



SEATTLE CITY COUNCIL

Sustainability and Renters' Rights Committee

Agenda

Friday, April 7, 2023

9:30 AM

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

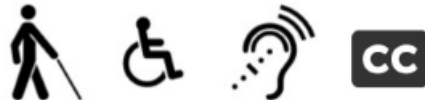
Kshama Sawant, Chair
Sara Nelson, Vice-Chair
Debora Juarez, Member
Andrew J. Lewis, Member
Tammy J. Morales, Member

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. [CB 120541](#) **AN ORDINANCE relating to residential tenancy; limiting the amount of fees charged for late payment of rent and for notices issued to tenants; and adding a new Section 7.24.034 to the Seattle Municipal Code.**

*Supporting
Documents:*

[Summary and Fiscal Note](#)

[FAQ - Cap Late Fees for Overdue Rent](#)

[Renter Late Fee Stories](#)

[Late Fees Letter from the Stay Housed Stay Healthy Coalition](#)

[Central Staff Memo](#)

[Proposed Amendment 1](#)

Briefing, Discussion, and Possible Vote (45 minutes)

Presenters: Maddy Olson, renter; Sonja Ponath, landlord; Edmund Witter, Housing Justice Project; Kate Rubin, Be:Seattle; Violet Lavatai, Tenants Union of Washington State; Asha Venkataraman, Council Central Staff

E. Adjournment



Legislation Text

File #: CB 120541, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to residential tenancy; limiting the amount of fees charged for late payment of rent and for notices issued to tenants; and adding a new Section 7.24.034 to the Seattle Municipal Code.

WHEREAS, over the past several years, rents in Seattle and King County have increased, and vacancies for

affordable housing are at low levels, making it difficult for tenants, especially those with low incomes, to locate affordable rental housing; and

WHEREAS, the King County Regional Affordable Housing Task Force issued its Final Report and

Recommendations for King County, December 2018 (rev. March 2019) (“Affordable Housing Task Force Final Report”), which identifies that renting rather than owning a home increases the chances of being severely cost burdened, and recognizes an existing affordable housing crisis in King County; and

WHEREAS, the Affordable Housing Task Force Final Report includes a regional plan with goals, strategies, and a five-year action plan to address the affordable housing crisis, and Goal 4 of the action plan is to “[p]reserve access to affordable homes for renters by supporting tenant protections to increase housing stability and reduce risk of homelessness”; and

WHEREAS, a report by the Seattle Women’s Commission and the Housing Justice Project of the King County Bar Association, entitled Losing Home: The Human Cost of Eviction in Seattle (Sept. 2018) (“Losing Home Report”) identifies that: (1) national research shows eviction is one of the leading cause of homelessness; (2) research data show that 51.7 percent of tenants evicted were people of color; (3) tenants face steep financial costs resulting from eviction; and (4) 86.5 percent of eviction filings were

for nonpayment of rent and, of these, 52 percent were for one month or less; and

WHEREAS, the Losing Home Report states that “[b]ecause evictions disproportionately impact marginalized communities and have long-lasting harm on individuals as well as the broader community, it is imperative for local and state governments to take immediate action to address evictions”; and

WHEREAS, in GAO-20-433, a report to the Chairwoman, Committee on Financial Services, House of Representatives entitled “Better HUD Oversight of Data Collection Could Improve Estimates of Homeless Population,” the Government Accountability Office estimated that “a \$100 rent increase was associated with a 9% increase in the estimated homelessness rate;” and

WHEREAS, a January 12, 2023 Economic News Release from the U.S. Bureau of Labor Statistics shows that the average hourly earnings for all employees decreased three percent from July 2021 to July 2022; and

WHEREAS, 2017 data from the Urban Institute report entitled “Homeowner and Renter Experiences of Material Hardship: Implications for the Safety Net,” the May 12-24 2022 Census Pulse survey, and the “The State of the Nation’s Housing 2020” Joint Center for Housing Studies suggest that renters are foregoing utility payments, food, and medical costs and tapping into their savings and retirement accounts to prioritize rent payments; and

WHEREAS, many Seattle residents are experiencing large increases in rent that may result in substantial charges for nonpayment of rent; and

WHEREAS, in the face of the affordable housing crisis, several other jurisdictions such as Redmond (Ord. 3091AM) and unincorporated King County (Ord. 2021-0131) have adopted ordinances limiting late fees to 1.5 percent of the monthly rent, and Auburn (ACC 5.23.040) limits late fees to \$10 per month; and

WHEREAS, the Consumer Financial Protection Bureau proposed a rule in February 2023 to cut credit card late fees to \$8; and

WHEREAS, some landlords charge “notice preparation” or “notice service” fees to tenants; and

WHEREAS, these fees can be charged to tenants every time a notice is issued, regardless of whether the notice

is required or at the discretion of the landlord; and

WHEREAS, these notice fees can accrue as additional costs to the tenants and further unpaid debt to the landlord, especially for low-income tenants or tenants on a fixed income; and

WHEREAS, in some circumstances, both excessive late and notice fees can be “junk fees,” a category of fees that the federal government has expressed concerns over; and

WHEREAS, the Council finds that adoption of a \$10 limitation on late fees and prohibiting fees associated with the issuance of notice to tenants is in the best interests of the residents of Seattle and will promote the public health, safety, and welfare of the City; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. A new Section 7.24.034 is added to the Seattle Municipal Code as follows:

7.24.034 Fees for notices and late rent

A. Any fee for late payment of rent shall not exceed ten dollars per month. No other fee may be charged for late payment of rent, including but not limited to a fee for the service of any notice required under state law.

