent-burdened when they are forced to pay over 30 percent of their income in housing costs, [82 percent](#) of low-income renters in the Seattle metro area are rent-burdened.

Nationally, [39 percent](#) of Americans (and 44 percent of millennials) say they are forced to skip meals to afford housing payments. And a [2020 national study](#) from the U.S. Government Accountability Office showed that a \$100 increase in median rent is associated with a 9 percent increase in the estimated homelessness rate. From 2019 to 2020, Seattle saw a [5 percent increase](#) in people experiencing homelessness.

Why do rents keep increasing dramatically?

In the absence of any real publicly-owned social housing, which would be automatically rent-controlled and affordable, most renters under capitalism are forced to rely on the for-profit market. For-profit landlords regularly claim that they need to increase rents in order to make their mortgage and tax payments, and for maintenance or improvements in their properties.

The reality is deeply troubling—for the most part, for-profit landlords and property management companies raise rents because they can, given the balance of power they have against working-class and low-income renters.

Not surprisingly, a [survey](#) of landlords and tenants from last year shows that the likelihood a landlord will raise rent goes up with the number of properties they own. **Only 52 percent of the landlords who own one property said they will increase rent, compared with 92 percent of those who own more than 10 units.** The survey also shows that many “mom-and-pop” small landlords plan to raise rents less than what they believe to be the market rate.

Corporate landlords have raked in astronomical profits from rent increases. A [report by Accountable.US](#) found that the six largest property management companies in the U.S. made \$4.3 billion in profits in 2022, which is over \$1.3 billion more than in 2021. At least three of the six—Invitation Homes, AvalonBay, and AMH—own multiple properties in Seattle. The report found the corporate landlords made these enormous profits by “imposing double-digit rent increases, charging excessive fees, and engaging in abusive tactics to evict tenants.” Most of the big property management companies are owned by major companies, banks, and other large corporate entities—and the individuals who rake in the profits through the holdings are multimillionaires and billionaires.

Part of that enormous financial windfall for corporate landlords in 2022 was driven not by rent increases, but by landlords piling egregious fees on top of rent, such as late fees. In Seattle, many tenants have even reported junk fees added on top of late fees, like “delivery fees” that are additional costs tenants are forced to pay for the “privilege” of receiving a bill from their landlord.

In April, Seattle renters, union members, and socialists, alongside our office, won a \$10 per month limit on the late fees landlords can charge for overdue rent, and a ban on any junk fees tacked onto late fees. This was a [massive victory](#) for Seattle’s 360,000 renters, some of whom reported being charged hundreds of dollars in late fees for paying rent even one day late. We won that law despite the opposition of corporate landlords and attempts by even self-described “labor Democrats” to serve corporate greed.

As if the normal situation under capitalism was not bad enough for renters, many large property companies have been found to have [conspired](#) to drive up rents using rent-setting software from a corporation called RealPage, which aggressively and relentlessly targets tenants for the highest possible rent increases. As openly [admitted](#) by Realpage, the software algorithm’s computer generated pricing makes far greater profits for corporate landlords, unlike human leasing employees, who have “too much empathy” for tenants. In Seattle’s Queen Anne neighborhood, 70 percent of apartments are overseen by just 10 property companies, “every single one of which used pricing software sold by RealPage.”

Even in the not-for-profit sector, which accounts for a tiny fraction of rental housing, rents are going up sharply relative to the incomes of the struggling tenants who qualify for the housing. In one of many examples, in the autumn of 2021, tenants at the Rainier Court Apartments in Seattle’s Mount Baker neighborhood—where over 550 working-class and low-income families reside—faced [exploitative rent increases](#) at the hands of SEED (the nonprofit landlord). The tenants, getting organized with our office, the Tenants Union, and Be:Seattle, [defeated](#) the rent increase.

Do landlords who significantly increase rents ensure regular maintenance and upkeep, and respond to tenant complaints in a timely manner?

Far from well-maintained rental homes, an overwhelming amount of anecdotal evidence reveals that large numbers of tenants of corporate landlords and slumlords face dilapidated conditions, which often persist despite numerous complaints. In several cases, the tenant may even be too intimidated to complain.

Invitation Homes corporation, for example, has engaged in "fee-stacking" — piling up late fees, extra charges for "smart locks" and pets, and using online systems to pay rent—against its tenants, while [forcing them to face](#) "leaky pipes, vermin, toxic mold, nonfunctioning appliances and months-long waits for repairs."

In 2021, tenants at the Terrace Crest Apartments in Seattle's First Hill neighborhood went for two months during the winter without hot water or heat after the boiler in their building broke and the landlord, Breier-Scheetz Properties, refused to fix it. The landlord ignored tenants' requests that the boiler be fixed until our office started [organizing](#) alongside tenants to demand the hot water and heat be fixed immediately, and that tenants be refunded rent for each day the boiler was broken.

In 2015, East African tenants of Seattle landlord Carl Haglund fought alongside our office when Haglund brazenly attempted to double their rents while ignoring the longstanding mold and roach infestation, broken heaters, and other serious conditions in the apartments. The tenant struggle not only delivered Haglund a major defeat, it helped build momentum for our office and the city's working people to win the [Carl Haglund law](#), which prohibits landlords with outstanding housing code violations from raising rents.

Even at the nonprofit Rainier Court apartments, SEED executives blatantly continue to ignore horrendous living conditions—such as infestation, major leaks and flooding, and broken heating and appliances—in the buildings to this day. Not one Seattle-based elected official other than my office has stood with the tenants, tacitly allowing SEED to get away with this.

How would our proposed rent control law work?

Our rent control law would make it illegal for landlords to raise the rent by more than the rate of inflation. Rents could be reduced, or kept the same, but if they are increased, the increase can be no more than the rate of inflation. As wages and costs go up over time, so will rents, but no faster.

Isn't rent control illegal in Washington State?

Yes, there is a deeply unjust statewide ban on rent control (RCW 35.21.830), which powerfully benefits the greed of property management corporations and big banks. Democrats and Republicans have had a bipartisan agreement in maintaining this 1981 law, which prohibits any municipality in Washington State from passing any law regulating rent. To address this, **our rent control legislation is essentially**

a ‘trigger law.’ If passed by the City Council, it will become effective the moment the state law banning rent control is overturned.

The Democratic Party has held the Governor’s mansion for 30 out of the last 30 years, the Senate for 20 years, and the House for 23 years. Yet, in spite of the stunning housing crisis in Washington and growing national debate on rent control, they continue to refuse to even give any sort of rent control policy a vote, or even discuss lifting the ban on rent control. This year, the Democrats—who again have a majority—refused to allow two bills to remove the ban to even be voted on.

There is nothing blocking the State Democrats and Republicans from lifting the ban today, except their close ties and loyalty to real estate interests, big banks, and the rich. Building a fighting movement to win the rent control trigger law in Seattle can help energize a statewide movement that can put immense pressure on Olympia to finally repeal the ban. State legislators will no longer be able to ignore this issue. Winning an ordinance in Seattle will also clarify what our movement means by “rent control.” But to win we will need to build a serious, fighting movement.

Real estate interests have always viciously opposed even smaller renters’ rights law, let alone rent control. We know from the outset that this will be a big fight!

Is such a trigger law legal?

Yes, this rent control trigger law is completely legal. Our legislation has been thoroughly reviewed by the City Attorney’s office.

Some say they support rent control, but worry if working people win this rent control trigger law in Seattle, it will make Washington State politicians even more determined to uphold the ban.

The reality is the exact opposite! After four decades of betrayal by State Democrats and Republicans, renters and working people simply cannot spend more time hoping they will act on our behalf. Instead, history shows that when working people get organized and fight back, it forces the ruling class and their political representatives to concede. When our grassroots [15 Now movement](#) was fighting in 2014 for Seattle to become the first major city with the \$15/hour minimum wage, many cautioned that we should just wait for statewide changes. But instead, after Seattle’s working people forced big business and Democrats on the City Council to concede here, it built the momentum for the labor movement to win historic minimum wage increases statewide. Similarly, our worker- and socialist-led Tax Amazon movement won a historic Amazon Tax on corporations to fund affordable housing, which forced the statewide Democratic establishment to pass the capital gains tax. Seattle’s renters and our office have also led on renters’ rights victories that have subsequently been won at the state level.

Are there any existing limitations on how much landlords can increase rents in Seattle?

A law won by our office in 2021, alongside a fighting campaign of renters, union members, and socialists, requires landlords to pay economic eviction assistance (equivalent to 3 months’ rent) if they raise rents more than 10 percent. Winning this law required working people across Seattle coming together to put pressure on City Council Democrats to vote Yes, by speaking in public comment,

sending emails, and rallying. Otherwise, after tenants move out, or after forcing tenants out, landlords can raise rents as high as they feel the market will allow—during this severe housing shortage, that has meant corporate landlords especially have raised rents sky-high.

What loopholes hinder rent control?

Our rent control legislation has none of the corporate loopholes that the landlord lobby has often used to undermine and nullify rent control protections in cities and states around the country:

Our law protects all renters in Seattle.

Many cities and states limit rent control protections to only apply to certain units. For example, New York City's [rent control law](#) only applies to 16,400 apartments built before 1947 that have been continually occupied by a tenant since 1971, and their rent stabilization covers around 1 million apartments in buildings with six or more units built before 1973. In these places, rent control works great if you are lucky enough to find a rent controlled apartment, but leaves all other rents unprotected from the predatory for-profit rental market. **Corporate landlords, who themselves strenuously fight to put in these loopholes, then dishonestly point to the high rent in the uncontrolled housing and claim that rent control doesn't work.** The truth is the opposite, because it is only the housing excepted from rent control that have the uncontrolled rents. **Our rent control law would protect all renters in Seattle, regardless of the rental home's size, type, location, or building date.**

Our law stops 'vacancy decontrol'.

Many cities and states, most notably in California, have created a loophole called 'vacancy decontrol' where landlords can raise the rent without limit every time a renter moves. As a result, the rent control policy becomes ineffective, because housing is continually reverting to market prices. It also creates those outrageous situations where an unscrupulous landlord will try to bully long standing tenants (often elderly and/or low-income) out of their homes in order to raise the rents. This has been another of the abusive tactics used by corporate landlords to reap profits. A grassroots renters' movement in New York State fought and overturned the vacancy decontrol loophole in 2019.

Won't developers stop building new housing if there is rent control?

No. The claim that rent control reduces the quality and quantity of available housing is a myth perpetuated by the real estate lobby. Big developers have controlled Seattle's political establishment for years, and despite a skyline littered with cranes, Seattle's big developers have done nothing to make rents more affordable.

New York City's "two largest building booms took place during times of strict rent controls: the 1920s and the post-war period between 1947 and 1965." More recently, UC Berkeley researchers have found that "the six cities that had rent control in the Bay Area actually produced more housing units per capita than cities without rent control."

In addition to rent control, our movement also needs to fight for taxing big business to fund a massive investment in social housing, which would mean construction of new publicly-owned, affordable homes, and also public-sector, unionized, living-wage construction and maintenance jobs.

