

Rental Housing Code Changes

Comparison of City Proposed Changes, Tacoma Landlord Fairness Code Proposal, and Sponsor Considerations

Policy	City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Sponsor Considerations
1. Notice of Rent Increase (included in petition with relocation)	<ul style="list-style-type: none">• Implement notice tiers based upon the percent of rent increase, for example:<ul style="list-style-type: none">○ 60-day written notice for 6% or less increase○ 90-day written notice for an increase over 6% and up to 10%,○ 120-day written notice for an increase of more than 10%.• Require that the written notice be served in accordance with RCW 59.12.040.• Not allow the landlord to charge for the rent increase notice to be served.	<ul style="list-style-type: none">• Two notices required to raise rent:<ul style="list-style-type: none">○ first between 210 and 180 days○ second between 120 and 90 days	<ul style="list-style-type: none">• Recommend adopting a single notice requirement at 120 days for any rent increase.• <u>What would this Policy change do?</u> The policy would increase the amount days of required notice to ensure tenants have time to secure new housing.

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<p>2. Shared Housing Standards</p>	<ul style="list-style-type: none"> • Require that the master lease holder provide contact information for the sublet tenants and the property owner at time of tenancy. • Require separate leases when renting to four or more tenants. • Require lease to state the legal number of occupants and habitable spaces in the unit (TMC prohibits the renting of attics, basements, and/or garages that have not been properly permitted). • Require the property owner to serve any notices that can lead to eviction to the master lease holder and appropriate number of notices for all sublet tenants. • Require master lease holder to serve any notices that can lead to eviction by property owner to all sublet tenants. • Prohibit property owner with a master lease agreement from starting the Unlawful Detainer Action (eviction) if they cannot show notices were served to all sublet tenants. 		<ul style="list-style-type: none"> • Recommend adopting shared housing standards under the City proposal • <u>What would policy change do?</u> Policy will ensure that tenants are living in legal, habitable, and healthy spaces and landlord is following all policies under the RLTA when it comes to termination of tenancy.

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3. Standardized Screening Criteria	<ul style="list-style-type: none"> • Set a standard income to rent requirement as 2.5x or 3x monthly rent based on HUD fair rental rates • Prohibits landlord from having a blanket ban on a tenant with felony convictions, and arrest records. • Requires landlords to do individual assessments of proposed tenants' criminal history to determine eligibility based on the severity and how long ago the offense occurred. • Prohibit the landlord from requiring a SSN as the only way a tenant can apply for housing. 		<ul style="list-style-type: none"> • Recommend adopting screening criteria under the City proposal • <u>What would the policy do?</u> Policy would ensure tenants have the opportunity to secure housing. This policy would particularly help the vulnerable population who is more likely to become homeless if they are not able to secure affordable healthy housing.

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4. Late Fee Standards	<ul style="list-style-type: none"> • Require the landlord to actively take steps to recover late fees during tenancy, such as serving monthly or quarterly notices or invoices. • Prohibit landlords who do not address late fees during tenancy from withholding them from deposit or reporting them to prospective landlords at end of tenancy. • Limit the amount of late fee the landlord can charge to \$75 max per month. 	<ul style="list-style-type: none"> • Prohibits any fee or charge for late payment of rent exceeding \$10.00 per month 	<ul style="list-style-type: none"> • Recommend adopting the late fee standards under the City proposal with one change: <ul style="list-style-type: none"> ○ Limit the amount of late fees to 1.5% of unpaid monthly rent, with a maximum limit of \$75/month. • Recommend adopting a prohibition on late fees assessed on non-rent charges • Research what other communities are doing to define and regulate late fees for low-income tenants and how that can be implemented throughout rental housing code, including provisions for when someone loses their job or income level changes. • <u>What would policy change do?</u> This policy would establish standards on how landlords address compliance with late fees during tenancy.

Policy	City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Sponsor Considerations
5. No Evictions w/o a Business License	<p>Landlords cannot pursue evictions if:</p> <ul style="list-style-type: none"> the landlord does not have a City annual business license dwelling unit fails to comply with RCW 59.18.060, and presents conditions that endanger or impair health and safety of tenants <p><i>* T&L Staff is currently working on ways to add rent rates/increases to data collected in annual business licenses.</i></p>		<ul style="list-style-type: none"> Recommend adopting limitations on evictions and rent increases without a business license Recommend reviewing and clarifying code and increasing funding to continue and expand greater education to tenants on enforcement actions they can take under current law. <u>What would policy change do?</u> Policy would ensure anyone operating a rental business in the Tacoma city limits is complying with City policies. It would also ensure that landlords are given the opportunity to provide input on all policies as the City uses the Rental Business License as an outreach tool.
6. Health and Safety Compliance	<p><i>* Under current laws as written, the habitability and health and safety issues already must be addressed and the RHC allows for enforcement.</i></p>	<ul style="list-style-type: none"> Cannot raise rent if landlord is determined to be in violation of laws related to health and safety, according to the procedures detailed in TMC 2.01.050 OR the dwelling unit has defective conditions making the dwelling unit uninhabitable per RCW 59.18.060 	<ul style="list-style-type: none"> Recommend reviewing code for who has the ability to bring complaints to the City on health and safety issues

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7. Fees and Deposits		Prohibits: <ul style="list-style-type: none"> • rental application fees not complying with RCW 59.18.257 • any non-refundable fee charged at the beginning of the tenancy including but not limited to a fee to hold a unit prior to the tenant taking possession, • pet damage deposit exceeding 25% of one month's rent • move-in fees that in total exceed the first month's rent • any fee or charge for late payment of rent exceeding \$10.00 per month • any rental agreement shall be deemed void to the extent it requires payment of fees prohibited by this section 	<ul style="list-style-type: none"> • Recommend adopting the late fee provisions as under the City proposal (#4) • Recommend adopting a prohibition on pet damage deposit exceeding 25% of one month's rent, and require this deposit be refundable if unused • Recommend increasing the current deposit installment payments from 3 months to 6 months under existing code for move-in fees (non-refundable fees, security deposit, last month's rent) • Research limiting monthly fees associated with pets • Research what other communities are doing to limit move-in fees that exceed the first month's rent • Research how refundable deposits are assessed at move-in and how they can support challenging housing applications.

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<p>8. Relocation Assistance (and notice of increase, included above)</p>	<p><i>*The RHC already has provisions that provide \$2,000 in relocation assistance to assist in the costs of moving in situations where they are being displaced due to significant rehabilitation, demolition, or change in use of their rented residence.</i></p>	<p>Relocation assistance owed to tenant when rent increases:</p> <ul style="list-style-type: none"> • 5% rent increase = 2 mo. relocation • 7.5-10% rent increase = 2.5 mo. relocation • Over 10% or more rent increase = 3 mo. relocation 	<ul style="list-style-type: none"> • Recommend increasing the current deposit installment payments from 3 months to 6 months under existing code for move-in fees (non-refundable fees, security deposit, last month's rent) instead of direct relocation provision • Research if the city's current relocation assistance program can be extended to include excessive rent increases as a reason for low-income tenants. • Research what other communities are doing to define and regulate late fees for low-income tenants and how that can be implemented throughout rental housing code, including provisions for when someone loses their job or income level changes.

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<p>9. Eviction Prohibitions</p>	<p><i>*The RHC already protects against “no cause” evictions year-round, including for occupation.</i></p>	<ul style="list-style-type: none"> • Prohibit economic evictions during school year, for households with school age children • Prohibit evictions between November 1 to April 1, • Landlord cannot evict a tenant based on status as a member of the military, first responder, senior, family member, health care provider, or educator. • This section does not apply and prevent an eviction if the reason for termination of the tenancy is due to: <ul style="list-style-type: none"> ○ (1) the following conditions described in TMC section 1.95.070C: <ul style="list-style-type: none"> (a) subsection (7)(d) (owner or family to occupy the unit); (b) subsection (7)(h) (condemnation or uninhabitability); (c) subsection (7)(i) (desire for roommate to vacate); (d) subsection (7)(p) (sexual harassment by tenant); ○ (2) the tenant's failure to comply with a three day or ten day notice to vacate for a drug-related activity nuisance pursuant to chapter 7.43 RCW; ○ (3) maintenance of an unlawful business or conduct pursuant to RCW 59.12.030(5); or ○ (4) because the tenant's conduct has a substantial detrimental impact on, or constitutes an imminent threat to, the health or safety of other tenants in the rental building or the owner. 	<ul style="list-style-type: none"> • We believe the just cause eviction provisions already protect against evictions year-round, including based on occupation. • Research specific concerns around no-cause provisions related to cold weather and school year termination of tenancy for those on low and/or fixed incomes