B. A landlord may not charge a fee associated with the issuance of a notice to a tenant, including but not limited to a fee for preparing and delivering a notice regarding late payment of rent, a notice to pay or vacate, or a notice of noncompliance with a rental agreement.

C. The Director shall prepare a notice describing how persons may obtain information about the rights and obligations of landlords and owners under this Section 7.24.034. The Director shall place the notice on the Department's website and provide links to translated versions of the notice in the five languages most commonly spoken in Seattle other than English, as determined on an annual basis. The Director may provide links to translated versions in other languages at the Director's discretion. If requested, the Director shall provide copies of the notice to an owner at no cost.

Section 2. 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.

Elizabeth M. Adkisson, Interim City Clerk

(Seal)

Attachments (if any):

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 residential tenancy; limiting the amount of fees charged for late payment of rent and for notices issued to tenants; and adding a new Section 7.24.034 to the Seattle Municipal Code.

Summary and Background of the Legislation: This legislation would limit the amount of fees a landlord could charge to a tenant when the tenant is late paying rent to \$10 per month. It would also prohibit any other fee associated with late payment of rent and fees for the issuance of notices to the tenant.

2. CAPITAL IMPROVEMENT PROGRAM

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

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes X 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?

Costs to the Seattle Department of Construction and Inspections are described below.

Are there financial costs or other impacts of *not* implementing the legislation?
To the extent that excessive late or notice fees increase the likelihood of increased debt and a potential eviction record, not implementing limits on late or notice fees could increase the potential for tenants to be unstably housed, lose housing, or remain unhoused/unable to obtain housing.

4. OTHER IMPLICATIONS

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

SDCI will enforce this legislation. Given the amount and complexity of landlord-tenant policy that has gone into effect at the state and City levels over the past several years, the recommencement of evictions since the lifting of the eviction moratorium, and increases in tenant relocation assistance claims, SDCI's POTA group is dealing with a substantial increase in call volume, an increase in response time to inquiries for assistance, and staff at or over capacity.

Adding a code compliance analyst would improve performance time. But given the uncertainty of the level of “new normal” workload and indications that there will be a significantly higher workload and customer demand, it is not clear by how much one analyst would improve performance time. The fully loaded cost of a code compliance analyst is about \$138,000.

This piece of legislation is an incremental addition to an already large body of work. For example, intakes (questions, coaching, advice, cases) have increased over the past several years (please note this table does not fully reflect the volume of all calls, and calls related to the Economic Displacement Relocation Assistance legislation are not reflected here, but demonstrates the increase year to year):

Year	Intake
2019	2399
2020	2799
2021	3271
2022	4847

In addition, SDCI indicated that cases have become more complicated and time-consuming over the last few years. SDCI also indicates that response times reflect a triage system that puts the most critical cases such as emergencies, eviction notices, and lock-outs first, situations with timelines such as rent increases second, and issues that do not have a timelines last. Our overall average wait times to respond to a complaint are:

POTA Complaints

Year_assign	Average of Call to Assign
2019	13.6
2020	15.7
2021	21.0
2022	25.5

While urgent situations are addressed more quickly, non-urgent complaints can take longer than these averages and general questions and coaching not associated with a complaint can take even longer.

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?**

To the extent that excessive late and notice fees increase the likelihood of unpaid debt or an eviction record, capping them could mitigate impacts of eviction and housing instability that are often experienced disproportionately by Black, Indigenous, and other 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):

Seattle's Ordinance to

Cap Late Fees for Overdue Rent at \$10/Month

Frequently Asked Questions

Updated April 05, 2023 | Office of Seattle City Councilmember Kshama Sawant

Many rental leases require renters to pay late fees in addition to getting caught up on rent when rent payments are late. Currently, late fees are totally unregulated in Seattle, allowing many corporate and predatory landlords to charge astronomical fees.

What would this ordinance do, if approved by the Seattle City Council?

The ordinance would cap late fees for overdue rent at no more than \$10/month. The nearby cities of Auburn and Burien have already passed such a law.

Extra charges like late fees are on top of the out-of-control rents that the majority of our city's renters struggle to pay. We need protections like this ordinance, in addition to the ones that renters' movements and our socialist Council office have [already won](#), including the [Amazon Tax](#) to fund the expansion of publicly-owned affordable housing. Seattle's renters also need citywide rent control without corporate loopholes.

Renters do not get paid late fees when their landlord delays fixing broken appliances, heating, or mold infestations! Yet renters have to pay rent on time regardless of whether their landlord completed repairs.

Is this ordinance really necessary? Are late fees a big problem for renters?