What is ‘one-to-one replacement’?

Our rent control law requires one-to-one replacement of affordable units anytime there is new construction, or redevelopment. If a developer demolishes a ten-apartment building to build one with 100 apartments, the new landlord must maintain the original rent of the 10 units they demolished in at least 10 of the new units. New construction that is truly new, and honestly adds housing to Seattle will be able to choose the initial rent to charge, but any rent increases after starting rents are set would be covered by our rent control law, and could not be greater than the rate of inflation.

What if a landlord experiences an unexpected financial emergency?

Our rent control law creates a rent control board of five renters and one landlord in each City Council District, empowered to consider exceptions. If a small landlord faces unforeseen costs like a tree falling on the roof, and they honestly need financial support, they can appeal to the rent control board for an exception. However, our bill makes clear that these exceptions are only to be granted when they are truly needed.

What happened to rent control in Oregon?

In 2019, the Oregon State Legislature passed an extremely limited rent control policy that limited rent increases to the rate of inflation **plus an additional 7 percent**. That means, for example, rent increases in 2023 can be over 14 percent. While some renters in Seattle have faced even greater rent increases, 14 percent is totally unacceptable, and a real burden for working people in Oregon. Our Seattle rent control bill would limit rent increases to the rate of inflation so renters do not fall farther and farther behind. The Oregon law also includes other serious loopholes, including vacancy decontrol and exemptions.

Could rent control lower the quality of rental housing?

No. Slumlords thrive under capitalism when tenants have limited protections. The only way to eliminate slumlords and badly-maintained housing units is for renters and working people to empower ourselves through getting organized into a movement independent of the establishment, and fighting for bold affordable housing solutions: rent control, social housing funded by taxing big business, a full [Renters’ Bill of Rights](#), and strong enforcement.

In areas where the vacancy decontrol loophole prevails, landlords might allow housing to fall into disrepair to encourage tenants to move out. So, we need to build a movement strong enough to win rent control without corporate loopholes. Slumlords and exploitative property corporations are not a product of rent control, but of low social and political power of renters and working people versus real estate conglomerates and the super-wealthy.



Legislation Text

File #: CB 120606, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to tenant protections; establishing rent control provisions; regulating residential rent increases; establishing a Rent Control Commission and District Rent Control Boards to authorize rent control exemptions; establishing enforcement provisions; adding a new Chapter 7.28 to the Seattle Municipal Code; and amending Sections 3.06.030 and 22.214.040 of the Seattle Municipal Code.

WHEREAS, Article 25 of the United Nations' Universal Declaration of Human Rights recognizes housing as a human right; and

WHEREAS, Seattle faces an affordable housing and homelessness crisis as rising rents have forced thousands of Seattle renters out of their homes, neighborhoods, and the City; and

WHEREAS, between 2010 and 2018 average rent in the Seattle area rose 69 percent while inflation for Urban Wage Earners (CPI-W) in the Seattle area rose only 20.3 percent; and

WHEREAS, rental housing industry analysis firm ApartmentList.com calculated that average Seattle rents increased 23 percent in 2021; and

WHEREAS, the “Seattle Housing Market Forecast for 2021” of real estate investment consulting firm Mashvisor notes that “Seattle real estate investors are continuing to enjoy a good return on investment on rental properties...Although affordability continues to be an issue for local residents, it does have a positive aspect for Seattle real estate investors. Owning a rental property in Seattle does mean high demand which translates into good occupancy rates and cash flow”; and

WHEREAS, a national study published in the Journal of Urban Affairs established the correlation between increasing rent and homelessness including that: (1) Washington is the tenth most expensive state for

renters; (2) the high cost of rental housing is driving increases in homelessness; and (3) an increase of \$100 in median rent for an area results in a 15 percent (metro areas) and a 39 percent (nearby suburbs and rural areas) increase in homelessness; and

WHEREAS, across the United States and around the world rent control policies have allowed millions of people to remain in their homes, neighborhoods and cities; and

WHEREAS, in September 2015, the Seattle City Council passed Resolution 31620 advocating for the “State Legislature to allow local governments to propose ordinances that significantly increase the supply of rent restricted units and that protect tenants from sudden and dramatic rent increases, without causing a negative impact on the quality or quantity of housing supply, by modifying or repealing RCW 35.21.830”; and

WHEREAS, there is a growing movement of renters for rent control, which in 2018 and 2019 won new rent control laws and expansions of existing rent control laws in California, Oregon, and New York; and

WHEREAS, over 12,000 Seattleites have signed petitions, urging The City of Seattle to enact rent control laws; and

WHEREAS, the Council intends to pursue amendments to the City Charter to allow election of Rent Control Commission members; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. A new Chapter 7.28 is added to the Seattle Municipal Code as follows:

CHAPTER 7.28 RENT CONTROL

7.28.010 Short title

This Chapter 7.28 may be known as the Rent Control Ordinance.

7.28.020 Purposes

The purposes of this Chapter 7.28 are to prohibit large and unaffordable rent increases that cause housing displacement for tenants, to help renters build community by allowing them to remain in their neighborhoods,

to allow young people to remain in their neighborhood schools, to prevent the expansion of homelessness, to reduce the waste of fuel and time resulting from long commutes, and to promote the affordability of housing in Seattle.

7.28.030 Definitions

"Department" means the Seattle Department of Construction and Inspections or its successor.

"Director" means the Director of the Seattle Department of Construction and Inspections.

"Hearing Examiner" means the official appointed by the Council and designated as the Hearing Examiner.

"Landlord" means the owner, lessor, or sublessor of the rental housing unit or the property of which it is a part, and in addition means any person designated as representative of the owner, lessor, or sublessor including, but not limited to, an agent, a resident manager, or a designated property manager.

"Maximum annual rent increase" means the rate of inflation multiplied by the average monthly rent charged in the preceding 12 months.

"Person" means any individual, firm, corporation, association, governmental entity, or partnership and its agents or assigns.

"Rate of inflation" means 100 percent of the annual average growth rate of the bi-monthly Seattle-Tacoma-Bellevue Area Consumer Price Index for Urban Wage Earners and Clerical Workers, termed CPI-W, for the 12-month period ending in August, provided that the percentage increase shall not be less than zero.

"Rent" and "rental amount" mean "rent" as defined by chapter 59.18 RCW.

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

"Rental housing unit" means any housing unit for which rent is charged, other than those excepted in subsection 7.28.040.A.

"Renter" and "tenant" mean a "tenant" as defined in and within the scope of RCW 59.18.030 and RCW

59.18.040 in effect at the time the rental agreement is executed.

7.28.040 Applicability

A. This Chapter 7.28 applies to all rental housing units except:

1. Housing units lawfully used as short-term rentals as defined in Section 23.84A.024;

2. Housing units in hotels, motels, inns, bed and breakfasts, or similar accommodations that provide lodging for transient guests;

3. Emergency or temporary shelter or transitional housing accommodations;

4. Housing units that a government entity or housing authority owns, operates, or manages; and

5. Housing units exempted from municipal housing regulation by federal, state, or local law.

B. No rental agreement, whether oral or written, may waive or forgo rights or remedies provided to the tenant under this Chapter 7.28.

C. The restrictions on rent increases prescribed by this Chapter 7.28 apply to a rental housing unit, not to the identity or number of tenants or to an individual rental agreement. Therefore, when a rental housing unit is vacated any rent increase applied to new tenants must be consistent with the restrictions on rent increases prescribed by this Chapter 7.28 as if the previous tenant remained in occupancy.

7.28.050 Control on rent increases

A. Except as provided in this Section 7.28.050 and Sections 7.28.060 and 7.28.070, a landlord may increase rent charged for a rental housing unit by no more than the maximum annual rent increase. If a landlord increases the rent charged for a rental housing unit more than once in a 12-month period, the total increase during that 12-month period may not be greater than the maximum annual rent increase for the applicable year.

B. Nothing in this Chapter 7.28 prevents a landlord from increasing rent charged for a rental housing unit by less than the maximum annual rent increase, choosing not to increase rent charged, or decreasing rent charged.

7.28.060 Maximum annual rent increase

A. The maximum annual rent increase is calculated by multiplying the rate of inflation by the average monthly rent charged in the preceding 12 months. The Director shall publish on the Department's website no later than January 1 of each year the rate of inflation applicable for that calendar year along with the applicable rate of inflation for at least each of the previous ten years.

B. The City Council must hold a minimum of two public hearings on any bill that would amend the calculation of the maximum annual rent increase before taking a final vote on the bill. The bill must contain reasons explaining why the Council believes the calculation of the maximum annual rent increase is in the public interest. Those reasons may include but are not limited to:

1. Any recommendations from the Rent Control Commission pursuant to Section 7.28.110;
2. The occurrence of a natural disaster such as an earthquake or other emergencies impacting large areas of Seattle; or
3. Large and unusual changes to the taxes or other legal obligations applied to renters and property owners.

The ordinance must be approved by no less than 2/3 of Councilmembers present to be adopted.

7.28.070 Utilities included in rent

A. If a landlord pays utility bills for a rental housing unit, the landlord may include the cost in the rent. If a landlord does not pay utility bills for a rental housing unit, the landlord must exclude those costs from the rent.

B. If utility charges were not included as a component of rent for a rental housing unit under its most recent rental agreement and will be a component of rent under a new rental agreement, the cost of utilities is exempt from the limitation on rent increases specified in Section 7.28.050. If the cost of utilities is included in the rent pursuant to this subsection 7.28.070.B, the cost may not exceed the average cost of the same utilities for the rental housing unit during the 12 months prior to the date the rent increase takes effect. The cost of the utilities included in the rent may only include utility charges paid by the landlord to the utility for the use and

delivery of service and may not include late fees charged to the landlord.

C. If utility charges were included as a component of rent for a rental housing unit under its most recent rental agreement but will not be a component of rent under a new rental agreement, the amount of the maximum annual rent increase under the new agreement shall be reduced by the average cost of the utilities paid during the 12 months prior to the date of the new rental agreement.

7.28.080 One-to-one replacement of controlled rents, and initial rents in new units and units not previously available for rent

A. For any rental housing unit newly offered for rent that is located on a site that previously contained one or more rental housing units at any time within ten years prior to when the rental housing unit will be newly offered, the landlord may not charge an initial rent for the newly offered rental housing unit that exceeds the rent most recently charged in the previous rental housing units plus an amount of increased rent allowed pursuant to Sections 7.28.050, 7.28.060, and 7.28.070, using the rent most recently charged in the previous rental housing units as the baseline for calculation of that increased amount, pursuant to the following provisions:

1. If the newly offered rental housing unit has square footage different than the previous rental housing unit, the amount of initial rent for the newly offered rental housing unit must be adjusted proportionately based upon the ratio of rent to square footage.