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10. Penalties and Enforcement	<p><i>* The RHC already contains penalty provisions that can be applied when a landlord fails to pay relocation, RLTA already allows tenants to sue.</i></p>	<ul style="list-style-type: none"> • Tenants can sue for violations and obtain actual damages, costs, reasonable attorney's fees AND obtain \$500 or 5 times the mo. rent per violation. • If fail to pay relocation asst. then penalty is 3x the relocation asst. amount • Tenants' organization can sue on behalf of tenants. 	<ul style="list-style-type: none"> • Research allowing penalties assessed by City to be given to tenant If tenant was due relocation assistance under current code, and landlord did not comply. • Recommend reviewing code for who has the ability to bring suit in municipal court for violations of the RHC, including tenants' organizations or others with consent of tenant

Rental Housing Code Spring 2023 Proposed Changes Survey Results

Five updates have been proposed to the City of Tacoma Rental Housing Code:

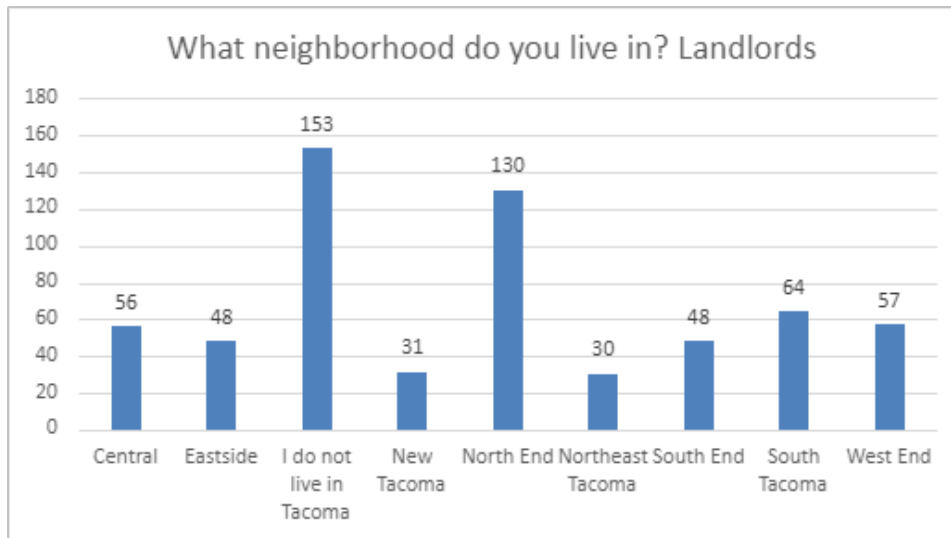
1. Rent Increase Notices: this would require a landlord to provide a notice of rent increase farther ahead of time if the rent increase is above a certain percentage, giving the tenant more time to plan for the increased monthly cost.
2. Shared Housing: this policy would ensure that all tenants are properly notified when termination of tenancy takes place in sublet situations, particularly where the tenant is not the master lease holder. It would also ensure that tenants are living in legal, habitable, and healthy spaces.
3. Standard Screening Criteria: this would standardize the income requirements in the screening criteria of prospective tenants (i.e. income is three times that monthly rent) to be eligible to rent a unit.
4. Late Fee Standards: standards would include how a landlord addresses late fees during tenancy, what can be collected or reported to new landlords after tenancy ends, and limits to the amount of late fees a landlord can charge
5. Restrictions on filing evictions if the housing providers does not have a valid COT Rental Business License: policy would ensure anyone operating rental business in Tacoma is complying with City policies. It would also ensure that landlords are given the opportunity to provide input on all policies because the City uses the Rental Business License as a landlord outreach tool.

As part of the outreach effort to ensure any changes made are informed by community stakeholders, staff conducted a survey of Tacoma tenants, landlords, and property managers. In total, 1270 survey responses were submitted, 545 from tenants, 617 from landlords, and 108 property managers. After removing the tenants that stated they did not live in Tacoma, there were 488 tenant responses.

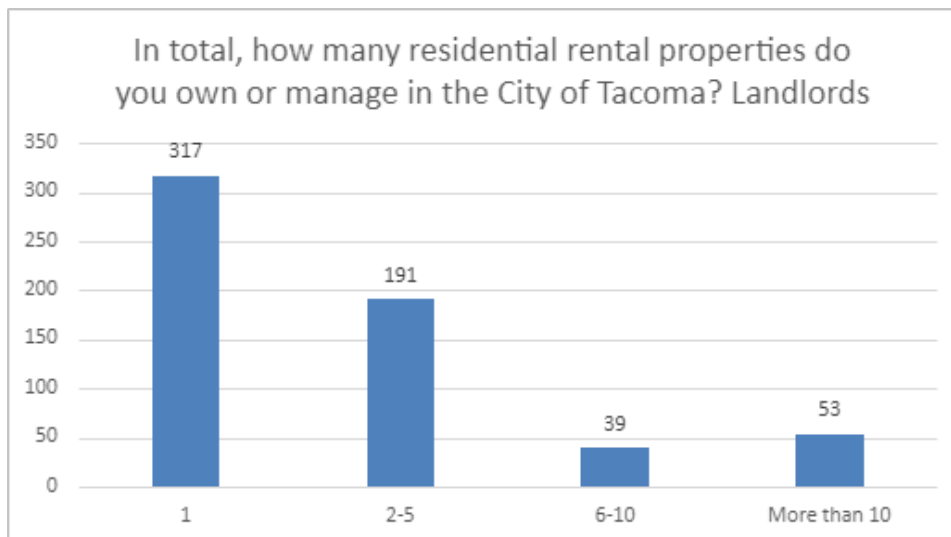
The analysis below is organized first by general information for each of the three respondent groups, and then by answers to the questions specifically related to each of the five proposed changes.

GENERAL RESPONDENT INFORMATION

More Tacoma landlords either don't live in Tacoma or live in the Northend than in other parts of Tacoma. They are fairly evenly spread across the remaining seven neighborhood council districts.



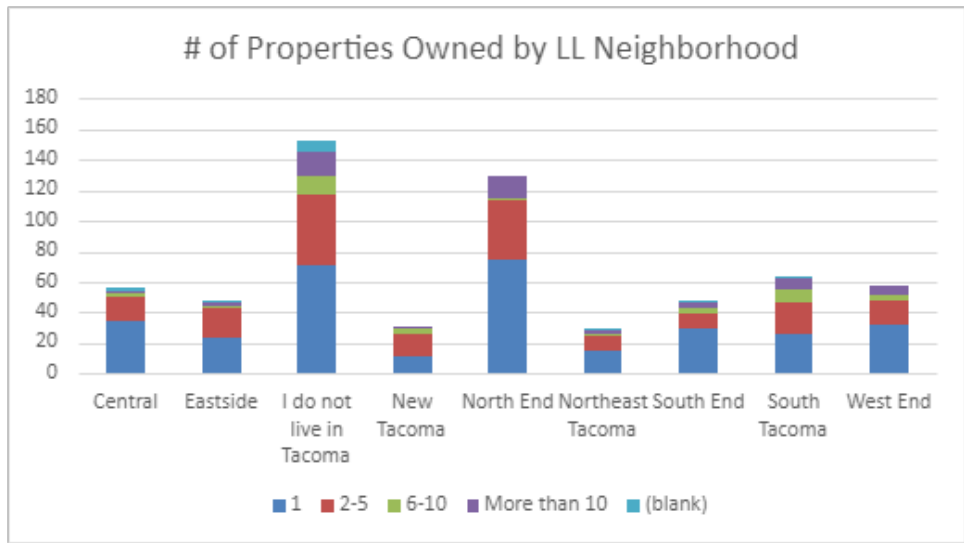
More than half of landlord respondents own just one property, while 85% of landlord respondents own five or fewer properties.