While many landlords do not charge punishing late fees, many do treat late fees as yet another opportunity to exploit their renters. Some Seattle renters have told us they are charged upwards of \$250 as soon as rent is overdue, and many leases have clauses where landlords can charge an additional \$40 or \$50 every day the rent is late. Other renters have even faced late fees and then

late fee notice delivery fees (an additional fee for the privilege of getting a notice of the late fee). For working-class renters, this is a punch in the gut for being a few days late on rent, and for people who are temporarily unable to pay rent, late fees can spiral out of control.

Here are some [examples of outrageous late fees](#) renters in Seattle have reported:

“My landlord charges \$250 for late rent. My rent is already half of my take home pay each month, and having to pay the late fee keeps me more in debt every single month.”

“I receive a late fee immediately when the month starts if it’s not paid on the first of \$250 and then a few days later I will get an extended late fee of an additional \$250. After they already raised my rent, 25% 10 months ago. It’s outrageous. As a new mother, this is not what I planned on doing in my first year of motherhood.”

“My landlord has never told me in the 2 years I’ve lived there about late fees or what it would be. All of a sudden this year they come out of nowhere saying it's a \$100 late fee added to the rent total. That’s not fair when we never knew it. We live on Section 8. It's hard already to pay rent now and add an extra \$100. Section 8 vouchers are giving us a difficult time as is to lower the cost of the rent paid. Now to worry about an extra \$100 when I’m the only one working in my household of 4.”

Why don’t renters just pay their rent on time and avoid late fees?

The most common reason for delayed rent payments is financial distress. So in reality, it is exploitative for landlords to make renters pay more when they are already struggling to pay their rent in the first place. **Late fees for overdue rents are like a penalty for the crime of being poor and short on money.**

As a renter who signed the community petition said:

“Every time I am late on rent, there’s a \$100 late fee. There’s also an overdraw fee which they charge twice — ‘one for them and one for my bank.’ So if I don’t have the money in my bank to pay, and they try to charge me, I owe \$160 just for being poor. Monetary punishment for insufficient funds boggles me because if I didn’t have money in the first place, I won’t after being charged another \$160.”

This ordinance is especially necessary now, as the cost of living has soared to an unprecedented degree, on top of rents having skyrocketed over the last two decades. The average rent for a one-bedroom apartment in Seattle was [\\$1,970 last year](#). Rents increased by 19 percent last year in downtown Seattle—more than double the rate of record inflation, which is

already squeezing working people to breaking point, and rent is expected to rise by a similar amount this year.

Why cap late fees at \$10/month? Why not a different amount?

Different cities and states have capped late fees at different amounts. Currently \$10/month is the best cap for renters in any city in Washington State. The nearby cities of Burien and Auburn both have a \$10/month limit for late fees, and in both cities, this has been successful. Renters continue to pay rent on time to the best of their ability, and when they fail, they are not burdened with excessive penalties that push them farther and farther behind.

The Seattle Times editorial board, which has a decades-long track record of hostility towards workers' and renters' rights, recently wrote a [hit piece](#) against our proposed legislation, and said that late fees should be a percent of the rent. *The Times* cites Kenmore and Redmond, which capped late rent fees at 1.5 percent.

The Times claims that a \$10/month cap “benefits the wealthier renter... there is no equity in a scenario where a renter of a swanky \$3,000 apartment pays the same late fee as someone struggling to pay \$900 for a studio apartment.”

This claim is dishonest in more than one way. First, those who possess enough wealth and income to live in “swanky” apartments are not the renters who experience the financial distress that forces a renter to be late in rent payment. Second, if the late fee cap was 1.5 percent of rent, then that would result in a late fee greater than \$10/month unless your rent is less than \$667. According to [national databases](#), there are currently no apartments available in Seattle for rents lower than \$700, and in fact, only 2 percent of apartments rent for less than \$1,000! Fifty five percent of Seattle’s apartments rent at more than \$2,000. The vast majority of them are not swanky apartments for wealthy people, but ordinary rental homes whose rents have skyrocketed in the absence of rent control.

Why don't renters just negotiate fair late fees when they sign the lease?

Renters almost never have the opportunity to negotiate the terms of their lease with their landlord, because virtually all the power is in the hands of the landlord, especially in the case of corporate landlords and property management corporations. For a renter, the choice is to either sign the lease offered, or hope to find another place they can afford before becoming homeless. Imagine, as a renter, trying to tell a prospective landlord (corporation) that the lease they offer you has too large a penalty for rent that is not paid on time—it is simply not a realistic option.

As one renter said:

“I exist on my Social Security Retirement Benefits which are paid on the second Wednesday of the month. Of course, my rent is due on the first of each month. This sets me up for a perpetual late fee of \$50 every month since my check will never arrive before the deadline to pay without penalty, which is the 5th. I have asked several times to change my due date to the 15th... I estimate that I have paid over \$3,600 in late fees so far. The high past due penalty has not encouraged me to pay rent on time and in fact has hindered my ability to pay future rent. All because the landlord will not accept a mid-month payment as an on-time payment.”

Landlords get charged late fees if they miss mortgage payments. Don't they need to charge renters the same?

Banks are some of the most powerful capitalist institutions and use their power to set profitable mortgage terms, and when those investments fall through, they use their power to get bailed out by the federal government. If landlords with high mortgages want to organize against the power of the banks, we will support them, but it is no excuse to pass on the costs to working-class renters.