2. If the square footage of newly offered rental housing units increases the amount of rental housing available above the square footage previously present on the site for rental housing, the landlord may set initial rent without limitation on the newly offered rental housing units comprised of the excess square footage pursuant to subsection 7.28.080.B. All other newly offered rental housing units not in excess of the square footage of the rental housing previously present on the site, rounded up to the nearest whole unit, are not considered additional rental housing units, and are not subject to this exception. If the newly offered rental housing units or the rental housing previously present on the site are not uniform, or vary in size, number of

bedrooms, furnishings or any other characteristic impacting the value or desirability of the rental housing unit, a landlord must make a good faith effort to match corresponding newly offered rental housing units and the previously present rental housing when determining which rental housing units are considered additional.

3. The landlord is responsible for determining rent most recently charged in the previous rental housing units as accurately as possible using available data sources.

B. Nothing in this Chapter 7.28 is intended to regulate the initial rent that a landlord may charge for a rental housing unit if any of the following conditions are met:

1. The rental housing unit is not on a site that previously contained one or more rental housing units at any time within ten years prior to the when a rental housing unit will be newly offered;

2. The previous unit was not rented as rental housing at any time within the previous ten years;

or

3. The previous rental housing units had less square footage than the newly offered rental housing units, and all the conditions of subsection 7.28.080.A have been met by other rental housing units in the new construction.

After the initial rent for a rental housing unit is established, all future rent increases are subject to compliance with Sections 7.28.050, 7.28.060, and 7.28.070.

C. For the purposes of this Chapter 7.28, it is intended for subdivisions and other changes to parcel boundaries to have no impact on the control of rents.

D. For rental housing units that will be newly offered after the effective date of Section 1 of this ordinance, the applicant must also file and the Director must approve a plan to comply with this Section 7.28.080.

7.28.090 Notice of rent increases

Any notice of rent increase must be expressed as a dollar amount and as a percentage of current rent. If requested, the department shall assist any landlord or tenant in calculating the dollar amount and percentage of

any rent increases.

7.28.100 Registration

When rental housing units are registered, renewed, reinstated, or updated with the Department pursuant to Section 22.214.040, the landlord shall include the following information in the landlord's submittal documents: the current rental amount and the amount of rent that has been charged over the previous ten years. Violation of this Section 7.28.100 is subject to enforcement under Chapter 22.214.

7.28.110 Rent Control Commission and District Rent Control Boards established

A. Rent Control Commission

1. There is established a citywide Rent Control Commission that shall make recommendations to the City Council and Mayor regarding rent control policies.

2. To accomplish these purposes the Rent Control Commission shall:

a. Solicit citizen and community comment, identify priorities, and make recommendations to the City Council and the Mayor regarding rent control policies and regulations.

b. Review, and if necessary, recommend changes to the City Council and the Mayor about the calculation of the maximum annual rent increase amount pursuant to Section 7.28.060.

c. Ensure fair and consistent application of rent control regulations.

d. Adopt administrative rules to govern its operation and to govern the District Rent Control Board emergency rent control exemption hearing process pursuant to Section 7.28.120.

3. Rent Control Commission membership criteria

a. Members should possess a familiarity with rent control policies.

b. Consistent with Section 4.16.070, no member of the Rent Control Commission shall participate in or have any involvement in an emergency rent control exemption petition under review by a District Rent Control Board, or any other Rent Control Commission matter, if such member has a financial or other private interest, direct or indirect, personally or through a person in the member's immediate family,

except when recommending to the City Council changes to the calculation or amount of the maximum annual rent increases.

4. Rent Control Commission composition and selection process

a. The Rent Control Commission shall be composed of 35 renters and seven landlords serving two-year terms. Each of the seven City Councilmembers who represents a district shall appoint five renters who live in the Councilmember's district, as well as a landlord who owns or manages rental housing in the Councilmember's district. The renter and landlord members of the Rent Control Commission shall be appointed by the City Council.

b. A member shall hold office until the member's successor has qualified.

c. Any member may request an excused absence from any Rent Control Commission meeting. The Rent Control Commission may recommend, by a majority vote of all members of the Rent Control Commission, that the City Council remove any member who is absent without excuse from three or more consecutive Commission meetings. Any member may resign from the Rent Control Commission at any time by notifying the City Council in writing, which may be by electronic communication. Upon receipt of a written resignation, or the recommendation from the Rent Control Commission to remove a member, the City Council may remove that member. The City Council may remove any member for cause.

4. Meetings of the Rent Control Commission

a. The Rent Control Commission shall hold quarterly meetings, in accordance with the Open Public Meetings Act, to conduct a quarterly review of rental housing costs in Seattle, to take public comment, and to make recommendations to City Council and the Mayor. The Director shall make public in a timely manner a schedule and the time, date, and location of the Rent Control Commission meetings.

b. Meeting notifications, agendas, minutes of proceedings, findings, and recommendations, and any other materials shall be available to the public and posted on the Department's website.

c. The Rent Control Commission may not take official action at its meetings unless a quorum of Rent Control Commission members is present.

B. District Rent Control Boards

1. There are established seven District Rent Control Boards, one for each of the seven City Council districts, whose members are comprised from the Rent Control Commission, that shall review emergency rent control exemption petitions, pursuant to this Chapter 7.28.

2. The District Rent Control Boards shall:

a. Hold hearings on emergency rent control exemption petitions.

b. Determine whether a petition for an emergency rent control exemption meets the criteria for granting emergency exemptions pursuant to Section 7.28.120 and notify the Director of the Board's decision to approve, condition, or deny an emergency rent control exemption petition.

3. Membership

a. The seven District Rent Control Boards shall be comprised of the five renter members and one landlord member on the Rent Control Commission from each City Council district. Four members of a District Rent Control Board constitute a quorum.

b. Substitutions

1) If a District Rent Control Board receives more emergency rent control exemption petitions as provided for in Section 7.28.120 than it can review in a timely manner, the Director may assign such petitions to another District Rent Control Board.

2) If an individual District Rent Control Board member is unable to serve, the Director may appoint an individual from another District Rent Control Board to serve in the member's absence.

4. Meetings of the District Rent Control Boards

a. District Rent Control Boards shall meet in accordance with the Open Public Meetings Act for the purpose of reviewing emergency rent control exemption petitions regarding rental housing units

located within the Board’s District. The Director shall make public in a timely manner a schedule and the time, date, and locations of District Rent Control Board meetings. The District Rent Control Board shall determine whether a petition for an emergency rent control exemption meets the criteria for granting exemptions pursuant to subsection 7.28.120.C. The Board’s written decision to approve or deny the petition shall be provided to the applicant and shall include the reasons for the decision.

b. All meetings of the District Rent Control Boards shall be held in the evening within the district and in a location that is accessible and conveniently located to district residents. District Rent Control Board meetings are open to the general public.

C. The Department shall provide staff for the Rent Control Commission and the District Rent Control Boards as needed to ensure their ability to function pursuant to this Section 7.28.120.

7.28.120 Emergency rent control exemptions

A. Landlords may petition their District Rent Control Board for an emergency exemption from the limitation on rent increases set forth in this Chapter 7.28, pursuant to the procedures and criteria contained in this Section 7.28.120. The petitioning landlord is referred to in this Section 7.28.120 as the “applicant.” Applicants may apply for an exemption if they have incurred, or will incur, costs of repairing major damage to their property due to unforeseeable events, including but not limited to earthquakes, flood, water or fire, that prevents the applicant from completing repairs or paying for completed repairs without financial hardship to the Applicant. Applicants must provide complete copies of the petition to all tenants residing in any rental housing unit for which the petition is submitted. Petitions should be submitted to the Department and must include all of the following to be complete:

1. The name, address, and contact information of the applicant;
2. The address of each rental housing unit for which the exemption is requested;
3. The rent currently charged for each rental housing unit for which the exemption is requested;
4. The amount of rent increase requested;

5. The name, address, and contact information for every adult tenant currently residing in each rental housing unit for which the exemption is requested;

6. A description of the costs, the unforeseeable events that caused those costs, and information demonstrating that, without the exemption, financial hardship will prevent the applicant from completing repairs or paying for completed repairs;

7. A signed statement attesting that, on penalty of perjury, the contents of the petition are true to the best knowledge of the applicant;

8. Payment of the administrative fee pursuant to subsection 7.28.120.D; and

9. Proof that the petition has been provided to all tenants residing in any rental housing unit for which the petition is submitted.

The Department shall return incomplete petitions to the applicant along with a description of the information that must be provided to make a complete petition. The Director shall assign complete petitions for a hearing to a District Rent Control Board pursuant to Section 7.28.110.

B. The Director shall notify the tenants identified in subsection 7.28.120.A.5 via certified mail, return receipt requested, and regular mail that a petition for an emergency rent control exemption has been submitted to the Department. The Director may provide the notice in English and in a language that is the same as that spoken by tenants. The notification shall include:

1. A description of the tenant's right to respond to the petition and provide testimony to the District Rent Control Board at the hearing regarding the petition; and

2. The date, time, and location of the District Rent Control Board meeting when the petition hearing will be considered. The hearing may be scheduled no sooner than 15 calendar days, and no later than 30 calendar days, after the date the Director mails the notice.

C. In considering whether to approve, conditionally approve, or deny petitions for exemptions from limitations on rent increases, the District Rent Control Board shall consider the following:

1. Financial hardship to the landlord caused by the unforeseeable event;
2. Financial hardship to tenants if the exemption is granted; and
3. Whether the exemption can be reasonably expected to result in one or more tenants in the

rental housing unit being unable to remain housed in Seattle. Generally, the exemption should not be granted if that reasonable expectation is met.

The District Rent Control Board may not consider costs resulting from foreseeable major repairs or arising from routine wear and tear.

D. The applicant shall pay the Director an administrative fee at the time a petition is submitted for each rental housing unit included in a petition. The fee shall be set by the Department.

E. The District Rent Control Board shall conduct hearing(s) that are listed on the meeting agenda to review emergency rent control exemption petition(s). The District Rent Control Board shall hear and consider public comments, and hear and consider both oral and written testimony from the applicant, the tenants, or their designees. After receiving all public comment and testimony, the District Rent Control Board shall consider and decide whether to approve, conditionally approve, or deny the petition. The Board's decision requires a majority vote of District Rent Control Board members voting. Tie votes constitute denial of the petition. Conditional approvals may grant an emergency rent control exemption for a rent increase amount that is different than the rent increase amount requested in the petition. The District Rent Control Board shall notify the Director in writing of the decision within 15 calendar days from the hearing, and the Director, within seven calendar days of receiving notification from the District Rent Control Board, shall then notify the applicant and tenants of the District Rent Control Board's decision via certified mail, return receipt requested, and regular mail. For approved and conditionally approved decisions, the Director shall include in the transmittal the rent increase allowed by the Emergency Rent Control Exemption.

7.28.130 Appeals

The applicant or any tenant residing in the rental housing unit that is party to the emergency rent control

exemption petition hearing and was injured by the decision of the District Rent Control may appeal the decision within 14 calendar days from the issuance of the decision to the Hearing Examiner on the basis of any of the following:

A. The decision of the District Rent Control Board is not supported by evidence that is substantial when viewed in light of the whole record;

B. Notice of the petition was not provided to the tenant as required by subsection 7.28.120.B;

C. Substantial new evidence, not presented to the District Rent Control Board, has become available, and the evidence could not reasonably have been available at the time of the District Rent Control Board meeting, and that the evidence could have affected the decision of the District Rent Control Board; or

D. The decision of the District Rent Control Board's analysis of the financial hardship of the applicant or tenants was in clear error.