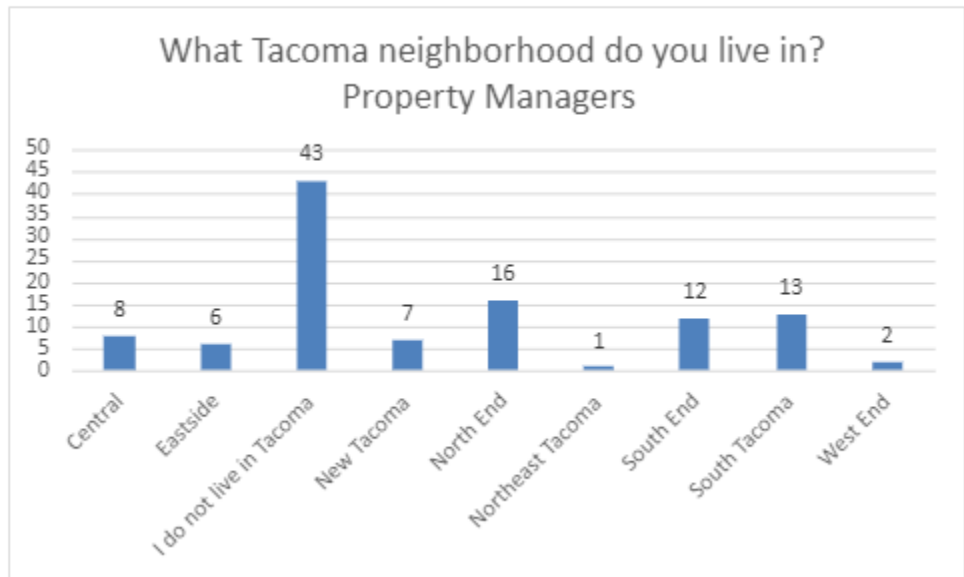
Of the landlords that own more than 10 properties the majority live outside Tacoma (15), in the North End (15), the South End (8), and West Tacoma (6).

# of units	What Tacoma neighborhood do you live in?									
	Central	Eastside	I do not live in Tacoma	New Tacoma	North End	Northeast Tacoma	South End	South Tacoma	West End	Grand Total
1	34	24	71	11	75	15	29	26	32	317
2-5	16	19	46	15	38	10	10	21	16	191
6-10	3	1	13	4	2	1	4	8	3	39
More than 10	1	2	15	1	15	2	3	8	6	53

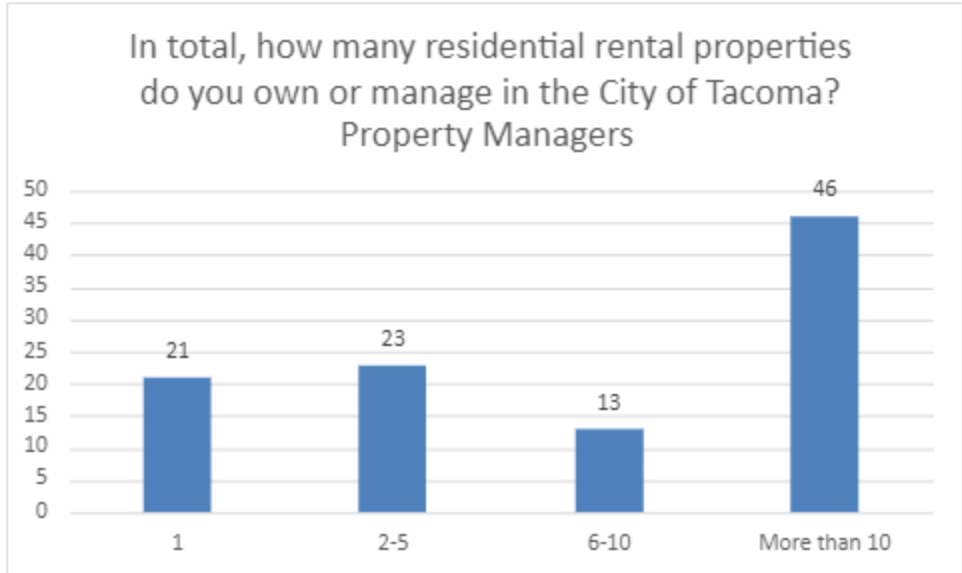
(blank)	2	2	8		2	2	1		17	
Grand Total	56	48	153	31	130	30	48	64	57	617



More property managers also live outside Tacoma than in any one Tacoma neighborhood council district.

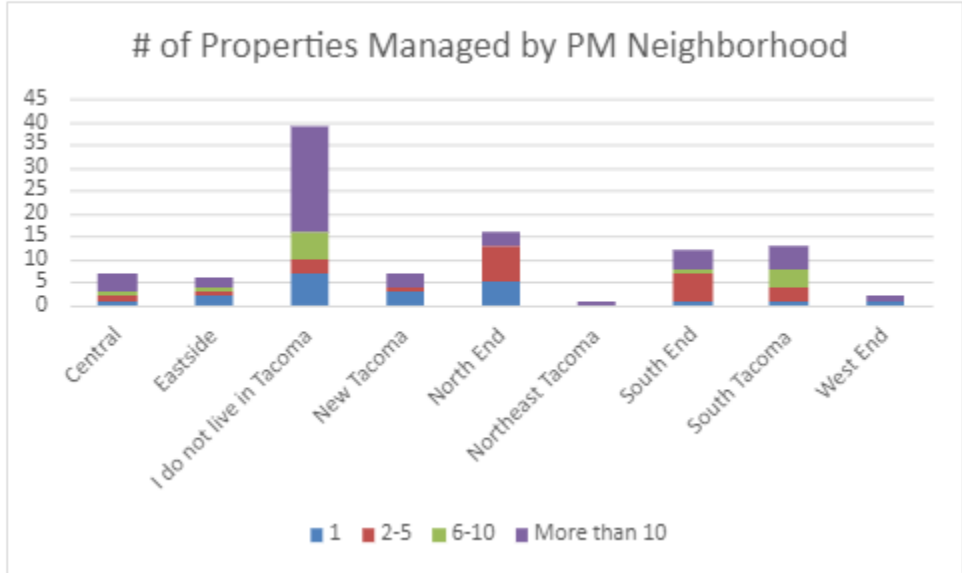


The number of properties managed by property manager respondents trends higher than the number owned by landlord respondents.

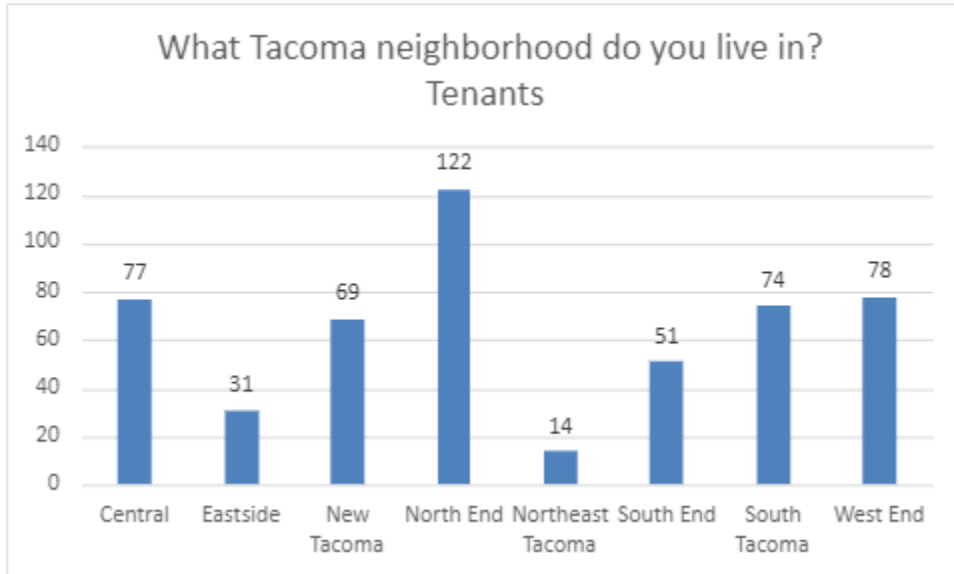


Half of the property managers with more than 10 properties do not live in Tacoma.

