Legislation Details (With Text)

File #:	CB 120541 **Version:** 3	**Name:**	CB 120541
Type:	Ordinance (Ord)	**Status:**	Passed
		In control:	City Clerk
On agenda:	4/18/2023		
Final Action:	5/1/2023	**Ord. No.**	Ord 126803
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.		
Sponsors:	Kshama Sawant		
Indexes:			
Attachments:	1. Summary and Fiscal Note v2, 2. Summary and Fiscal Note v1, 3. FAQ - Cap Late Fees for Overdue Rent, 4. Renter Late Fee Stories, 5. Late Fees Letter from the Stay Housed Stay Healthy Coalition, 6. Central Staff Memo, 7. Proposed Amendment 1, 8. Proposed Amendment A, 9. Signed Ordinance 126803, 10. Affidavit of Publication		

Date	Ver.	Action By	Action	Result
5/1/2023	3	City Clerk	attested by City Clerk	
5/1/2023	3	Mayor	returned	
5/1/2023	3	Mayor	returned unsigned	
4/21/2023	3	City Clerk	submitted for Mayor's signature	
4/18/2023	2	City Council	passed as amended	Pass
4/7/2023	1	Sustainability and Renters' Rights Committee	pass as amended	Pass
4/4/2023	1	City Council	referred	
3/31/2023	1	Council President's Office	referred	
3/31/2023	1	City Clerk	sent for review	

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):