7.28.140 Retaliation prohibited

A. It is a violation of Chapter 7.28 for any person to retaliate against a tenant or prospective tenant because the tenant or prospective tenant exercised or attempted to exercise rights conferred by Chapter 7.28.

Retaliation means any of the following actions:

1. Refusing to provide, accept, or approve a rental application or a rental agreement except as otherwise allowed by law.

2. Applying more onerous terms, conditions, or privileges, including increased rent, to a tenant or prospective tenant who exercises rights under this Chapter 7.28 than to a tenant or prospective tenant who does not assert those rights.

3. Misrepresenting any material fact when providing a rental reference about a tenant.

4. Threatening to allege to a government agency that a tenant or prospective tenant, or a family member of a tenant or prospective tenant, is not lawfully in the United States.

B. If a person takes any of the actions identified in subsection 7.28.140.A within 90 days of the date a

tenant or prospective tenant exercises rights conferred by this Chapter 7.28, it is presumed that the action was taken in retaliation for the exercise of those rights. The person accused of taking the actions may rebut the presumption by producing substantial evidence that disputes that the actions took place or that the actions were retaliatory.

7.28.150 Administration and enforcement

A. The Director shall administer and enforce the provisions of this Chapter 7.28 and is authorized to adopt rules and regulations to implement this Chapter 7.28.

B. The Department shall provide technical assistance to landlords and tenants to achieve compliance with Chapter 7.28.

C. The first and second violations of this Chapter 7.28 shall be enforced as citations pursuant to Section 7.28.160. Subsequent violations may be enforced, at the Director's discretion, pursuant to the notice of violation provisions prescribed in Section 7.28.170 or pursuant to criminal provisions prescribed in Section 7.28.180.

7.28.160 Citation

A. Citation. If after investigation the Director determines that the standards or requirements of this Chapter 7.28 have been violated, the Director may issue a citation to the landlord. The citation shall include the following information:

1. The name and address of the landlord to whom the citation is issued;
2. The address of the rental housing unit(s) impacted by the landlord's actions;
3. A separate statement of each standard or requirement violated by the landlord;
4. The date of the violation;
5. A statement that the landlord must respond to the citation within 15 days after service of the notice of violation;
6. A space for entry of the applicable remedy and penalty;
7. A statement that a response must be sent to the Hearing Examiner and received not later than

5 p.m. on the day the response is due;

8. The name, address, and phone number of the Hearing Examiner where the citation is to be filed;

9. A statement that the citation represents a determination that a violation has been committed by the landlord named in the citation and that the determination shall be final unless contested as provided in subsection 7.28.160.C; and

B. Service. The citation may be served by personal service in the manner set forth in RCW 4.28.080 for service of a summons or sent by first class mail, addressed to the last known address of the landlord. Service shall be complete at the time of personal service, or if mailed, three business days after the date of mailing.

C. Response to citations

1. A landlord must respond to a citation in one of the following ways:

a. Payment to the Department of the monetary penalty as specified in the citation, in which case the record shall show a finding that the landlord committed the violation; or

b. A written request to the Office of the Hearing Examiner, as specified on the citation, for a mitigation hearing to explain the circumstances surrounding the commission of the violation in order to seek a reduction of the monetary penalty, and providing an address to which notice of such hearing may be sent; or

c. A written request to the Office of the Hearing Examiner, as specified on the citation, for a contested hearing specifying the reason(s) why the cited violation is being contested, and why the landlord should not be required to pay the monetary penalty and providing an address to which notice of such hearing may be sent.

2. A landlord must respond to a citation. The landlord's response must be received by the Office of the Hearing Examiner no later than 15 days after the date the citation is served.

D. Failure to respond. If the Office of the Hearing Examiner does not receive a response within 15 days

of service of the citation, the Hearing Examiner shall enter an order finding that the landlord committed the violation stated in the citation and assessing the penalty specified in the citation.

E. Hearings

1. Mitigation hearings

a. Date and notice. If a mitigation hearing is requested, the mitigation hearing shall be held within 30 days after the Office of the Hearing Examiner receives the written response to the citation requesting such hearing. Notice of the time, date, and location of the hearing shall be sent to the address specified in the request for hearing not less than ten days prior to the date of the hearing.

b. Procedure at hearing. The Hearing Examiner shall hold an informal hearing that is governed by the Hearing Examiner rules and procedures. The landlord may present witnesses or written witness testimony, but witnesses may not be compelled to attend. A representative from the Department may also be present and may present additional information, but attendance by a representative from the Department is not required.

c. Disposition. The Hearing Examiner shall determine whether to reduce the monetary penalty; however, the monetary penalty may not be reduced unless the Department affirms that the violation has been corrected prior to the mitigation hearing. Factors that may be considered in whether to reduce the penalty include whether the violation was caused by the act, neglect, or abuse of another; or whether correction of the violation was commenced promptly prior to citation but that full compliance was prevented by a condition or circumstance beyond the control of the person cited.

d. Entry of order. After hearing the explanation of the landlord and any other information presented at the hearing, the Hearing Examiner may enter an order finding that the landlord committed the violation and the determined amount of monetary penalty pursuant to subsection 7.28.160.F. The Hearing Examiner's decision shall be the City's final decision.

2. Contested hearing

a. Date and notice. If a landlord requests a contested hearing, the hearing shall be held within 60 days after the written response to the citation requesting such hearing is received.

b. Hearing. Contested hearings shall be conducted pursuant to the procedures for hearing contested cases contained in Section 3.02.090 and the rules adopted by the Hearing Examiner for hearing contested cases, except as modified by this subsection 7.28.160.E.2. The issues heard at the hearing shall be limited to those within the jurisdiction of the Hearing Examiner. The Office of the Hearing Examiner, either on its own or at the request of a contesting landlord, may issue subpoenas for the attendance of witnesses and the production of documents.

c. Sufficiency. A citation shall be deemed sufficient if it contains a statement of the facts that support the Department's determination that the landlord violated this Chapter 7.28.

d. Citation may be withdrawn or amended. A citation may be withdrawn prior to the conclusion of the hearing if the Department decides that the statement of facts supporting the citation are either incorrect or that additional facts change the Department's decision as to whether this Chapter 7.28 was violated. A citation may be amended to conform to the evidence prior to the conclusion of the hearing if additional facts are discovered that provide additional support for the citation, but only if substantial rights of the person cited are not thereby prejudiced.

e. Evidence at hearing. A citation issued by the Department shall be prima facie evidence that a violation by a landlord has occurred. The signed citation and any other evidence accompanying the report shall be admissible without further evidentiary foundation. The landlord may rebut the Department's evidence and establish that the cited violation(s) did not occur or that the landlord contesting the citation is not responsible for the violation.

f. Disposition. If the citation is sustained at the hearing, the Hearing Examiner shall enter an order finding that the landlord committed the violation. If the violation remains uncorrected, the Hearing Examiner shall impose the applicable penalty. If the violation has been corrected, the Hearing Examiner may

reduce the monetary penalty in the same manner as authorized in subsection 7.28.160.E.1. If the Hearing Examiner determines that the violation did not occur, the Hearing Examiner shall enter an order dismissing the citation.

g. Appeal. The Hearing Examiner's decision is final and conclusive unless the decision is appealed as allowed by applicable law.

3. Failure to appear for hearing. Failure to appear for a requested hearing will result in an order being entered finding that the landlord committed the violation as stated in the facts provided in the citation and an assessed penalty up to the maximum amount specified in the citation. For good cause shown and upon terms the Hearing Examiner deems just, the Hearing Examiner may set aside an order entered upon a failure to appear.

F. Citation remedies and penalties

1. The following penalties shall be assessed for violations of any provision of this Chapter 7.28:

- a. \$500 for the first violation; and
- b. \$1000 for each subsequent violation within a five-year period.

2. Violation warning. The Director may, in an exercise of discretion, issue a warning to the person responsible for the violation if that person has not been previously warned or cited for violating this Chapter 7.28.

3. Collection of penalties. If the person cited fails to pay a penalty imposed pursuant to this Section 7.28.160 within 60 days of issuance of the order, the penalty may be referred to a collection agency. The cost to the City for the collection services will be assessed as costs, at the rate agreed to between the City and the collection agency, and added to the penalty. Alternatively, the City may pursue collection in any other manner allowed by law.

7.28.170 Notice of violation

A. Investigation and notice of violation issuance

1. If after investigation the Director determines that a violation of Chapter 7.28 has occurred, and the landlord has had two or more citations issued within the past three years for violating this Chapter 7.28 and the violations were found to have been committed, the Director may issue a notice of violation to the landlord. The notice of violation shall state separately each violation and the facts relied upon to support the determination, shall state what corrective action, if any, is necessary to correct the violation, and shall set a reasonable time for compliance.

2. The notice shall be served upon the landlord by personal service in the manner set forth in RCW 4.28.080 for service of a summons, or by first class mail to the landlord's last known address. Service shall be complete at the time of personal service, or if mailed, three business days after the date of mailing. If a notice of violation is directed to a landlord who is not the owner, a copy of the notice shall also be sent by first class mail to the owner of the property.

3. If the landlord fails to correct the violation, the Director may request that the City Attorney take appropriate enforcement action including obtaining a judgment. If a judgment is obtained, a copy of the judgment may be filed with the King County Recorder's Office.

B. Review of the notice of violation by the Director

1. Any person issued a notice of violation pursuant to subsection 7.28.170.A may make a written request for a Director's review within ten days after service of the notice of violation. Upon receipt of the request, the Director shall notify the requesting party of the deadline for submitting additional information for the review. Additional information shall be submitted to the Director no later than 15 days after the notice of a request for a review is mailed, unless otherwise agreed by all persons served with the notice of violation. Before the deadline for submission of additional information, any person served the notice of violation may submit any additional information in the form of written material or exhibits to the Director for consideration as part of the review.

2. The review will be made by the Director. The Director will review all additional information

received by the deadline for submission of additional information. The reviewer may also request clarification of information received, request more information, and request a site visit. After review of the additional information is complete, the Director may:

- a. Sustain the notice of violation;
- b. Withdraw the notice of violation;
- c. Continue the review to a date certain for receipt of additional information; or
- d. Modify the notice of violation, which may include an extension of the compliance

date.

3. Where review by the Director has been conducted pursuant to this subsection 7.28.170.B, the Director shall issue an order of the Director containing the decision within 15 days of the date that the review is completed and shall cause the same to be mailed by regular first class mail to the person or persons named on the notice of violation. If no request for review was made timely to the Director pursuant to this subsection 7.28.170.B, the notice of violation shall become the order of the Director.