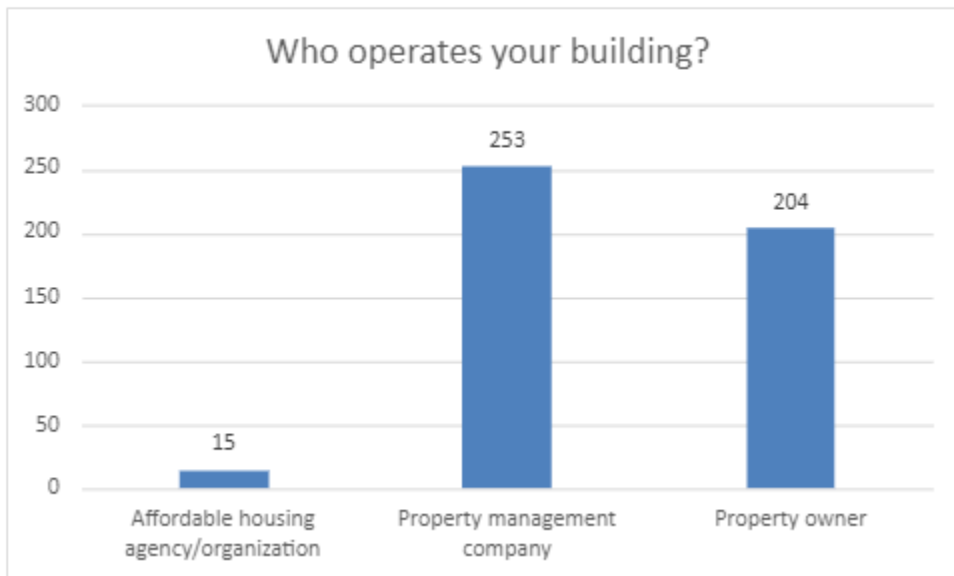
# of units	What Tacoma neighborhood do you live in?									Grand Total
	Central	Eastside	I do not live in Tacoma	New Tacoma	North End	Northeast Tacoma	South End	South Tacoma	West End	
1	1	2	7	3	5		1	1	1	21
2-5	1	1	3	1	8		6	3		23
6-10	1	1	6				1	4		13
More than 10	4	2	23	3	3	1	4	5	1	46
Grand Total	7	6	39	7	16	1	12	13	2	103



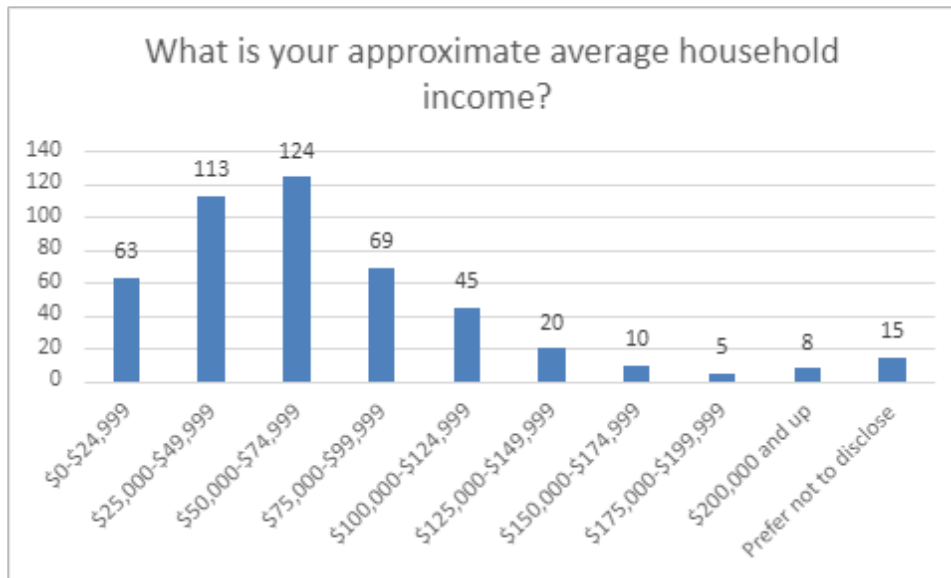
Tenant responses varied, with more from the North End than any other neighborhood council district.



The majority of tenant respondents live in a building managed by a property manager or the owner.

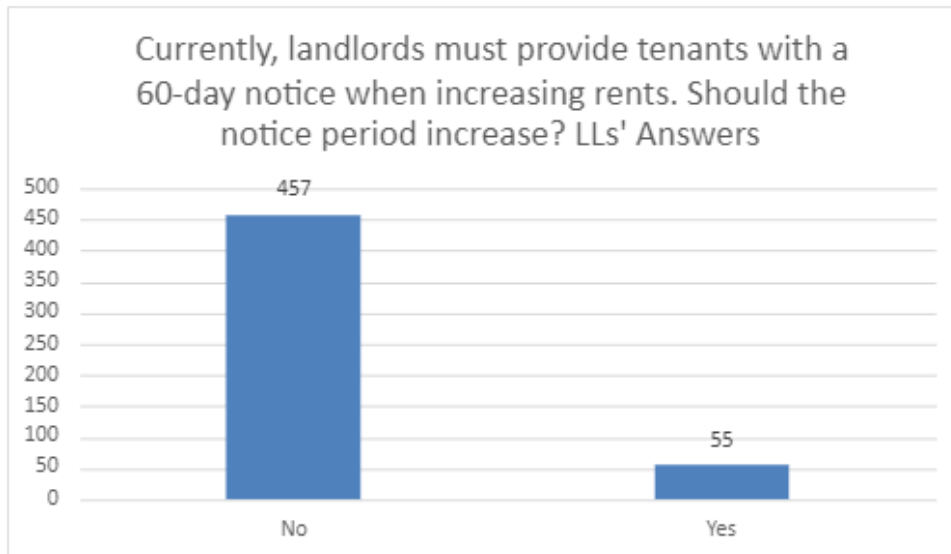


The majority of tenant respondents live in households that earn less than \$100,000 annually.

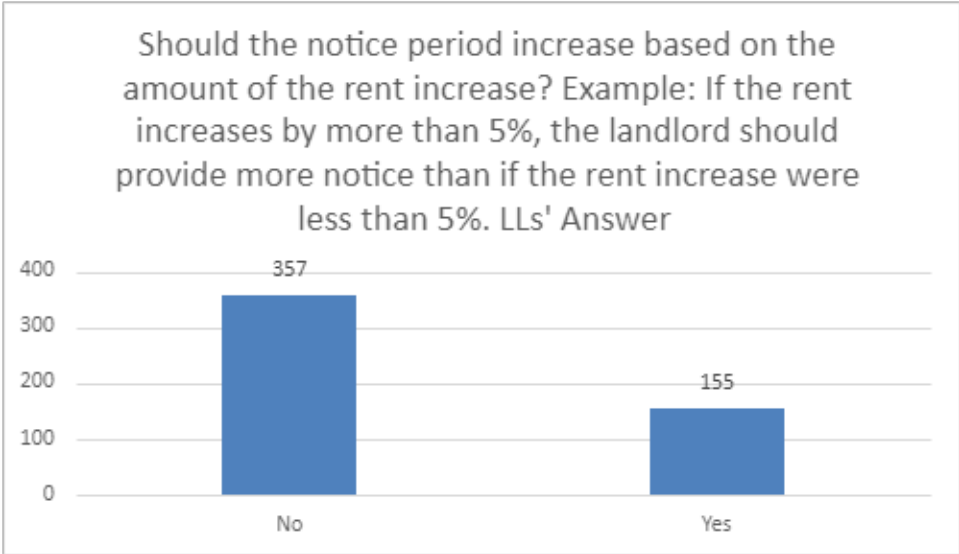


NOTICE OF RENT INCREASES

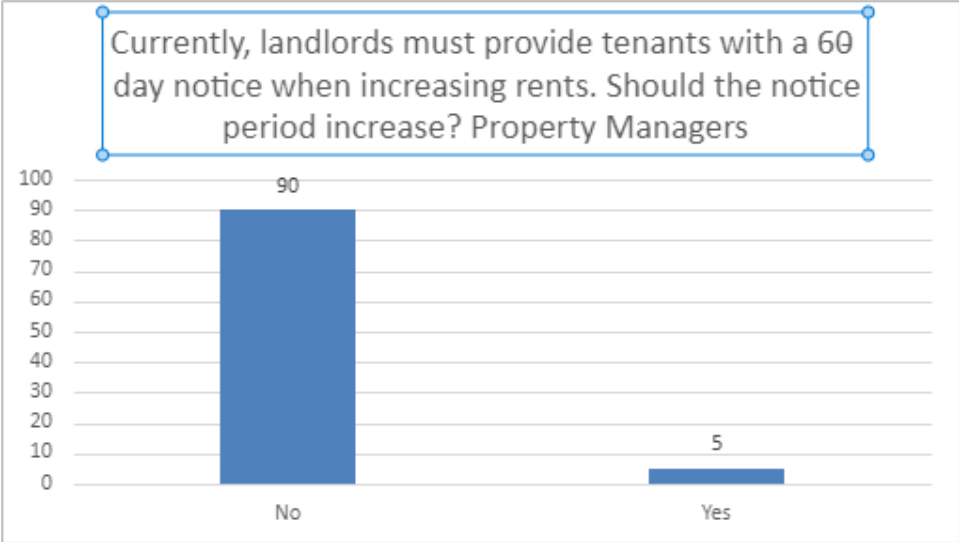
The majority of landlord respondents do not think the notice required to give for a rent increase should be increased.

