



Legislation Text

File #: CB 119752, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to fair housing; regulating rental housing bidding platforms; repealing a one-year prohibition on use of rental housing bidding platforms; repealing Section 7.24.090 of the Seattle Municipal Code; and amending Section 7.24.020 of the Seattle Municipal Code.

WHEREAS, online or application-based platforms that provide landlords the ability to list rental housing units, oblige potential tenants to bid on certain lease provisions, and allow landlords their choice of tenant based on the tenant's bid and screening criteria appeared over the last several years in many housing markets, including Seattle's; and

WHEREAS, the City Council ("Council") wished to determine whether the structure and operation of new application-based and online services complied with the new and different regulatory landscape in Seattle from changes to Seattle's laws including regulating rentals, revising the housing code, and updating fair housing protections; and

WHEREAS, the Council wishes to know more about how these services function and the impact they may have on Seattle's rental housing market before allowing landlords and tenants to use them within Seattle; and

WHEREAS, the Council passed Ordinance 125551 in March 2018, prohibiting landlords and potential tenants from using rental housing bidding platforms for real property located in Seattle city limits; and

WHEREAS, Ordinance 125551 also included a request for the Office of Housing to "conduct a study of the current or potential impacts rental housing bidding platforms have and could have on equitable access to Seattle's rental housing market"; and

WHEREAS, the prohibition expired on April 30, 2019; and

WHEREAS, the Council passed Ordinance 125840 in June 2019, instituting another year-long prohibition against landlords and potential tenants using rental housing bidding platforms for real property located in Seattle city limits, in anticipation of the July 2019 release of Office of Housing’s study and the need for time to consider subsequent action after the report’s issuance; and

WHEREAS, the Office of Housing transmitted its study on rent bidding (“Rent Bidding Study”) in July 2019, and found that because of the brief period of operation of the rental housing bidding platforms in Seattle, the effects of these platforms on the Seattle housing market and on equitable access could not be analyzed; and

WHEREAS, the Rent Bidding Study reviewed potential issues associated with compliance with fair housing protections and equitable access; and

WHEREAS, the Rent Bidding Study recommended investigation of several topics if rental housing platforms were allowed to operate in Seattle, including compliance with “first-in-time” tenant screening requirements, which have since been affirmed by the Washington State Supreme Court; analysis of the effects on landlords and tenants; and compliance with provisions of the Residential Landlord-Tenant Act and other Washington State laws; and

WHEREAS, the Rent Bidding Study indicated that rental housing bidding platforms should show evidence of compliance and considerations of current law before reinstating the use of the platform by landlords and tenants; and

WHEREAS, the Rent Bidding Study recommended that rental bidding platforms affirmatively demonstrate compliance with all federal, state, and local laws as well as consideration of fairness and equity; and

WHEREAS, the Rent Bidding Study specifically recommended that the Seattle Municipal Code’s regulation of unfair housing practices be modified to include requirements that rental bidding platforms ensure compliance and equitable access for those persons with housing choice vouchers, and make operations competitive for those with vouchers; anonymize user profiles; make platforms accessible to persons

with disabilities; provide multiple language support; add a requirement to list screening criteria; and require that an Open Housing Poster be posted on all platforms; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 7.24.020 of the Seattle Municipal Code, last amended by Ordinance 125950, is amended as follows:

7.24.020 Definitions

* * *

“Rental agreement” means a “rental agreement” as defined and within the scope of RCW 59.18.030 and RCW 59.18.040 of the RLTA in effect at the time the rental agreement is executed. At the time of the passage of the ordinance codified in this chapter, the RLTA defined “rental agreement” as “all agreements which establish or modify the terms, conditions, rules, regulations, or any other provisions concerning the use and occupancy of a dwelling unit.”

~~((“Rental housing bidding platform” or “platform” means a person that connects potential tenants and landlords via an application based or online platform to facilitate rental housing auctions wherein potential tenants submit competing bids on certain lease provisions including but not limited to housing costs and lease term, to landlords for approval or denial. Merely publishing a rental housing advertisement does not make a person a rental housing bidding platform. This definition shall expire on July 17, 2020.))~~

“Security deposit” means any payment, fee, charge, or deposit of money paid to the landlord by the tenant at the beginning of the tenancy as a deposit and security for performance of the tenant’s obligations in a written rental agreement, but does not include payment of a reservation fee authorized by RCW 59.18.253(2) or a payment to assure the payment of rent, provided that a security deposit may be applied to rent as provided in Section 7.24.030. Security deposits include payments, charges, or deposits for the purpose of:

1. Repairing damage to the premises, exclusive of ordinary wear and tear, caused by the tenant, or by a guest or licensee of the tenant.

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

3. Compensating the landlord for the tenant's failure to return keys to the premises, except that a landlord shall not retain any portion of the deposit for keys for lock mechanisms that must be changed upon a change of tenancy pursuant to subsection 22.206.140.A.7.

* * *

Section 2. Section 7.24.090 of the Seattle Municipal Code, last amended by Ordinance 125840, is repealed:

~~((7.24.090 Use of online or application-based rental housing bidding services prohibited~~

~~A. Landlords and potential tenants are prohibited from using rental housing bidding platforms for real property located in Seattle city limits.~~

~~B. This Section 7.24.090 shall expire July 17, 2020 unless the City Council exercises its authority under subsection 7.24.090.C, in which case it shall expire at the end of the extension.~~

~~C. The City Council has the authority to extend the prohibition in subsection 7.24.090.A by up to 12 months if the Office of Housing requests more time to complete the study of rental housing impacts, or if the Council needs more time to review the study or discuss potential action.))~~

Section 3. Upon the effective date of the repeal of the prohibition, the City Council requests that the Office of Housing to collect data to track whether rental housing bidding platforms are functioning for bidding purposes or only for advertising or other non-bidding functions, to determine whether the use of the platforms in Seattle is having an impact on equitable access to Seattle's rental housing market. The Council requests the Office of Housing provide the results of its data collection and analysis by June 1, 2021.

Section 4. Upon the effective date of the repeal of the prohibition, the City Council requests that the Office for Civil Rights conduct testing to determine if the use of the rental housing bidding platforms for bidding purposes is in compliance with SMC 14.08. The Council requests the Office for Civil Rights provide

the results of testing by June 1, 2021.

Section 5. The City Council requests that if the data has shown that the platforms are functioning for bidding purposes and there is an impact on equitable access to rental housing, the Office for Civil Rights and the Office of Housing work with Council to determine whether and how the recommendations outlined in the Rent Bidding Study should be implemented, including mitigating any unintended consequences.

Section 6. The City Council encourages rental housing bidding platforms to post the Seattle Open Housing Poster on their website to ensure compliance by those utilizing their services.

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 _____, 2020, and signed by me in open session in authentication of its passage this _____ day of _____, 2020.

President _____ of the City Council

Approved by me this _____ day of _____, 2020.

Jenny A. Durkan, Mayor

Filed by me this _____ day of _____, 2020.

Monica Martinez Simmons, City Clerk

(Seal)