Renters are often forced to accept extremely hostile terms from landlords because they need shelter, and while we know there are some small landlords that don't exploit and gouge their tenants, they are not the norm. In contrast, there is nothing forcing a landlord to accept predatory mortgages—they are free to sell their properties. No landlord has the right to gouge their tenants with the excuse that they need to pay mortgages.

According to [major lenders](#), most mortgages have a 15-day grace period for late payment, which proves that landlords charging \$250 on the 2nd of the month, or \$50 per day until late rent is paid (which is the norm according to hundreds of renters we've heard from), are engaging in blatant exploitation to squeeze renters for extra profit.

Some landlords say they need high late fees to motivate renters to pay rent on time, is that true?

Anyone who has ever struggled to pay rent knows this is absolutely untrue. Working-class renters do everything in their power to pay rent, because there are few things as terrifying as having overdue rent. As mentioned above, the nearby cities of Auburn and Burien have already capped late fees for overdue rent at \$10/month, and renters continue to pay their rents in those cities.

In fact, predatory late fees almost always have the opposite effect—being charged huge fees, when you didn't have the money to pay rent on time in the first place, only makes it that much

harder to catch up on rent payments in subsequent months. Many renters have told us they end up trapped in a cycle of rental debt that can become impossible to recover from.

Some landlords say they need late fees and notice fees to cover their costs, is that true?

Renters already pay a fee to cover their landlord's costs every month – that fee is called the “rent.” Landlords recoup their expenses and make profits through the rents their tenants pay.

Despite the profits from rents, many landlords increase their profits even further by charging their tenants additional fees. As one landlord told our community organizers at a neighborhood table about the late fee legislation, “that is how I make my money.” Seattle renters have [reported](#) “junk fees” (fees charged for no good reason), such as a \$75 notice fee for a notice to remove potted plants from a balcony, and a \$300 administrative fee for signing a new lease.

The reality is that being a landlord is extremely profitable. Norada Real Estate Investments reports:

“Rental rates are high and continue to rise, guaranteeing ROI [return on investment] for those who buy and hold properties for the long term. We’ve already addressed the fact that you can raise rents as necessary to match the market. This means you will certainly be able to profit from the large rental market in Seattle whether you buy and hold or buy and flip.”

The exploitation of low-income renters, especially those of color, is particularly acute. In fact, according to a [recently published study](#) in the American Journal of Sociology, landlords and property corporations who own rental properties in poor and low-income neighborhoods, or otherwise rent to low-income tenants, make “staggeringly high profit margins.” Using the example of Milwaukee, the authors report:

“Rental units in neighborhoods with less than 15% poverty rates have exploitation rates around 10%. There, rents sum to the value of property in around 10 years. But in high-poverty neighborhoods, those with 50%–60% poverty rates, exploitation more than doubles as annual rents amount to 25% of property values. A substantial shift also appears between black and nonblack neighborhoods: a 10%–15% median exploitation rate in minority-black neighborhoods compared to a 20%–25% rate in majority-black neighborhoods.”

Some landlords say Seattle renter protections are simply too complicated, and the penalties for breaking the rules are too harsh?

There is almost no enforcement of renter rights in Seattle. **In all of 2021, the City of Seattle only issued five fines to landlords citywide, and that was only after many months of warnings.** Renters, on the other hand, face unaffordable rent increases, and in the worst cases, evictions. Statistically nine out of ten people who are evicted become homeless, which can be fatal. It is not complicated for landlords to follow landlord laws. That is literally their job.

Are landlords struggling to make money in Seattle?

The Rental Housing Association of Washington, a landlord lobbying organization, falsely claims that, “The large majority of landlords are not wealthy, 59% are cited as earning less than \$75,000 per year. Only 8% reported incomes over \$150,000 per year.” This lie has been repeated by landlords testifying against every recent renters’ rights bill. They are referring to a 2018 study that surveyed over 4,000 Seattle landlords. Predictably, the reality is the exact opposite. The question landlords were asked in the survey referenced by that 2018 study was, “What is the average total household income for the **tenants** that you rent to?” In other words, it is renters, not landlords who struggle to make ends meet.

Won’t ordinances like this one make small landlords sell their properties?

The landlord lobby has claimed that any and all renters’ rights will force small landlords to sell their properties, and they have presented the most dubious evidence. They cite a reduction in rental property registrations during years when the City stopped enforcing the requirement to register rental properties because of the COVID emergency. In fact, the cited report explicitly states, “registration data cannot provide a complete picture of rental market characteristics due to the currently indeterminate rate of non-compliance.” And they cite an anecdotal opinion poll of landlords as if it were a scientific study. The reality is there is no reliable evidence of any change in the number of landlords, and there is certainly no evidence that renter rights is any sort of factor. On the contrary, it is likely that the staggering increase in property values over the last decade is the principal reason a landlord would sell their properties.

At the end of the day, no landlord—big or small—has the right to exploit or gouge their tenants. If a landlord sells their property because they do not want to comply with renter rights, it doesn’t remove the housing, it just changes the property owner.