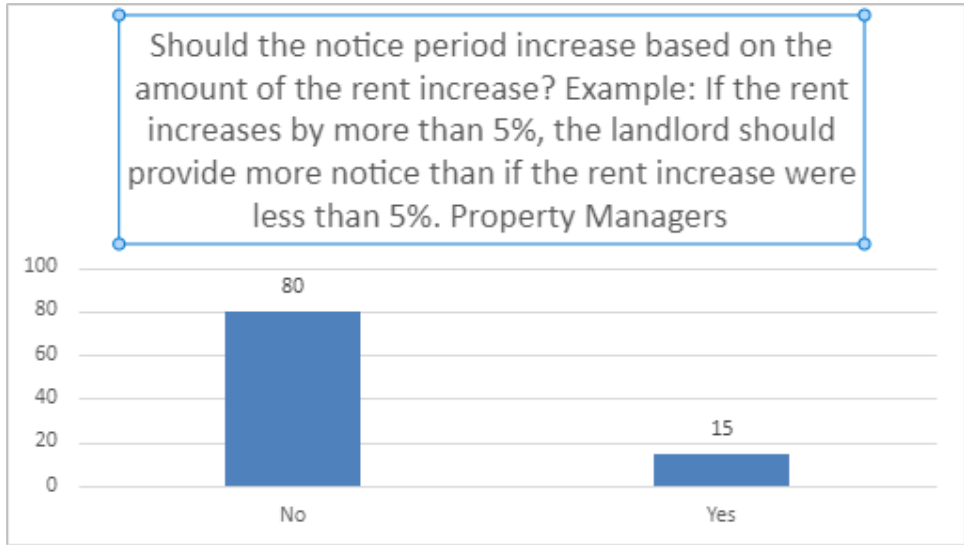


More landlord respondents, although still less than half, think that the time required for such a notice should be based on the percent rent increase.

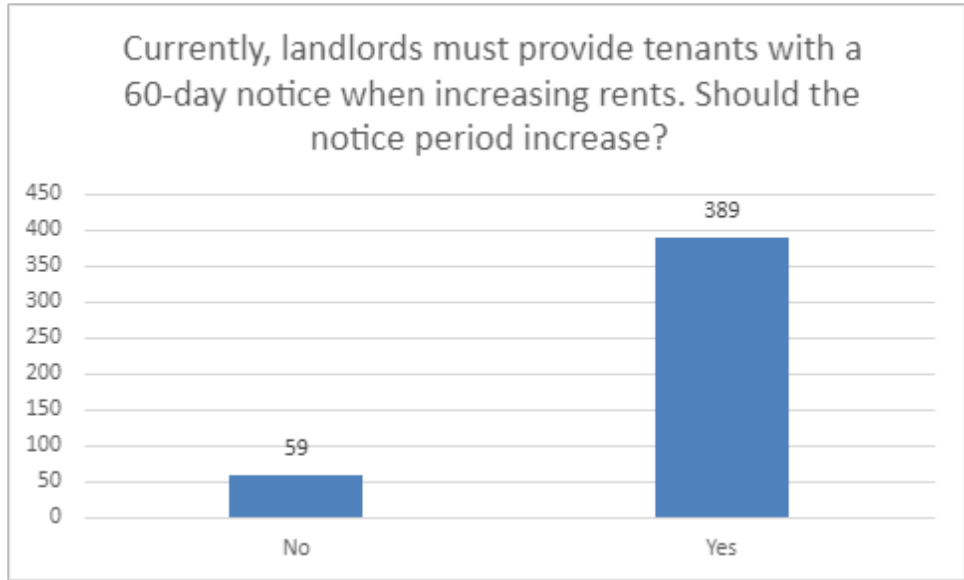


Property management respondents follow a very similar trend in answering these two questions.

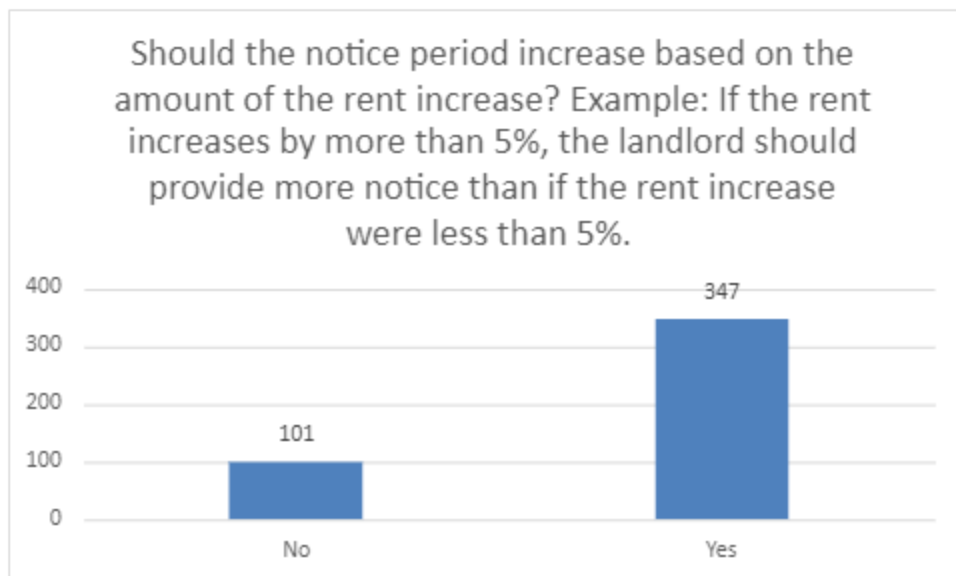




The majority of tenant respondents believe that the notice of rent increase should be more than 60 days.



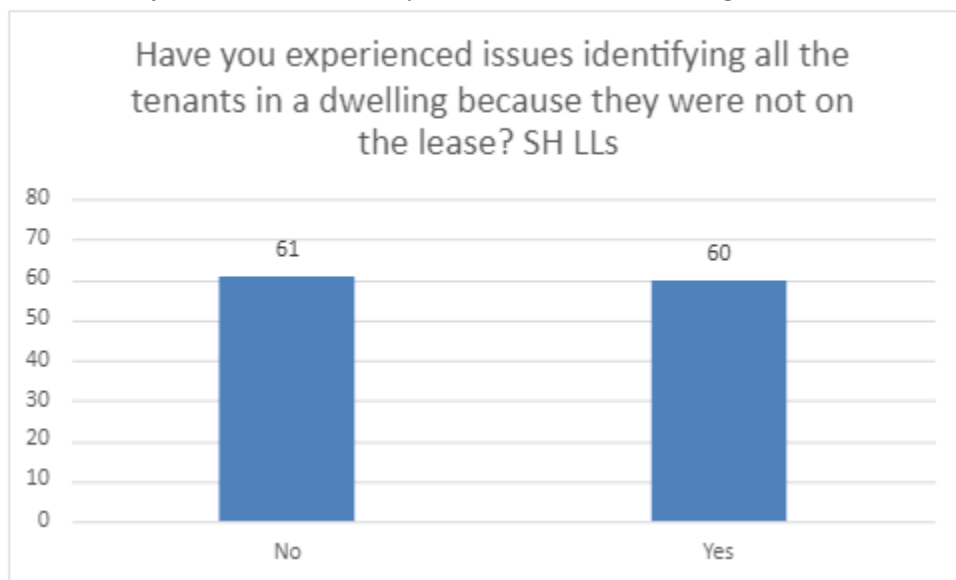
The majority (although fewer) also believe the amount of notice required should be based on the percent increase.