C. Civil enforcement proceedings and penalties for a notice of violation

1. In addition to any other remedy authorized by law or equity, any landlord violating or failing to comply with any of the provisions of this Chapter 7.28 shall be subject to a cumulative penalty of up to \$500 per day for each violation until compliance is achieved. In cases where the Director has issued a notice of violation, the violation will be deemed to begin for purposes of determining the number of days of violation on the date compliance is required by the notice of violation. The City shall also be entitled to recovery of its enforcement costs, including but not limited to staff time, administrative expenses and fees, and attorneys' fees.

2. The penalty imposed by subsection 7.28.170.C.1 shall be collected by civil action brought in Seattle Municipal Court or as otherwise required by law. The Director shall request in writing that the City Attorney take enforcement action and the City Attorney shall, with the assistance of the Director, take appropriate action to enforce this Chapter 7.28. In any civil action for a penalty, the City has the burden of

proving by a preponderance of the evidence that a violation exists or existed; the issuance of the notice of violation or of an order following a review by the Director is not itself evidence that a violation exists.

D. Final decisions of the Seattle Municipal Court on enforcement actions authorized by this Section 7.28.170 may be appealed pursuant to applicable state or federal laws.

7.28.180 Alternative criminal penalty

Any landlord who violates or fails to comply with any of the provisions in this Chapter 7.28 and who had at least two or more citations issued pursuant to Chapter 7.28 where the violation was found committed, and also one notice of violation issued against them where a trier of fact found a violation of this Chapter 7.28, all within the past three years from the date the criminal charge is filed, shall upon conviction be guilty of a misdemeanor subject to the provisions of Chapters 12A.02 and 12A.04, except that absolute liability shall be imposed for such a violation or failure to comply and none of the mental states described in Section 12A.04.030 need be proved. The Director may request the City Attorney prosecute such violations criminally as an alternative to the citation and notice of violation procedures outlined in this Chapter 7.28.

7.28.190 Private right of action

If a landlord increases rent in violation of this Chapter 7.28, the tenant may bring a civil action against the landlord in a court of competent jurisdiction to recover: 1) any actual damages incurred by the tenant as a result of the increase, including but not limited to a refund of rent paid in excess of that allowed by Chapter 7.28; 2) a penalty of up to two months' rent; and 3) reasonable attorneys' fees and costs.

7.28.200 Achieving compliance

A landlord who charges rent in excess of the amount allowed by Sections 7.28.050, 7.28.060, or 7.28.070 is in violation of this Chapter 7.28 and is subject to the penalties and remedies provided by this Chapter 7.28. A landlord can achieve compliance with this Chapter 7.28 by:

A. Reducing the rent to an amount that does not exceed the provisions of this Chapter 7.28, and notifies the tenants of the reduced rent;

B. Refunding to the tenant any rent that was paid by the tenant that exceeded the amount allowed by this Chapter 7.28; and

C. Paying the tenant for any costs incurred by the tenant resulting from the landlord's attempts to collect rent in excess of that allowed by this Chapter 7.28, including but not limited to the costs of eviction proceedings, payment of late fees, correcting reports to collection and credit agencies, and correcting negative tenant references.

Section 2. Subsection 22.214.040.G of the Seattle Municipal Code, which section was last amended by Ordinance 126157, is amended as follows:

22.214.040 Rental housing registration, compliance declaration, and renewals

* * *

G. An application for a rental housing registration shall be made to the Department on forms provided by the Director. The application shall include, but is not limited to:

1. The address of the property;
2. The name, address, and telephone number of the property owners;
3. The name, address, and telephone number of the registration applicant if different from the property owners;
4. The name, address, and telephone number of the person or entity the tenant is to contact when requesting repairs be made to their rental housing unit, and the contact person's business relationship to the owner;
5. A list of all rental housing units on the property, identified by a means unique to each rental housing unit, that are or may be available for rent at any time, along with the current rent for each rental housing unit and the amount of rent that was charged for each rental housing unit for the previous ten years;
6. A declaration of compliance from the owner or owner's agent, declaring that all rental housing units that are or may be available for rent are listed in the registration application and meet or will meet the

standards in this Chapter 22.214 before the rental housing units are rented; and

7. A statement identifying whether the conditions of the rental housing units available for rent and listed on the application were established by declaration of the owner or owner's agent, or by physical inspection by a qualified rental housing inspector.

* * *

Section 3. Section 3.06.030 of the Seattle Municipal Code, last amended by Ordinance 124919, is amended as follows:

3.06.030 Director-Powers and duties

The Director of the Seattle Department of Construction and Inspections, under direction of the Mayor, shall manage the Seattle Department of Construction and Inspections, appoint, assign, and dismiss all employees in conformance with the City's personnel ordinances and rules, and perform the following functions:

A. Enforcing development-related ordinances and rules of the City, including but not limited to the Building Code; the Residential Code; the Electrical Code; the Mechanical Code; the Housing and Building Maintenance Code; the Land Use Code; the Pioneer Square Minimum Maintenance Ordinance; the Condominium Conversion Ordinance; the Energy Code; the Stormwater Code; the Grading Code; the Rental Registration and Inspection Ordinance; the Tenant Relocation Assistance Ordinance; the Noise Control Code; the Shoreline Master Program; and the Regulations for Environmentally Critical Areas;

B. Processing applications for permits for construction and land use approvals, grading and site work, boilers, conveyance devices, mechanical equipment and systems, side sewers, billboards and signs, zoning exceptions, subdivisions and other land use approvals, including those related to shoreline management but excluding those related to historic preservation;

C. Conducting reviews of the effects of proposed projects on the physical environment, as prescribed by the State Environmental Policy Act and City ordinances;

D. Addressing complaints regarding a variety of community safety and quality of life issues, including

but not limited to conditions in tenant housing, construction without permits, unauthorized uses, junk storage, and unsecured vacant buildings;

E. Administering the rental housing and tenant protection programs including but not limited to rental housing registration and inspection, rent control, tenant relocation assistance, and just cause eviction protections;

F. Maintaining appropriate records regarding property, permits, and structures; and

G. Discharging such other responsibilities as may be directed by ordinance.

The Director shall consult on all matters of structural strength and design with an assistant who is a licensed structural engineer or architect with at least five years' experience in the practice of the profession, unless the Director possesses such qualifications. Moreover, the Director shall consult on all matters concerning compliance with design guidelines with a qualified architect or urban designer with at least five years of experience in the practice of the profession, unless the Director possesses such qualifications.

Section 4. The Seattle Department of Construction and Inspections shall track the number of inquiries received related to rent control or this ordinance.

Section 5. If the preemption of rent control in RCW 35.21.830 is repealed without enacting any additional rent control laws that apply in Seattle, landlords are prohibited from increasing the rate of rent or the amount of any deposit charged for any rental housing unit until Sections 1, 2, and 3 of this ordinance shall take effect. If the preemption of rent control in RCW 35.21.830 is repealed at the same time as the enactment of rent control laws that preempt application of Sections 1, 2, or 3 in Seattle, then Section 5 of this ordinance shall not take effect.

Section 6. Sections 1, 2, and 3 of this ordinance shall take effect and be in force 18 months after the date that preemption of rent control in RCW 35.21.830 is repealed without enacting any additional rent control laws that apply in Seattle. If the preemption of rent control in RCW 35.21.830 is repealed at the same time as the enactment of rent control laws that preempt application of Sections 1, 2, or 3 in Seattle, then Sections 1, 2, and 3

of this ordinance shall not take effect.

Section 7. 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 _____, 2023, and signed by me in open session in authentication of its passage this _____ day of _____, 2023.

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2023.

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2023.

Anne Frantilla, Interim City Clerk

(Seal)

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact:	CBO Contact:
LEG	Venkataraman/4-5382	

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to tenant protections; establishing rent control provisions; regulating residential rent increases; establishing a Rent Control Commission and District Rent Control Boards to authorize rent control exemptions; establishing enforcement provisions; adding a new Chapter 7.28 to the Seattle Municipal Code; and amending Sections 3.06.030 and 22.214.040 of the Seattle Municipal Code.

Summary and Background of the Legislation: Currently, Washington State prohibits any regulation of the amount of rent that a landlord can charge. As such, rent control as described in this legislation would not yet be permitted in the City of Seattle. However, in the circumstance that this state level prohibition is repealed, this ordinance would go into effect, freezing rent increases between the time of the repeal and 18 months after. At that point, this ordinance would establish maximum annual rent increases that would apply to all rental housing, with several exceptions. Initial rents for new rental units that do not replace existing rental housing units would not be subject to the maximum. This ordinance would also establish a Rent Control Commission made up of District Rent Control Boards, who would hear petitions for exemption from the maximum annual rent increase. It would house enforcement and tracking of rental housing unit information with the Department of Construction and Inspections (SDCI).

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? Yes No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? Yes No

Does the legislation have other financial impacts to The City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

Yes – SDCI will need to stand up infrastructure to implement the requirements of this legislation and to enforce violations, and SDCI indicates it will require additional staffing and resources.

It is not yet clear whether the state will repeal the prohibition on rent control, and if they do, if they will be silent or legislate other controls on rent. As such, the scope of the legislation and when it will go into effect are undetermined. SDCI has indicated that until there is more

clarity around what it will actually be tasked with doing and the scale of implementation it will be responsible for, it is difficult to estimate the costs of implementing this legislation. However, SDCI indicates that setting up staffing and infrastructure for the rental registration and inspection program (RRIO) cost about \$5 million and took over two years to stand up. This legislation is more complex, and inflation, labor, consultant, and IT costs have increased since RRIO was put into place. In addition, staff and associated resources would likely be needed to support the Rent Control Commission and District Rent Control Boards. As such, it is likely that implementing this legislation will cost SDCI more than \$5 million, though the degree of increase cannot yet be estimated.

Are there financial costs or other impacts of *not* implementing the legislation?

To the extent that continuing rising rent prices make housing less affordable, anyone displaced from housing due to high rent that becomes unstably housed might increase the number of people experiencing homelessness and potentially increase the City’s cost of addressing homelessness.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

Yes – SDCI will be implementing and enforcing this legislation. The Hearing Examiner would hear appeals from and be involved in enforcement. The City Attorney’s Office would also have a role in enforcement as advisors to SDCI and for litigation of cases referred to the City Attorney’s Office, depending on the volume of cases referred by SDCI.

b. Is a public hearing required for this legislation?

No

c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No

d. Does this legislation affect a piece of property?

No

e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?

Instituting rent control could help tenants remain housed and mitigate impacts of eviction and housing instability that are often experienced disproportionately by Black, Indigenous, and other communities of color. However, if rent control impacts housing supply and decreases the number of units available for rental, the availability of affordable housing would likely also disproportionately impact communities of color.

f. Climate Change Implications

1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?

NA

2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.

NA

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)?

NA

Summary Attachments (if any):

June 28, 2023

MEMORANDUM

To: Sustainability and Renters' Rights Committee
From: Asha Venkataraman and Jennifer LaBrecque, Analysts
Subject: Council Bill 120606: Residential rent control

On June 30, 2023, the Sustainability and Renters' Rights Committee will discuss [Council Bill \(CB\) 120606](#) to limit residential rent increases in Seattle upon repeal of the statewide prohibition against regulating rent. This memorandum provides background on the legislation, describes CB 120606, analyzes policy choices, and lays out next steps.