Seattle Renter Late Fee Stories

Updated April 5, 2023

- **“My landlord charges \$250 for late rent. My rent is already half of my take home pay each month, and having to pay the late fee keeps me more in debt every single month.”**
- **“I receive a late fee immediately when the month starts if it’s not paid on the first of \$250 and then a few days later I will get an extended late fee of an additional \$250. After they already raised my rent, 25% 10 months ago. It’s outrageous. As a new mother, this is not what I planned on doing in my first year of motherhood.”**
- **“Every time I am late on rent, there’s a \$100 late fee. There’s also an overdraft fee which they charge twice — ‘one for them and one for my bank.’ So if I don’t have the money in my bank to pay, and they try to charge me, I owe \$160 just for being poor. Monetary punishment for insufficient funds boggles me because if I didn’t have money in the first place, I won’t after being charged another \$160.”**
- **“I exist on my Social Security Retirement Benefits which are paid on the second Wednesday of the month. Of course, my rent is due on the first of each month. This sets me up for a perpetual late fee of \$50 every month since my check will never arrive before the deadline to pay without penalty, which is the 5th. I have asked several times to change my due date to the 15th. The landlord, Community Roots Housing, will not budge on any dates. And we all know the US Government will not change my SS payment date. The “creative” solution proposed by CRH was to save up enough money to get a month ahead and keep one month's rent in the bank for the payment on the first of the month. Well, on approximately \$1,700 total income per month it is next to impossible. I estimate that I have paid over \$3,600 in late fees so far. The high past due penalty has not encouraged me to pay rent on time and in fact has hindered my ability to pay future rent. All because the landlord will not accept a mid-month payment as an on-time payment.”**

- **“My rent is being raised by \$200/mo in June which officially brings the percentage of my rent up to 50% of my income. Late fees based on a percentage of your rent is then raised along with ANY ALLOWABLE and LAWFUL raise in rent. So, now if your landlord raises your rent by 10% per year, any late fees and any other fee that has its basis as a percentage of rent is also raised. It needs to be capped so as not to make rising rent a catalyst for raising fees also.”**
- **“My landlord has never told me in the 2 years I’ve lived there about late fees or what it would be. All of a sudden this year they come out of nowhere saying it's a \$100 late fee added to the rent total. That’s not fair when we never knew it. We live on Section 8. It's hard already to pay rent now and add an extra \$100. Section 8 vouchers are giving us a difficult time as is to lower the cost of the rent paid. Now to worry about an extra \$100 when I’m the only one working in my household of 4.”**
- **“Hitting tenants when they're down by gouging them with exorbitant late fees is cruel and unproductive. If someone can't make their rent that month, they're likely unable to pay the fee on top of that. It's extortion, and puts people at risk of becoming unhoused, which is an increasing problem in the city & across the nation. We need to put people over profit and create humane solutions that are fair to tenants first, and landlords will benefit too.”**
- **“Late fees impact every renter in Seattle. When you are just one day late (and often it is only because mail is late or landlord does not have a place to safely drop rent checks) most landlords in the City charge on average \$55 per day after the 5th calendar day; some, like mine, charge \$55 for 5 days raising it to \$75 after that. Also, my landlord and others charge fees for utilities paid late. As a low income renter these fees are very impactful. \$55 is a weeks’ groceries, medication co-pays, or anything else one might need. Landlords pocket this money as profit alone. If the late fees went to property improvements or repairs and upkeep maybe it could be justified but as it stands it seems the 6 figure salary paid to my “leasing manager-vice president” is, in part, paid by these fees. Landlords make plenty of profit (I don’t see any going out of business or having lay-offs) but**

I do see run down buildings like mine where repairs are not made or ignored. Since the City Council will not cap rents or impose a sliding scale rent system then at least cap these unnecessary fees. Renters know when the rent is late, we do not need a fiscal reminder.”

- **“I’ve known multiple people who, over the last few years, have had months of food insecurity and compounding medical issues due to the fact that their late fees added up because of high rent and low wages. Many of these people work upwards of 50 hours a week.”**
- **“Late Fees are excessive and do not compensate for anything actually lost by the landlord. Rent comes first before most bills so if people cannot make it on time, they are most surely struggling. It’s not like we’re talking about people who are not ever paying their rent, they are, but then they are forced into paying on top of what is already a difficult financial situation. Just being a renter with none of your monthly rent magically turning into equity like a landlord gets in return+profit margin is the situation our working class has no other option but to take to keep a roof over their family and it is to their own detriment. Please hear the voice of reason behind this petition and side with those in the struggle, working day after day to come up with the money and not further penalize them, redistributing their wealth, their labor to a sector of society that is killing the spirit of a nation.”**
- **“Yes and I have worked with homeless clients for over 13 years. I've seen this happen to hundreds of clients if not thousands. I help my clients find housing while addressing their mental health needs. Accruing late fees leads to homelessness and it's virtually impossible in this expensive economy to recover from an eviction, overdue fees and rent. It should be illegal to charge more than \$10 late fees and to give eviction notices if a person falls a couple weeks behind. They should allow a payment plan so people don't have to fork over \$2,000-2,500+ all at once and risk fees. Demand rent control! No one should pay 1/2 (or more) their income on rent or housing. The minimum wage would need to be \$30 plus an hour for the average family to survive. This is a great idea, but it is not enough. Time to**

demand a REAL livable wage for ALL, not just for minimum wage workers!!”