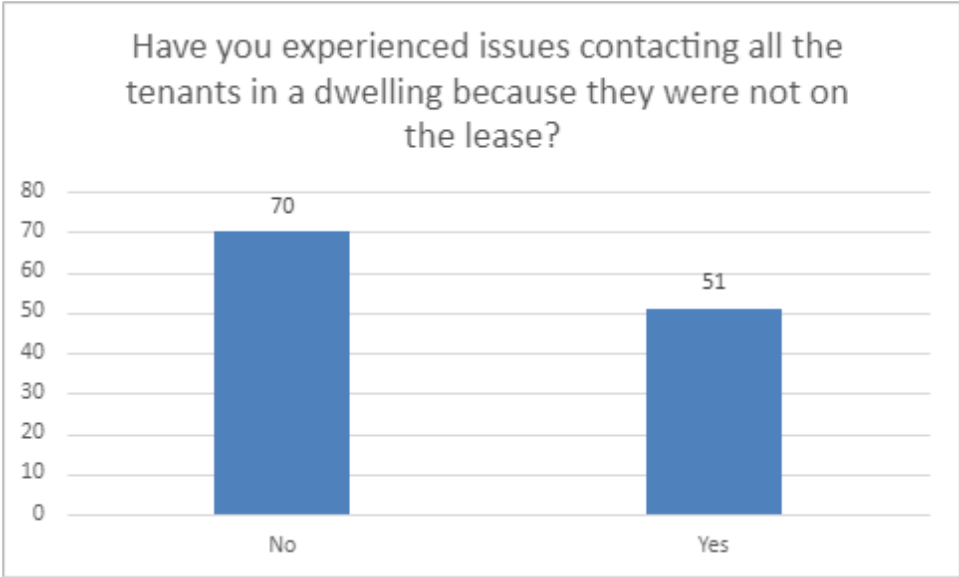


SHARED HOUSING STANDARDS

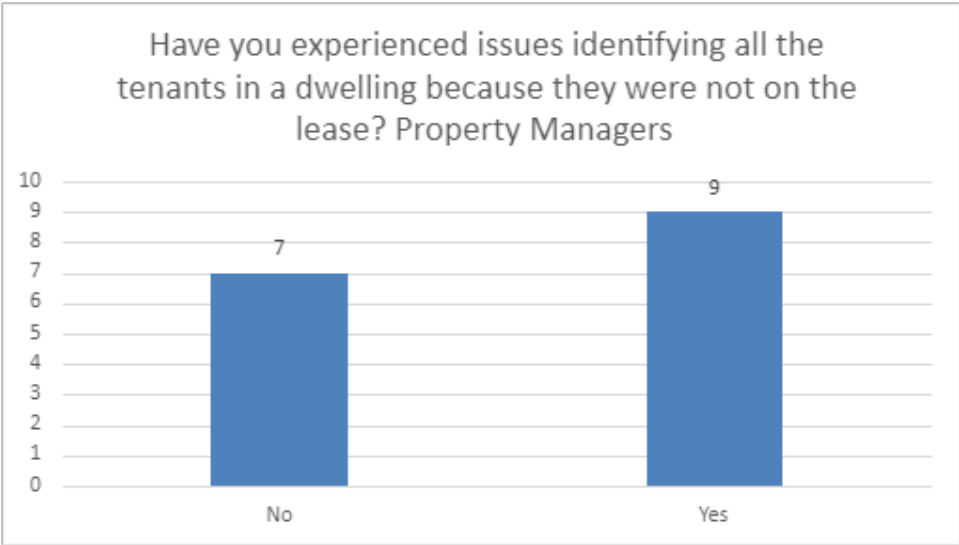
For each respondent group, 126 landlords rent out shared housing, 16 property managers manage shared housing, and 144 tenants live in shared housing.

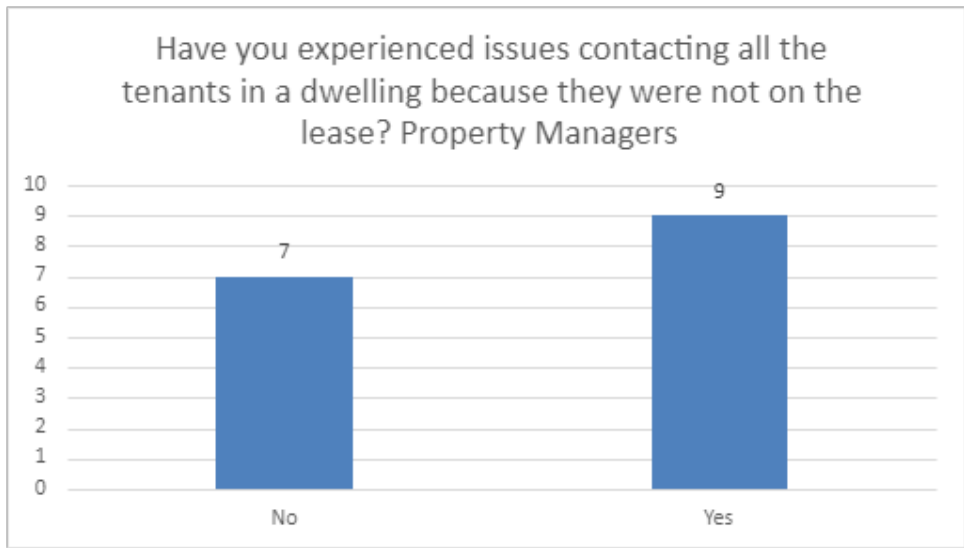
Half of shared housing landlord respondents have experienced issues identifying tenants not on the lease, while just over half have experienced issues contacting tenants not on the lease.



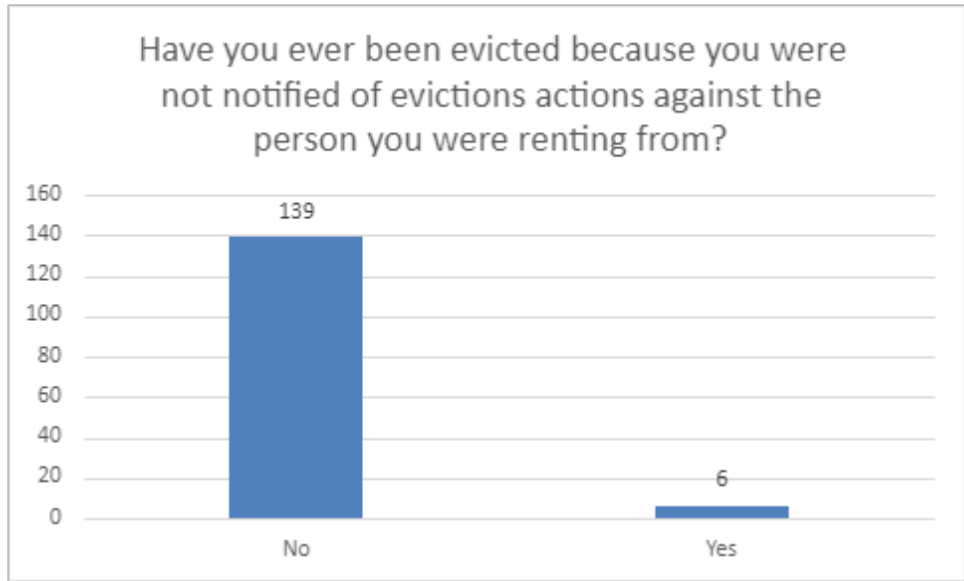


Just under half of property managers have experienced issues identifying or contacting tenants not on the lease.