Background

In recent years, Seattle's rental market, and particularly affordable housing, has been more competitive for an increasing number of renters, with the number of renters outpacing availability of affordable units. In 2019, for the first time in over 100 years, renters made up more than 50 percent of total Seattle residents.¹ Of renter households, 50 percent of renters are at or below 80 percent average median income (AMI) as compared to 21 percent of owner-occupied households.² Rental prices in Seattle have continued to increase year over year. According to American Community Survey data, the median Seattle rent increase has increased by 15 percent between 2017 to 2021 from \$1,555 to \$1,787. The average ten-year change in rent for the Seattle-Tacoma-Bellevue area was 91.8 percent, between 2010 and 2020.³ The median Seattle rent increased by 80 percent between 2010 and 2021, with 2010 rents at \$990.⁴

This policy is intended to limit rising rents to allow more tenants to access affordable housing and achieve housing stability.

SDCI would enforce this legislation, and the City Attorney's Office and Office of the Hearing Examiner have roles in enforcement and appeals, respectively.

[RCW 32.21.830](#) provides that "[n]o city or town of any class may enact, maintain, or enforce ordinances or other provisions which regulate the amount of rent to be charged." While this regulation is effective, Seattle is preempted from instituting any controls on rent, including what CB 120606 does, which is to limit annual rent increases to inflation.

¹ Balk, G., "For the first time in 100 years, Seattle renters outnumber homeowners," Seattle Times (Jan. 2, 2021), available at <https://www.seattletimes.com/seattle-news/data/for-the-first-time-in-100-years-seattle-renters-outnumber-homeowners/> (citing Census data).

² BERK, "Market Rate Housing Needs and Supply Analysis," (2021), P 17, available at [Seattle Market Rate Housing Needs and Supply Analysis](#).

³ Bringle, L., "Cities With the Biggest Increase in Rental Prices the Past Decade," *Self* (Oct. 13, 2020) (conducting an analysis of HUD and U.S. Census Bureau data), available at <https://www.self.inc/blog/cities-biggest-increase-rental-prices>.

⁴ [Data \(census.gov\)](#), Table B25064 (median gross rent, ACS 1 -year estimates); 2022 data is not available as of publication of this memorandum.

There are various terms for regulation of rent, including “rent control,” “rent stabilization,” “rent freeze,” etc. For the purposes of this legislation, the term rent control refers to the limitation on increasing rent by a specific percentage on an annual basis.

CB 120606

This legislation would add a new chapter 7.28 to the Seattle Municipal Code to establish a maximum annual limit on rent increases based on the annual rate of inflation. This section will describe the following major provisions in CB 120606:

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1. Effectiveness of the Legislation (Sections 5 and 6)

Washington State currently prohibits any city from regulating the amount of rent to be charged. If CB 120606 passes, and the state prohibition is repealed and no other rent control regulations that would apply in Seattle are enacted, landlords would be immediately prohibited from raising rents or deposits in Seattle for 18 months. After 18 months, the rent control program defined in Sections 1, 2 and 3 of this bill would go into effect.

If the prohibition against regulation of rent is repealed and the state does enact rent control laws that would preempt application of the operative sections of this legislation, then Sections 1, 2, and 3 would not go into effect.

There is some potential that if and when the State repeals the prohibition on regulation of rents that it may enact other regulations that create differences between State regulations and what the City has adopted in CB 120606. Those differences may not rise to the level of preemption, which as described above, would preclude this legislation from going into effect, but they could make the policy or implementation confusing or inconsistent. The 18 months between when a rent freeze would begin and when the rest of the legislation would go into effect is intended to give a future Council the time to amend the legislation to correct for any inconsistencies or make other policy changes.

2. Applicability to types of housing units (Section 7.28.040)

Rent control limitations would apply to all rental housing units in the City, except for the following:

- Short-term rentals (as defined in SMC [Section 23.84A.024](#));
- Transient lodging (hotels, motels, etc.);
- Emergency/temporary shelter and transitional housing;
- Government- or housing authority-owned units; and
- Any other rental housing units exempted from City regulations.

The limit on rent increases applies to a rental housing unit rather than a tenancy, so all rent increases must be consistent with the limitations in the legislation, regardless of whether the tenancy changes. This kind of coverage is called vacancy control, discussed later in this memo.

3. Calculation of the Limitation on Rent Increases (Sections 7.28.050 - .070)

Section 7.28.050 of CB 120606 would prohibit a landlord from increasing rent over the amount of the “maximum annual rent increase” in a 12-month period, either through a one-time rent increase or cumulatively throughout a year. The maximum annual rent increase is equivalent to the rate of inflation⁵ multiplied by the average monthly rent charged in the preceding 12 months.

To account for utilities, Section 7.28.070 would require that if a landlord pays the utility bills for the unit, the cost of the utilities would be included in the rent for purposes of calculating average monthly rent. If the tenant pays the utilities, they would be excluded from rent. These utility costs cannot include late fees for the purposes of this calculation.

If the City would like to change the standard calculation of the maximum annual rent increase in the future, CB 120606 would require that the Council hold at least two public hearings on legislation proposing such a change and outline its reasons for making the change.

⁵ Inflation is equal to 100 percent of the annual average growth rate of the bi-monthly Seattle-Tacoma-Bellevue Area Consumer Price Index for Urban Wage Earners and Clerical Workers, termed CPI-W, for the 12-month period ending in August, provided that the percentage increase shall not be less than zero.

4. Applicability to rental housing units newly offered and one-to-one replacement (Section 7.28.080)

Section 7.28.080 would regulate the initial rent charged when a rental housing unit is newly offered on a site that was used as rental housing at any time during the ten years prior to when the new unit will be offered for rental.⁶ For units that meet that condition, CB 120606 regulates the following scenarios:

- For units matching square footage of the previous rental housing units, the maximum initial rent would be set at the most recent rent charged in the previous rental unit plus the cumulative maximum annual rent increase amount for the years between when it was last offered for rental and when it will be newly offered for rental. It is the landlord's responsibility to determine the rent most recently charged in the previous rental housing units as accurately as possible using existing data sources.
- If the square footage of a new unit is different than that a previous unit, the landlord must use the same calculation to account for past rent, then prorate rent based on the ratio of rent to square footage.
- If the square footage of all the new rental housing available exceeds the square footage of the previous rental housing units, the landlord must match the value and desirability of previous units to the new units when determining which units would be considered as replacement units and thus subject to limitations on rent increases.
- For any units the landlord considers as excess square footage, the landlord would be able to set initial rents without limitation.

There would be no limit on initial rents for any newly offered rental housing units built on a site where there were no units offered for rent in the past ten years. After the initial rent is set, any future rent increases would be subject to the limitation on maximum annual rent increase.

Lastly, for any units newly offered after the effective date of Section 1 of this legislation, a landlord would need to submit a plan to comply with these regulations, which the SDCI Director would have to approve.

⁶ For example, if the site was used for rental housing previously but the building was demolished in 2015, new construction of rental housing units in 2025 (subject to one-to-one replacement) could set initial rent at any amount. However, if demolition of the units did not occur until 2020, the new units offered in 2025 on that site would be subject to the limit in setting initial rent.

5. Establishment and function of a Rent Control Commission (Section 7.28.110)

Section 7.28.110 would establish a citywide Rent Control Commission (“Commission”) to meet on a quarterly basis and:

- Make recommendations to the City about rent control policies and regulations, including any changes to the calculation of the maximum annual rent increase;
- Ensure fair and consistent application of regulations; and
- Adopt administrative rules to govern the process to petition for exemptions from rent increases.

Each district Councilmember would appoint five renters who live, and one landlord who owns or manages rental property, in the Councilmember’s district, to be confirmed by City Council. The resulting 42-member Commission would be comprised of 35 renters and seven landlords.

While the current legislation outlines an appointment process and sets two-year terms, CB 120606’s recitals reflect an intent to amend the City Charter to allow residents to elect Commission members and then amend the code to align with new Charter provisions.

The members of the Commission would be divided into seven District Rent Control Boards (“Boards”), consisting of the members of the Commission in each district. The role of the Boards is to hold hearings on petitions for emergency rent control exemptions and decide whether the petitions meet the criteria for granting such an exemption.

The legislation includes details regarding the expectations and administrative responsibilities that SDCI would have in staffing the Commission and Boards.

6. Process for petitioning for an emergency rent control exemption (Section 7.28.120)

Section 7.28.120 would allow a landlord to petition the Board for exemption from the maximum annual rent increase limit. A landlord would be eligible to submit a petition if the landlord has incurred or will incur costs of repairing major damage to the property because of unforeseeable events, including but not limited to earthquakes, flood, water or fire and the costs prevent the landlord from completing repairs or paying for repairs already completed without financial hardship. Petitions would be assigned to the Board with the rental housing units in its district. The Board would hold hearings and decide whether a petition should be approved, conditionally approved (approved for a rent increase over the maximum limit but not the amount the landlord petitioned for), or denied.

The legislation includes details regarding the expectations and administrative responsibilities that SDCI would have in this process, which include staffing, notice, petition processing, and assignment of petitions to Boards.

CB 120606 lays out the following for the Board to consider in deciding on the petition:

- Financial hardship to the landlord from costs incurred due to an unforeseeable event. The Board cannot consider any costs resulting from foreseeable major repairs or arising from routine wear and tear;
- Financial hardship to the tenant(s) if the exemption petition is approved; and

- Whether the exemption can be reasonably expected to result in one or more tenants in the unit being unable to remain housed within Seattle. If the tenant(s) could not remain housed upon approving the petition, the legislation makes clear that the exemption should not be granted.

A landlord or affected tenant injured by the Board’s decision would be able to appeal it to the Hearing Examiner within 14 calendar days of the decision’s issuance.

7. Administration and enforcement of the legislation (Sections 7.28.090 .100; .130 – 200)

This legislation would require that a landlord express any notice of rent increase both as a dollar amount and as a percentage of current rent. In addition, when landlords are registering, renewing, reinstating, or updating their RRIO registrations, they would be required to include the current rental amount and how amount has changed over the previous ten years. CB 120606 would similarly amend [RRIO](#).

SDCI would enforce the provisions of CB 120606. In addition to protecting tenants from prohibited retaliation by their landlords for exercising their rights under this legislation,⁷ SDCI would have the authority to use warnings, citations, and notices of violation to enforce CB 120606. Citations are \$500 for the first violation and \$1,000 for each subsequent violation in a five-year period. The City Attorney’s Office can also pursue criminal penalties. The administration and enforcement provisions are modeled after the enforcement provision in [Section 7.24](#) of the Seattle Municipal Code, governing rental agreement regulation. CB 120606 includes a private right of action for a tenant to bring civil suit against a landlord in a court with jurisdiction.

Section 4 of CB 120606 would require SDCI to track the number of inquiries it receives related to this legislation or rent control. The intent is to help track the staff and resources it takes to answer inquiries from tenants and landlords about this legislation.