- “I have been charged \$150 for late rent due to the rent being 6 days late. I was notified that the rent was 6 days late with an eviction notice. I had thought I’d paid the rent but since I had not pushed the correct button on the online form when paying the transaction so the payment attempt was void. I am also charged \$1.00 to pay online which is the only way rent can be paid.”
- “Yes and rent keeps going up and late fees on top of that plus all utilities my whole check goes to keeping a roof over my head. Me and my kids don't have extra for no other bills, \$1800, 1 bedroom 3 girls, we're a step away from being homeless.”
- “With all the late fees and price increases we can't afford to pay anything else. Someone please please please put a stop to late fees and rent increases. The cost is beyond out of control.”
- “From \$100 late fees to \$200 rent increases yearly. But isn't the real issue the price of rent? If you need 2 incomes to pay the rent and bills if it goes up anymore it will be impossible to adhere to the 5 people per house and only 1 family per home rules that we have to adhere to. So I hope there is a rent cap included here too. At 75% of minimum wage at 40 hours per week.... for a 2 bedroom. That is closer to realistic. Thank you. It is so bad that soon I will be paying rent late. Or maybe not be able to make rent.... so how will I pay that extra \$100?”
- “It happened to me. I have been charged a \$150 late fee a few times.”
- “My landlord charges \$100 in late fees (nearly 10% of the rent) on the 7th of the month. Put me into rent debt, then offered me a repayment plan adding \$500 a month (nearly half my rent). Being forced to move out after losing my job. I hate

this place. Please do what you can, Councilperson Sawant. You're an inspiration to me.”

- “I got rental assistance and the contract we signed said they couldn't raise my rent for 6 months. They not only raised my rent, they harassed me the whole time. Wouldn't fix mold and leak problems and charged me for parking. I've been here for 8 years and they added on massive late fees before rental assistance so they could collect when it got paid. They have price-gouged me on everything...”
- “Too many people I know have had their life ruined by incredibly high rental late fees stacking up and making it impossible for them to claw their way out financially. It makes the line between financial stability and homelessness razor thin. We need legislation that prevents more people from landing on the streets. Unregulated fees have exacerbated our current homeless crisis. Financial ruin should not be a punishment for paying rent late.”
- “I got behind on rent once and not only was it \$140 for late fees, the landlord misappropriated the funds and I ended up having to pay again over a year after I had gotten my rent back on track. If I hadn't had help from my tribe I would have been on the street.”
- “Avenue One property management charges 10% late fee. For us that is \$370 if paid on the 6th. Our rent is \$3700.00 a month for an unregistered house.”
- “I recently left an apartment where the landlord charged \$100 per day for every day the rent was late. They even made a mistake once and tried to charge me for multiple days for their disorganization for losing my paper check and thinking I didn't pay on time. They are ruthless and lack compassion for folks who are already struggling to stay afloat in this expensive city.”
- “I have had friends who also rent in Seattle be charged "late" fees on their rent for their landlords misplacing/not cashing their checks in time. These fees are often \$100-200+ and are morally reprehensible.”

- “\$10/day after the 5th day of the month, but if you pay on the 6th day, you (also?) owe \$50.00. It’s language like this that makes it difficult for folks like me to understand and keeps landlords in power and not accountable or trustworthy.”
- “I am a nurse who has worked with many families who struggle with day-to-day necessities. I have also worked with homeless people. I have veteran and civilian friends and loved ones who have been homeless. Families and individuals need stable housing to keep jobs and stay healthy. Exorbitant late fees exacerbate housing precarity and make it increasingly difficult to pay back rent and keep housing. Evictions make getting new, safe housing nearly impossible. Once homeless, the barriers to housing are extremely difficult to overcome. Landlords should not be permitted to charge exorbitant late fees that drive people deeper into debt. Everything should be done to keep people housed. Housing is a human right. The state of homelessness in this city breaks my heart every day. City council should do everything in its power to stop and reverse this trend. Eliminating exorbitant late fees is a great start.”
- “I’ve been charged 300+ dollars at least twice in the place I currently live. I send my rent check five days before the last of the month and sometimes it does not get to property management for two weeks yet I’m the one charged. The check is going from Seattle to Lake Stevens. This has put me in debt, made it so I was not able to buy food.”
- “Yes, we are charged \$100 if we are even 1 hour late paying through the online portal.”
- “They charge an immediate \$250 fee plus a \$50 return check fee for rent paid after the first of the month.”
- “Yes, my lease states that if I pay rent after the 2nd of the month, I must pay an additional 100 dollars, which is simply unreasonable and, the way I see it, a threat of punishment and potential financial ruin.”
- “Our property management charges \$100 if late on the 5th and then \$10 a day after. Ridiculous.”