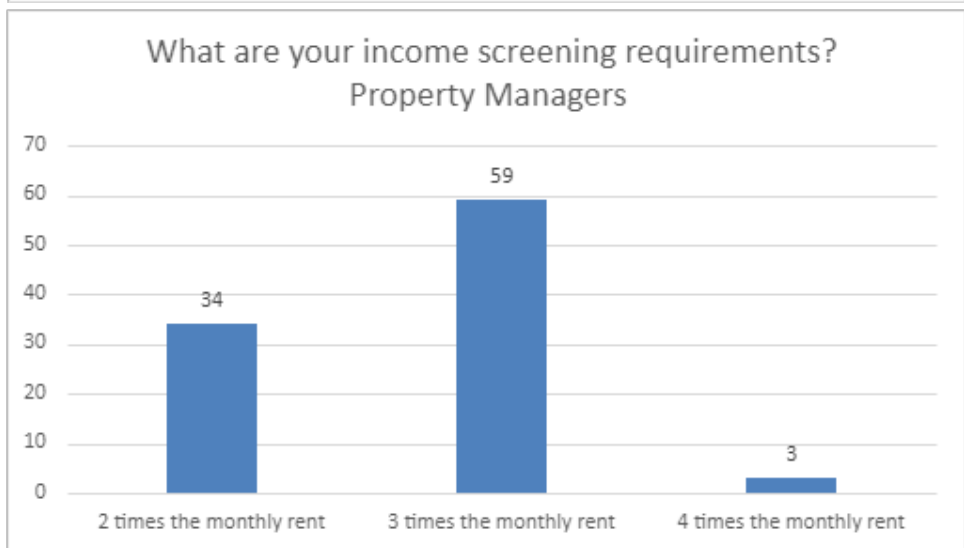
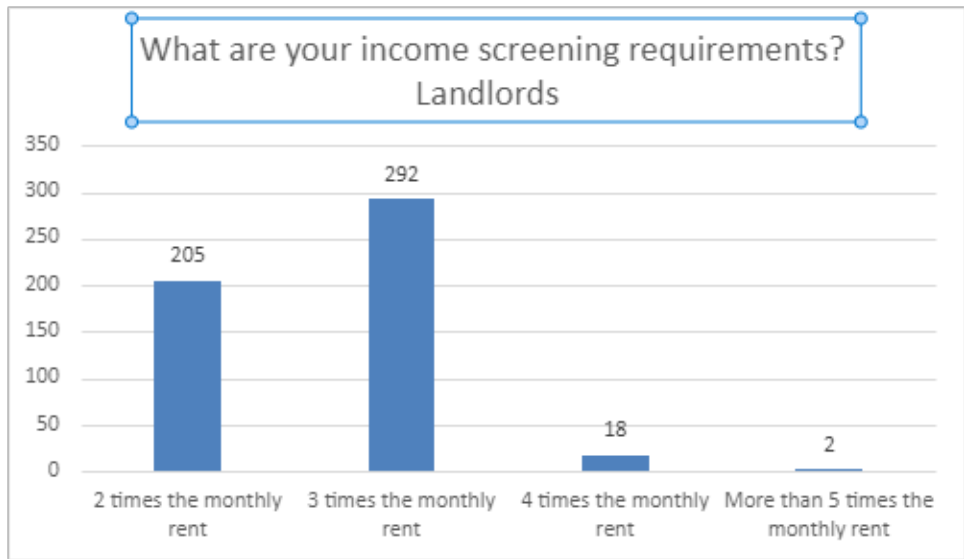


Six tenant respondents reported being evicted because they were not notified of the eviction by the person they were renting from.

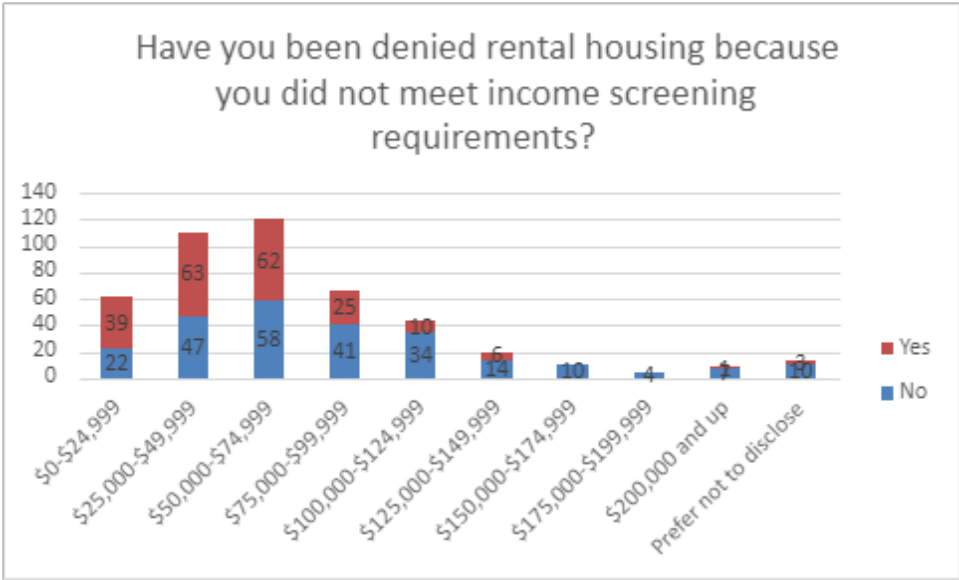
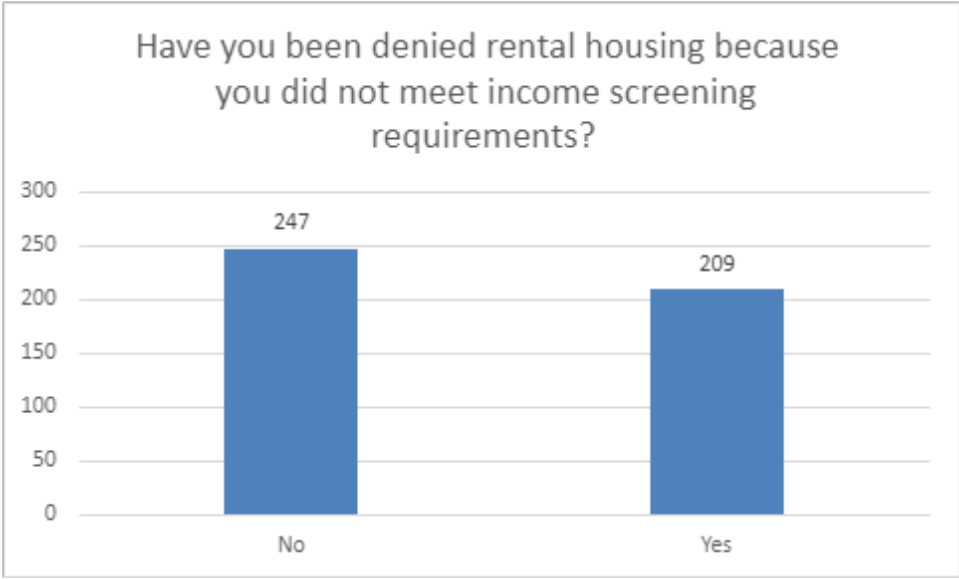


STANDARDIZED SCREENING CRITERIA

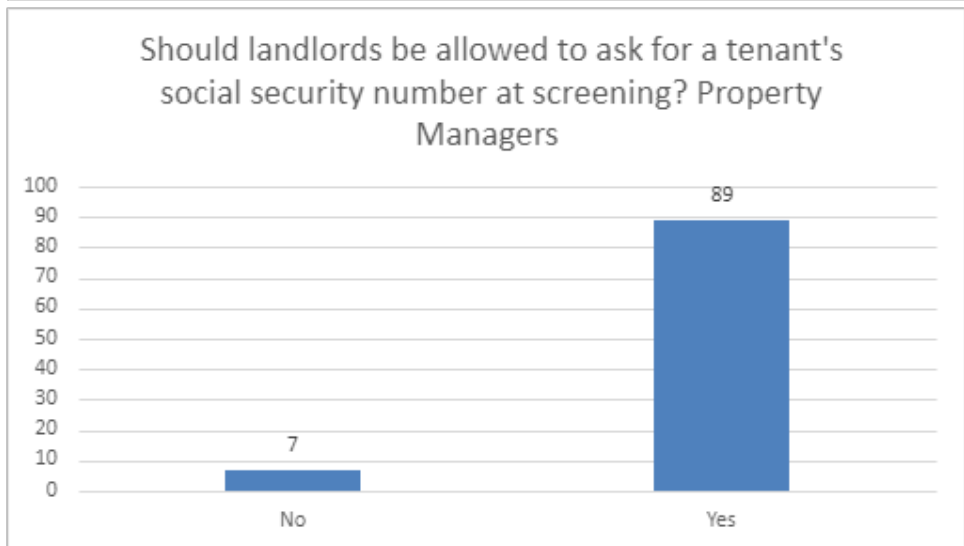
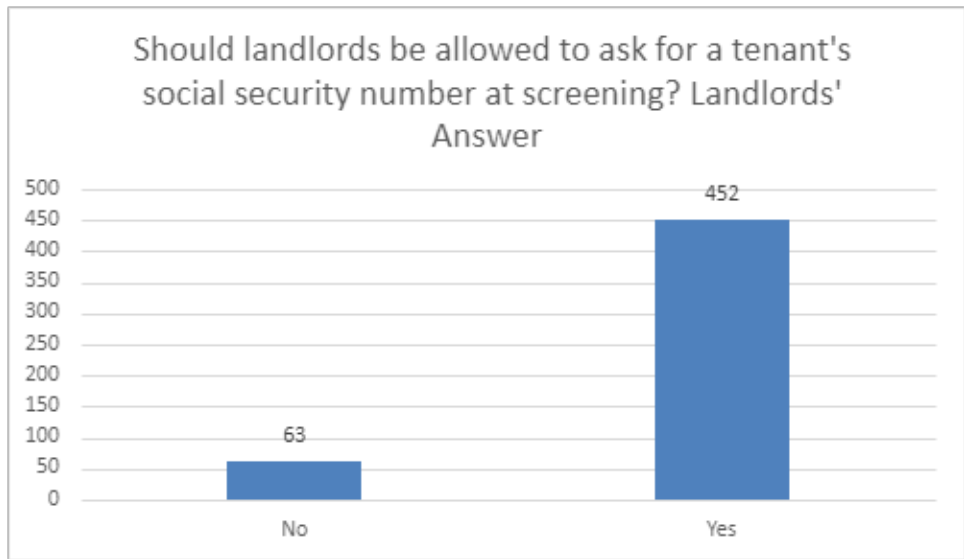
The vast majority of both landlord (average 2.65 income to rent) and property manager (average 2.68 income to rent) respondents require either two times income to monthly rent or three times. The most common income to rent requirement is three times.