⁷ The legislation provides a rebuttable presumption that retaliation against a tenant for trying to exercise their rights has occurred if the landlord takes any of these actions within 90 days of the exercise of the tenant’s rights: Refusing to provide, accept, or approve a rental application or a rental agreement except as otherwise allowed by law; applying more onerous terms, conditions, or privileges to a tenant or prospective tenant who exercises rights than to one that does not; misrepresenting any material fact when providing a rental reference about a tenant; or threatening to allege to a government agency that a tenant or prospective tenant, or a family member of a tenant or prospective tenant, is not lawfully in the United States.

Analysis

Rent Control Policy

A lot of research on rent-control laws comes from economics literature, where according to an Urban Institute literature review, many researchers conclude it is an ineffective or counterproductive policy that would increase rents, decrease housing supply, and disincentivize maintenance of rental units. However, the same literature review finds that more recent rent control policies have generally tried to incorporate features that mitigate some of these negative impacts. The general critique of rent control is less salient when applied to real-world examples, and empirical studies looking into these effects have found mixed results.⁸

Empirical research, especially comparative research, is still limited because the same policy decisions can have different impacts based on local conditions, such as the existing rental market, economy, zoning, and regulations regarding tenant protection.⁹

There is a field of recommended best practices based on the empirical data that does exist. Policy Link states that there are four basic principles for effective rent control:¹⁰

- 1) Rent control laws should cover most rental dwellings with minimal exceptions. Single-family homes and new construction should not be exempted.
- 2) Rent control should be paired with robust tenant protections and systems to maintain safe, quality homes, including just cause eviction protections.
- 3) Rent control should maximize long-term affordability, mainly by not allowing property owners to re-set rents at the end of a tenancy (otherwise known as vacancy decontrol).
- 4) Tenants should play a central role in program design and implementation.

CB 120606 reflects principles 1 and 3 (not exempting single family homes or new construction and vacancy decontrol). Seattle does have just cause eviction protections, per principle 2; this memo does not assess whether Seattle's tenant protections are "robust." The Renter's Commission supported drafting this legislation, providing one venue for tenants to inform this legislation and tenants would have a central role in program implementation, as 35 out of the 42 Rent Control Commissioners will be tenants.

⁸ Rajasekaran, P., Treskon, M., and Greene, Solomon, "Rent Control: What Does the Research Tell Us about the Effectiveness of Local Action?" Urban Institute, (Jan. 2019), P 2, *available at* https://www.urban.org/sites/default/files/publication/99646/rent_control_what_does_the_research_tell_us_about_the_effectiveness_of_local_action_1.pdf (hereinafter "Urban Institute 2019").

⁹ *Id.*, PP 7-8.

¹⁰ Chew, A and Treuhaft, S, "Our Homes, Our Future: How Rent Control Can Build Stable, Healthy Communities," Policy Link (Feb 2019), PP 9-10, *available at* https://www.policylink.org/sites/default/files/OurHomesOurFuture_Web_08-02-19.pdf (hereinafter Policy Link 2019).

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1. Applicability to types of housing units

A rent control policy must establish what rental units should be covered and if any buildings or unit types should be exempted. As described above, CB 120606 covers most types of rental housing units with a limited number of exceptions. Seattle’s policy covers almost all rental housing unit types, including new construction (see Sections 7.28.040.) **This approach is unlikely to create a partitioned housing market where uncontrolled unit prices are higher than what would exist without any rent control, and it is not clear what the impact would be on the construction of new units.**

Covering some but not all rental units can create a partitioned housing market, with controlled and uncontrolled units. Because the controlled pool of units may experience lower turnover because tenants have a strong incentive to remain. The uncontrolled pool thus experiences more competition, which means that rent control may actually drive prices up in the controlled sector higher than they would be if rent control didn’t exist at all.¹¹

There is no clear evidence on whether subjecting new construction to rent control decreases the supply of new units. Some researchers have argued that rent control policies may impact development of new units, and other research has found no causal connection.¹² New construction is exempted in most, if not all, of jurisdictions in the US with rent control, so there are limited options to study the issue empirically.

In the five other comparison jurisdictions that Central Staff researched, none exempt new construction. Saint Paul, MN initially exempted new construction when voters passed rent control in 2021; that law was amended in 2022 to provide a 20-year exemption for future new construction and any projects built within the last 20 years. Other jurisdictions exempt older properties, ranging from those built before 1973-1985. See Attachment A for more details on other jurisdictions and how they compare to CB 120606.

¹¹ Schofield, K., “Understanding Rent Control,” Seattle City Council Insight (April 25, 2019), available at [Understanding Rent Control \(sccinsight.com\)](https://www.seattle.gov/council/insight/understanding-rent-control); Urban Institute (2019), PP 4-5.

¹² Urban Institute (2019), PP 5-6.

2. Vacancy Control

Rent control policies generally have two different approaches regarding what happens when a controlled unit becomes vacant:

Vacancy control: rent increase restrictions continue to be same upon the end of a tenancy.

Vacancy decontrol: rent can be set at any amount upon the end of a tenancy. After the unit is re-occupied, the unit is subject to the same rent increase restrictions as any other controlled rental unit.

CB 120606 takes the approach of vacancy control. **Because renters are disproportionately low-income, CB 120606 may potentially create below market-rate rents that are sustained over the long-term, resulting in a greater supply of affordable units and reducing cost burden for low-income tenants. CB 120606 may potentially disincentivize a property owner from maintaining their property.**

Vacancy de-control may erode the benefit of rent control specifically for low-income tenants because it does not create below market rates that are maintained over time. For example, in Santa Monica, CA, prior to vacancy decontrol, rents for 83 percent of controlled units were affordable to households that are low, very low, and extremely low income. In contrast, since vacancy decontrol, less than 4 percent of stabilized rental units today are affordable to such households. (This data is drawn from Sant Monica Rent Control Board's Annual Report, not academic research, so may not account for other factors that could have led to this change.)¹³

Vacancy decontrol may have other impacts. Some research indicates that when property owners can establish any rent upon end of a tenancy, that they will establish a rent amount higher than market rate; a tenant would pay more upfront to obtain the guarantee of more predictable rent increases in the future.¹⁴ Vacancy decontrol may create an incentive for property owners to evict tenants, because they are able to increase rents upon having a vacant unit. The structure of vacancy controls may also impact maintenance levels of units. For example, some argue that a property owner's ability to re-set rents provides an incentive to maintain controlled units.¹⁵

In the five other comparison jurisdictions that Central Staff researched, three of them allow additional rent increases after a tenancy ends but with a cap ranging from 8-30 percent. Oregon does not have any limits on rent increases upon the end of tenancy, while Oakland, CA applies the same rent increase restrictions regardless of whether a unit is vacant.

3. Maximum Annual Increase Allowed

Rent control policies must set a maximum allowable annual increase for occupied units, which can have multiple impacts, including on tenant stability, maintenance levels of units, number of new units being developed, or the conversion of units to condominiums.

The maximum annual rent increase in CB 120606, which is set as the rate of inflation multiplied by the average monthly rent charged in the preceding 12 months, could provide housing stability to tenants by moderating annual rent increases. In high-inflation periods like 2022 rents may still increase significantly. It is unclear if CB 120606's policy would allow property owners to save the money or secure the financing needed to make needed capital improvements or repairs over time.

¹³ Rent Control Agency, "Santa Monica Rent Control Board Annual Report (2017) (as cited in Policy Link (2019), P 28).

¹⁴ Turner and Malpezzi, "A Review of empirical evidence on the costs and benefits of rent control," Swedish Economic Policy Review, (2003).

¹⁵ Jenkins, "Rent Control: Do Economists Agree," Economic Journal Watch, (2009).

As shown in Table 1, since 2010, inflation has ranged from a low of .71 percent in 2010 to 9.23 percent in 2023.

Table 1. Inflation From 2010-2022¹⁶

Year	Percent Change in CPI-W for month of August
2010	0.71%
2011	3.18%
2012	2.69%
2013	1.10%
2014	2.14%
2015	1.24%
2016	1.98%
2017	2.83%
2018	3.17%
2019	2.53%
2020	2.41%
2021	5.08%
2022	9.23%

In the five other comparison jurisdictions that Central Staff researched, most are based on annual growth in CPI, although some allow annual CPI growth plus a set percentage ranging from 2-7 percent. St. Paul, MN has a set amount of three percent regardless of CPI while Berkley, CA calculates annual rent increases based on 60 percent of the growth in CPI.

4. Property owner’s ability to petition for increases beyond the maximum allowable rent increase

Some rent control policies allow property owners to petition for rent increases beyond the maximum allowable rent increase under certain conditions. Section 7.28.120 allows property owners to petition to raise rent increases for unexpected expenses but it does not allow property owners to increase rents for planned expenses, which includes large capital repairs or substantial rehabilitation of the property. **CB 120606 protects tenants from unexpected and potentially significant rent increases based on a property owner’s petitions. Property owners may be constrained in either saving for or accessing the financing they need to maintain or repair their property.**

In the five other comparison jurisdictions Central Staff researched, four of them allowed property owners to petition for larger allowable increases based on a combination of hardship, capital improvements, substantial rehabilitation, water and tax surcharges and/or a reasonable return on investment.

¹⁶ [Measuring Price Change in the CPI: Rent and Rental Equivalence : U.S. Bureau of Labor Statistics \(bls.gov\)](https://www.bls.gov); CPI-W, all items, Seattle-Tacoma-Bellevue, WA, not seasonally adjusted.

5. Rent Control Oversight

As part of a rent control policy, jurisdictions must determine what kind of process they will have in place to hear and process tenant and landlord complaints, process any petitions for additional rent increases and establish rules and regulations. Those functions could be performed by government administrative staff, an oversight board, or some combination of both.

Section 7.28.110 creates a 42-member Commission, who would be divided into seven Boards that would hold hearings and make decisions on petitions for emergency rent control exemptions. **Compared to the other jurisdictions Central Staff researched, CB 120606 would result in a larger and more complex oversight structure with the majority of control provided to tenants to decide on property owner petitions for additional rent increases. This oversight structure may help ensure that tenants interests are adequately represented, but there may be disagreement over whether property owners are adequately represented. It may also be difficult to maintain consistent and predictable decisions across seven different boards.**

In the five other comparison jurisdictions that Central Staff researched, two of them have an oversight board with community members. Hoboken, NJ has nine members and its rent control law is silent on whether or not members must be tenants or property owners. Oakland, CA has a seven-member board, of which two must be tenants, two must be residential rental property owners and three must be neither tenants nor residential rental property owners. The oversight committees hear appeals from property owners and tenants but initial decisions are made by administrative staff.

6. Risk of Condominium Conversions

One potential risk of rent control is that it may incentivize property owners to take their units off the rental housing market by converting them to owner-occupied units. CB 120606 does not provide any policies specifically intended to mitigate the risk.

There is evidence that rent control can cause rental units to convert to ownership, thus resulting in a loss of rental units from the market.¹⁷ **It is not clear if or how rent control would impact a property owner's decision to convert rental units to ownership units, such as condominiums, in Seattle. Decisions could be impacted by the current regulatory environment for condominium conversions along with condominium construction liability risks and costs.** Historically, developers of almost all newly constructed condominiums were sued for construction defects, which significantly impeded new condominium construction. Changes were made to state law to reduce that legal risk; however Central Staff would need to research further to determine the impacts of those changes on condominium construction.