- “I'm not affected by late fees. But I have friends who have gone homeless because they couldn't afford the late fees upon fees. A \$10 cap is so needed to help keep people housed and not add to the homeless situation.”
- “There is a provision in my lease for extremely expensive late fees. They offer an option to split rent into two payments but charge the same amount as the late fees to do so. Landlords have no incentive to treat their tenants with respect and fairness unless they are forced to do so by law.”
- “Yes, I was late one day and was charged \$70 and another time the office was closed and I was charged another \$70. It's a very expensive late charge due to being on SSI. Please help us reduce late fees.”
- “My last landlord--or more precisely, the property management company he used to handle most landlord-tenant interactions--charged \$35 for rent checks arriving just a few days late. They vaguely claimed they gave "a few days grace period for mail" but never specified what that was or why a fee was sometimes charged for 4 days and other times not. \$35 is a lot of money for someone on a limited income.”
- “Our late fees are \$50 every day we're late.”
- “Landlords should not be able to take advantage of this system while they themselves delay replacing my CO2 sensors, air filters, and other upkeep.”
- “My lease agreement has a \$50 per day late fee, which would quickly make it difficult to pay.”
- “Most of my staff are struggling to pay their rent and it continues to increase for them as we attempt to pay livable wages in a small non profit.”
- “\$500 late fee on my lease.”
- “My late fee is \$75 per month. I can't afford to be late otherwise I'll end up being late the next month and the next month and the next. I'll never get caught up

because I'm not about to get a \$75 month raise. Our wages are extremely low. I'm still making around 40,000 per year for the last 23 years. With all these rate hikes and increase in food, but no increase in our wages, how do you make ends meet? Please put a cap on the late fees, it would be a huge help to me. Thank you so much."

- "While I have been personally fortunate enough to not experience the financial burden of exorbitant late fees, I reside in an income restricted complex, where management charges fines and upcharges for every possible reason. Ownership is negligent on safety and security for tenants, multiple times a year we are asked to provide proof of income for a variety of "qualification" reasons, yet they don't provide basics like access to recycling disposal. I have seen many eviction notices on the doors of fellow tenants, following the city's grace period for rent forgiveness ending. What I am trying to convey with this information, is that those of us on the margins are constantly battling with landlords for fair, safe, and affordable housing. Too many of us are already one paycheck away from eviction and homeless. To permit landlords to additionally penalize the poor perpetuates that cycle for the working poor - especially in a city with one of the highest costs of living - we will never be able to break that cycle if we are constantly monetarily penalized , simply for being poor."
- "Our former landlord attempted to charge us late fees when their autopay system went down. They said it was our fault for not sending a check instead. We didn't know the AUTOPAY didn't go through until they called us 10 days later."
- "Its extremely difficult for a research fellow working in academic university or institute to pay a late fee for in amount of \$200 when our stipend given by government and NIH is very minimal to manage a month's survival with rent, food, grocery, travel, electricity, water, phone bills to pay for. I did my research fellowship for over 5 years. Many others did it for 10 years, and with family it is difficult to pay any extra cost. Please put a cap of \$10 on late fees for the rent payment. Please consider about daily wage workers who are essential to run the work for each city, town, and countryside areas."

- “Yes, I was charged a penalty of 150\$ for one day late payment. From there I was careful. But the late penalty is really huge and seems very unfair.”
- “Yes, I’ve seen this happen to my closest friends and loved ones. These late fees always target those who are struggling the most, financially. Then there are only more consequences for the late fees in the future. Stop targeting our most vulnerable people. They need our help, not more financial punishment.”



January 12, 2023

Dear Seattle City Council Members and Mayor Harrell,

We are writing to urge you to pass legislation limiting late fees for renters to \$10 per month. In the past several years, five jurisdictions in King County have passed laws limiting late fees. The cities of Auburn and Burien have capped late fees at \$10 per month. Kenmore, Redmond, and unincorporated King County have capped late fees at 1.5% of monthly rent.

Currently, there is no state regulation on how much landlords can charge in late fees. Many landlords charge a flat rate of anywhere from \$50-200 and then a daily fee of \$5-50 until rent is paid in full, meaning if a tenant is even five or six days late on rent, they now owe an additional \$70-400. This sets renters up to drown in debt and makes it near impossible to catch up. Mistakes happen; there can be an accounting delay resulting in a late paycheck, or something goes awry with public benefits, or an unexpected expense comes up. If someone is unable to pay their rent on time, how can they pay steep fees on top of that?

The main impact of punitive late fees is to destroy a person's credit history; as state law stands, a renter cannot be evicted for late fees and the courts only require them to pay up to \$75 of late fees once an eviction process has started. The argument that limiting late fees will cause tenants to de-prioritize rent payments does not hold water. Even during a worldwide pandemic, with eviction moratoriums in place, renters [continued to prioritize rent](#) over medical bills, food, and other household necessities. As they say, "the rent eats first." All large late fees accomplish is punishing the most vulnerable members of our community even when they've gotten caught up on rent.

We ask you to match the high standard set by Auburn and Burien and cap late fees in Seattle at \$10 per month.

Sincerely,

Members of the Stay Housed Stay Healthy coalition:

350 Seattle
Be:Seattle
Eastside For All
Eastside Legal Assistance Program
El Centro de la Raza
Faith Action Network
Housing Justice Project
Housing Justice Work Group - Seattle DSA
InterIm CDA
Lake City Taskforce on Homelessness
LGBTQ Allyship
Nickelsville
Northshore Social Justice Action Group
North Urban Human Services Alliance (NUHSA)
PROTEC17
Queer The Land
Real Change
Resident & Fellow Physician Union - Northwest
SHARE (Seattle Housing and Resource Effort)
Share The Cities Organizing Collective
Solid Ground
Taking Black Pride SEA
Tenant Law Center
Transit Riders Union
Trans Women of Color Solidarity Network - House of Constance Project
Urban League of Metropolitan Seattle
Washington Build Back Black Alliance
Washington Physicians for Social Responsibility
Washington Working Families Party
WHEEL (Women's Housing Equality and Enhancement League)

April 5, 2023

MEMORANDUM

To: Sustainability and Renters' Rights Committee
From: Asha Venkataraman, Analyst
Subject: CB 120541: Limits on late fees and notice fees

On April 7, 2023, the Sustainability and Renters' Rights Committee will discuss and possibly vote on [Council Bill \(CB\) 120541](#), sponsored by Councilmember Sawant. This legislation covers the same topics discussed at the March 17, 2023, committee meeting regarding [CB 120530](#), which regulated late fees, but contains changes related to notice fees that required a new title and bill. This memo will describe the differences between CB 120530 and CB 120541, review issues for the Council's consideration, and provide next steps.

Background

On March 17, 2023, the committee discussed CB 120530, which would have: limited the amount of fees charged for late rent to ten dollars per month; prohibited charging any other fees related to late payment of rent, including for the service of any notice required under state law as related to late payment of rent; directed the Seattle Department of Construction and Inspections (SDCI) to prepare a notice informing landlords and tenants of their rights under the law; and stated that any notice to pay or vacate should indicate the amount of owed money that is unpaid rent and the amount that is for late fees. Please see the [March 15, 2023 Central Staff memo](#) for a full description of CB 120530 and related issues.

Notice Fees

Landlords can issue many kinds of notice to tenants, examples of which include notices for late payment of rent, lease non-renewal, need to access the unit, lease violations, and eviction (notices to pay rent due or vacate, notices to comply with a lease or vacate).

There do not appear to be explicit regulations on whether and how much a landlord can charge for issuance of notices to a tenant. It is not clear how many landlords charge this type of fee. The range of such fees can vary widely. The actual cost to a landlord of issuing a notice is variable, and could include anything from printing or postage costs, to paying a sheriff to serve an eviction notice, or paying a property management company to handle all notices. Whether these costs are passed to tenants in the form of a notice preparation fee or in some other way also varies amongst landlords.

Differences between CB 120530 and CB 120541

CB 120541 retains the limitation on late fees at ten dollars per month and a prohibition against other fees associated with late payment of rent contained in CB 120530. CB 120541 reflects

two primary changes. First, CB 120541 would add a prohibition against all fees associated with issuance of any notice to a tenant (not just notices associated with late fees) and includes recitals addressing that prohibition. The addition of this provision by the sponsor required a new bill title.

Second, CB 120541 no longer contains language required on any notice issued to the tenant about the late fee regulations and potential remedies. While the language requiring that any notice to pay or vacate should indicate the amount of owed money that is unpaid rent and the amount that is for late fees has been excluded from CB 120541, SDCI is still directed to conduct a rulemaking process regarding notice to inform landlords and tenants of their rights under the law.

Issues for Council's Consideration

Central Staff's March 15, 2023 memo described three issues and potential options for the Council's consideration: (1) the amount and impact of fees; (2) the regulatory environment; and (3) implementation. Many of these same issues apply to CB 120541.

The Council could enact a prohibition against all notice fees as proposed in CB 120541. The Council could also consider whether to impose a prohibition only on certain notice fees, require that fees reflect the actual cost to the landlord for issuance of notices, or impose a fee of a certain dollar amount above which landlords cannot charge.

Lastly, please see the [summary and fiscal note](#) for CB 120541 for information regarding implementation and enforcement by SDCI. In short, while adding one FTE code compliance analyst may help improve response times, it is unclear how much reduction, if any, in response time will result. The uncertainty of what average workload will look like and how many more calls and cases will come from passage of this legislation makes gauging the appropriate amount of staffing challenging.

Next Steps

If Councilmembers vote CB 120541 out of committee on April 7, it will be in front of the City Council for a vote on April 18.

cc: Esther Handy, Director
Aly Pennucci, Deputy Director
Greg Doss, Lead Analyst

Amendment 1 Version 1 to CB 120541- Late and Notice Fees

Sponsor: Councilmember Nelson

Changing the amount of the late fee

Effect: This amendment would change the limitation on the amount of the late fee from \$10 to the lesser of 1.5 percent of the monthly rent or \$50. This would make the maximum late fee charge \$50.

Amend Section 1 of CB 120541 as follows:

7.24.034 Fees for notices and late rent

A. Any fee for late payment of rent shall not exceed ~~((ten dollars per month))~~ the lesser of 1.5 percent of the monthly rent or \$50. No other fee may be charged for late payment of rent, including but not limited to a fee for the service of any notice required under state law.