7. Race and Social Justice Analysis

In Seattle, low-income and BIPOC households are disproportionately renters. 64 percent of BIPOC households are renters, while only 49 percent of white households are renters.¹⁸ Additionally, a

¹⁷ See Diamond, Rebecca, Tim McQuade, and Franklin Qian (2018) (as cited in Urban Institute (2019) PP 5-6).

¹⁸ Seattle Office of Housing, "Presentation to the Select Committee on the 2023 Housing Levy" (April 5, 2023), Slide 20, available at [View.ashx \(legistar.com\)](View.ashx (legistar.com)).

disproportionate number of Seattle BIPOC households are moderately or severely cost-burdened.¹⁹ In particular, 57 percent of Black households are moderately or severely cost-burdened as compared to 40 percent of white renter households.²⁰

The benefits of rent control to low-income tenants and tenants of color is not guaranteed and may depend in part on how the rent control program is designed. Rent control policies could benefit low-income and BIPOC households if: (1) low-income and BIPOC households are able to access controlled units at a rate that is at least proportional to their representation in the rental market; and (2) rent control produced lower rents that supported economic stability and/or reduced cost burden of low-income and BIPOC households.

CB 120606 contains elements which could increase the potential that rent control would benefit low-income and BIPOC households by covering all rental units, including new construction, and by implementing vacancy control.

Access to rent controlled units

Research is mixed on whether low-income and BIPOC households have proportional access to rent control units. According to an Urban Institute literature review:²¹

- In Cambridge, MA, renters in the bottom quartile of household income distribution occupied only 26 percent of rent controlled apartments; tenants in the top half occupied 30 percent.
- Tenants in rent-controlled units in New Jersey and California tend to be older and to be single.
- A study of New York City's strict first-generation rent control found it benefited low, middle, and high-income tenants equally.
- Some evidence indicates that benefits can be allocated proportionately to lower-income tenants under certain forms of moderate control.

However, a recent Policy Link literature review showed more successful outcomes:²²

- In New York City, 66 percent of households living in rent-stabilized units are low-income, a much higher proportion than those in market-rate rentals; seniors are also concentrated in stabilized apartments.
- Long-term tenants in rent-controlled units are even more likely to be low-income, people living with chronic illness or disability, seniors, and single parents.
- Studies of rent regulation in New York City, New Jersey, California, and Massachusetts (before it banned rent control), show that people of color disproportionately live in rent-controlled homes or communities with rent control.

¹⁹ Cost burden is when a household pays more than 30% of their income on housing costs, including utilities. Severe cost burden is when a household pays more than 50% of their income on housing costs, including utilities.

²⁰ BERK (2021), P 24.

²¹ Urban Institute (2019), P 20.

²² Policy Link (2019), P 21. Data is largely drawn from articles and studies that may not have been published and gone through peer review.

Benefits to tenants in rent-controlled units

Rent control can confer benefits upon low-income and BIPOC households who reside in rent-controlled units, in the form of lower rent and moderated rent increases. However, vacancy decontrol may erode those benefits.²³

- In Los Angeles, CA low-income households gained the greatest savings after rent stabilization's passage, with average rents 40 percent below market rate.
- In Los Angeles, CA immediately after adopting rent stabilization, Black renters received the greatest savings for one-bedroom units, compared to White renters. Rent regulation effectively slows gentrification, which is threatening communities of color.
- Immediately after Los Angeles, CA adopted rent control, the share of renters who moved in the past year decreased by 37 percent, with the rates dropping most for Black and Latinx renters.
- In Santa Monica, CA the passage of rent control led to a doubling of the proportion of tenants living in their units more than five years, while slowing gentrification and halting an exodus of lower income households and families with children.
- Vacancy decontrol has contributed to the displacement of Black renters in California: while the share of Black renters increased in California cities with strong rent control, it decreased in those adopting vacancy deregulations which allowed landlords to raise rent without limit between tenancies, likely pricing out Black tenants.

8. Fiscal Impacts and Implementation Challenges

As described in the [summary and fiscal note](#), the level of resources needed to support implementation of CB 120606 is not yet clear. SDCI will need to stand up infrastructure and need additional staffing and resources to implement the requirements of this legislation and enforce it. However, because the final effective version in Seattle will be dependent on the actions of the State legislature, and the timing of that action is unclear, SDCI indicates it will be difficult to estimate the costs of infrastructure, staffing, and resources associated with implementation until the scope and scale of their responsibilities are finalized. SDCI indicates that setting up staffing and infrastructure for RRIO cost about \$5 million and took over two years to stand up. However, this legislation is more complex, and inflation, labor, consultant, and IT costs have increased since RRIO was put into place about ten years ago. As such, it is likely that implementing this legislation will cost more than \$5 million.

CB 120606 builds an 18-month gap between when the state law change would prompt a rent freeze and when the operative sections of the legislation would be effective. This gap is structured around the anticipated effectiveness of any state law on July 1, which would give SDCI through September to communicate to the Mayor and the Council the scope and level of resources needed before the Mayor transmits the budget to the Council. The Council could then consider appropriating such an amount to SDCI during its annual budget process. Any appropriated funds would be available to SDCI January 1 of the following year, giving SDCI one year to stand up needed infrastructure and hire appropriate staff in time for implementation at the beginning of the subsequent year. It is unclear whether one year would be sufficient to stand up all needed elements for implementation, but if further time is needed, SDCI and the Council can work together at that time to plan or refine when the legislation goes into effect.

²³ *Id.* PP 21-28. Data is largely drawn from articles and studies that may not have been published and gone through peer review.

Next Steps

The Sustainability and Renters' Rights Committee anticipates a July 12 special meeting for community members to provide input on rent control. Councilmembers are requested to submit any proposed amendments to Central Staff by July 13. The committee expects to vote on amendments and CB 120606 at the subsequent regularly scheduled meeting of the Sustainability and Renters' Rights Committee on July 21. If committee members vote CB 120606 out of committee, it would be voted on by City Council on August 1, 2023.

Attachments:

- A. Rent Control in Other Jurisdictions

cc: Esther Handy, Director
Aly Pennucci, Deputy Director

Location	Year Implemented	Allowable Annual Rent Increase	Applicable Properties	What happens upon vacancy	Exceptions to maximum allow increases	Oversight, including process for setting regulations and considering petitions
Seattle, WA	Proposed (CB 120606)	Up to annual change in Consumer Price Index (CPI)	All rental housing units in Seattle, including single-family homes, rented rooms, and new construction. One to one replacement units required for sites that had rental housing anytime in the last 10 years.	Same rent increase restrictions as any other controlled occupied unit	Petition can be submitted for a rent increase needed because of an unforeseeable event such as earthquake, floor, water or fire damage. If the tenant could not remain housed upon approving the petition, the legislation makes clear that the exemption should not be granted even if otherwise justifiable.	There would be a Rent Control Commission comprised of 35 renters and 7 landlords. The members of the Commission would be divided into seven District Rent Control Boards (“Boards”), consisting of the members of the Commission in each district. The role of the Boards is to hold hearings on petitions for emergency rent control exemptions and decide whether the petitions meet the criteria for granting such an exemption.
Hoboken NJ	1973	Up to annual change in Consumer Price Index (CPI)	Any residential property built before 1987 and any residential property with less than 4 rental units regardless of when it was built.	Can raise rents but not more than 25% of the previous rate	Allows petitions for tax, water, and capital improvement surcharges and hardship increases	A 9-person Rent Leveling Board reviews appeals, uphold ordinances, and passes regulations. Ordinance is silent on whether or not board members should be tenant or property owners.
Oakland, CA	1980	In 2022, Oakland City Council changed the maximum increase to 60% of the change in CPI or 3 percent, whichever is lower. Prior to that rents could be increased once in a 12-month period by an amount equal to the annual change in CPI.	Buildings built after January 1, 1983. Rental units that are condominiums, single-family homes and cooperative housing are exempt.	Same rent increase restrictions as any other controlled occupied unit	Property owners can bank unused rent increases with some limitations; there is also a process through which property owners can petition for a rent increase based on fair return. (1)	A 7 person Housing, Residential Rent and Relocation board enforces the Rent Adjustment Ordinance, hears appeals on decisions by city staff, develops and amends regulations and makes recommendations to City Council on resident rent, eviction or other City housing policy. The board is comprised of two tenants, two residential rental property owners and three people who are neither tenants nor residential rental property owners.
Washington DC	1985	Up to annual change in CPI plus 2 percent, with an annual maximum increase of 10 percent. For disabled or elderly tenants, rents can increase by CPI alone with a maximum of 5 percent.	Rental units built before 1975 owned by people or LLCs who own 5 or more units.	Can increase rents to a level comparable for similar units; however, they cannot increase the rent by more than 30% of the previous rate	A housing provider may choose to seek larger allowable increases under other provisions of the Act, by filing petitions for hardship, capital improvements, services and facilities substantial rehabilitation, or a voluntary agreement with 70 percent of the tenants	The DC Office of Administrative Hearings (OAH) hears cases pursuant to rent adjustment petitions. A separate, three-member Rental Housing Commission (RHC) is the first level of appeal. The RHA is an administrative court and regulatory body responsible for the impartial interpretation, implementation and enforcement of the Rental Housing Act.
Oregon (statewide law)	2019	7% plus CPI	Rental units that are 15 years or older	No restriction on rent increase, except if tenant is evicted prior to 12 months	None	Oregon Department of Administrative Services shall calculate the maximum annual rent increase percentage annually and post that information on its website. No Oversight Board
St. Paul, MN	2021	3% annually	Original law included all units and had no new construction exemption. In September 2022, law amended to provide a 20 year exemption for new construction projects and for any projects built within the last 20 years.	In original law all units – including vacant ones – were capped at a 3% increase. In September 2022, St. Paul City Council amended the law to allow rent increases of up to 8% plus CPI after a "just cause" vacancy.	Can request an exception to the 3% limit based on the right to a Reasonable Return on Investment	Rent increase exceptions received and determined by city staff; tenants or landlords can appeal to Hearing Office. There is no Oversight Board

- 1) [cao-94612.s3.amazonaws.com/documents/Guide-to-Oakland-Rental-Housing-Law EN 10.4.21 FINAL.pdf](https://cao-94612.s3.amazonaws.com/documents/Guide-to-Oakland-Rental-Housing-Law_EN_10.4.21_FINAL.pdf)
- 2) [City of Oakland | Appointed Rent Board \(oaklandca.gov\)](https://oaklandca.gov/rent-control)
- 3) [Rent Control | ota \(dc.gov\)](https://ota.dc.gov/rent-control)
- 4) [St. Paul City Council approves changes to rent control ordinance | MPR News](https://www.mprnews.com/story/news/2022/09/21/st-paul-city-council-approves-changes-to-rent-control-ordinance/7011112002)