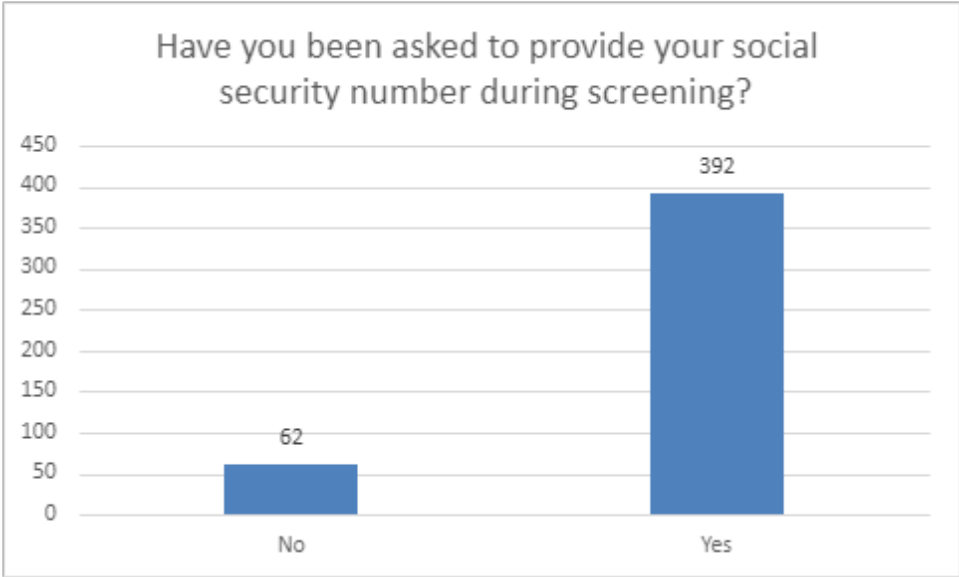
Just under half of tenant respondents said they'd been denied housing because of the income to rent screening requirement, while over half of tenants earning less than \$75,000 annually said they'd been denied housing for this reason.



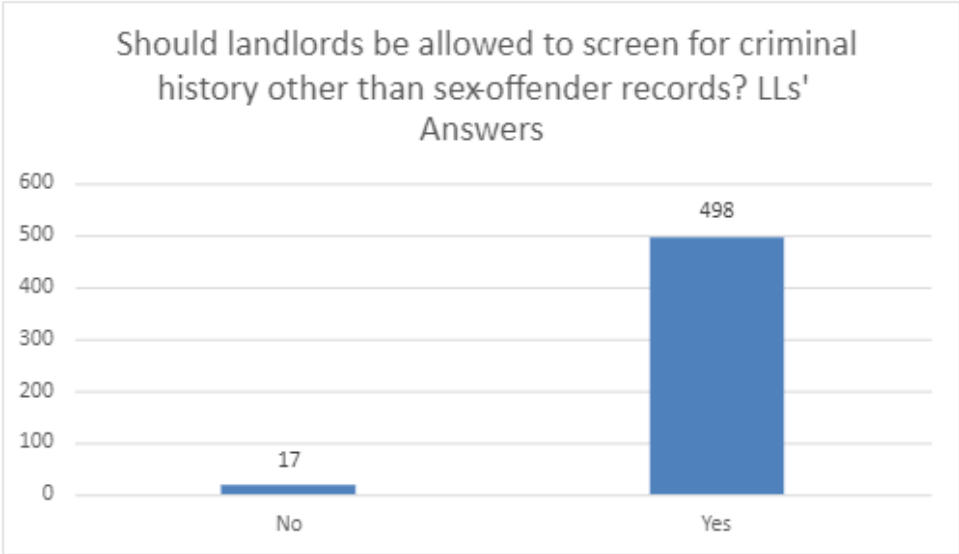
The majority of landlord and property manager respondents said they should continue to be able to ask for prospective tenants' social security numbers.

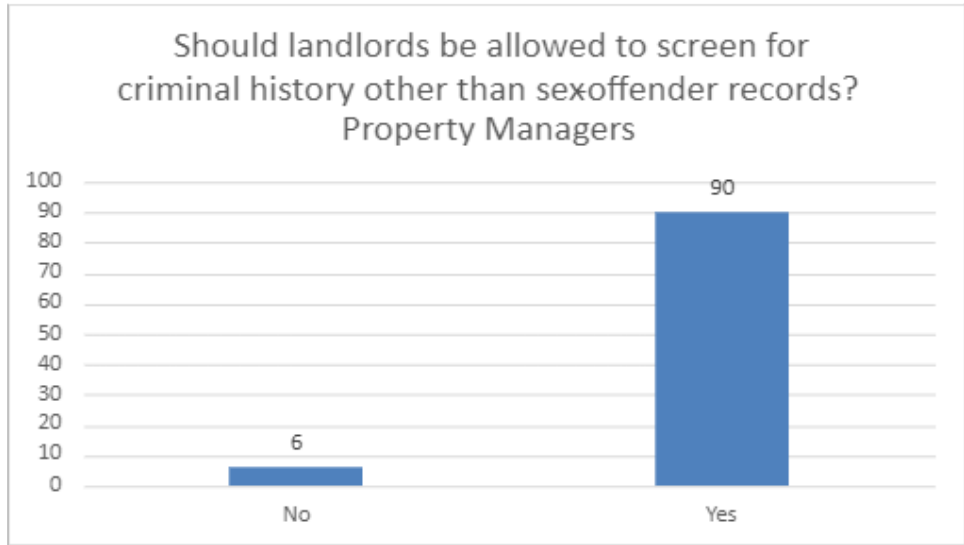


The majority of tenants have been previously asked to provide their social security number when applying to housing.

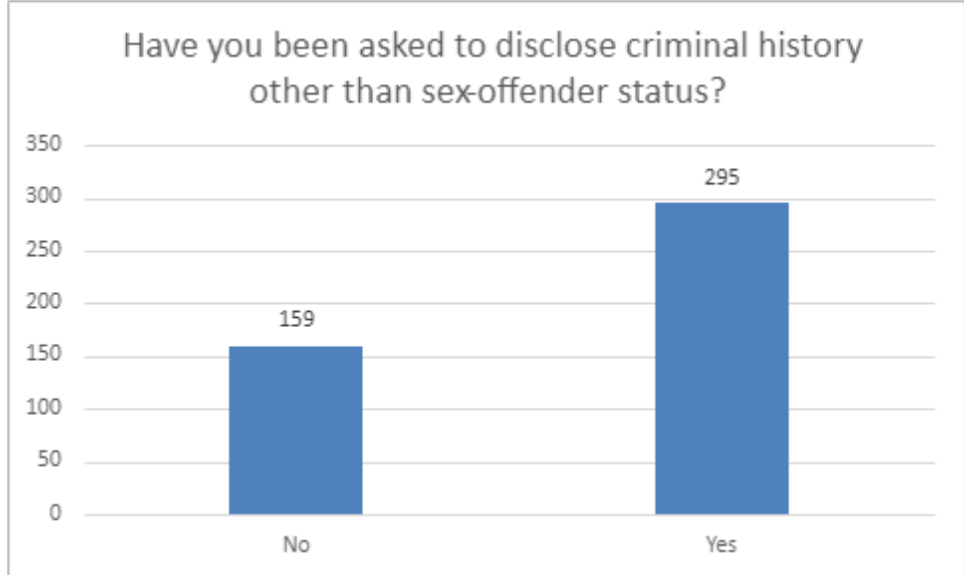


The majority of landlord and property manager respondents also said they should be able to continue asking for criminal history beyond sex offenses.



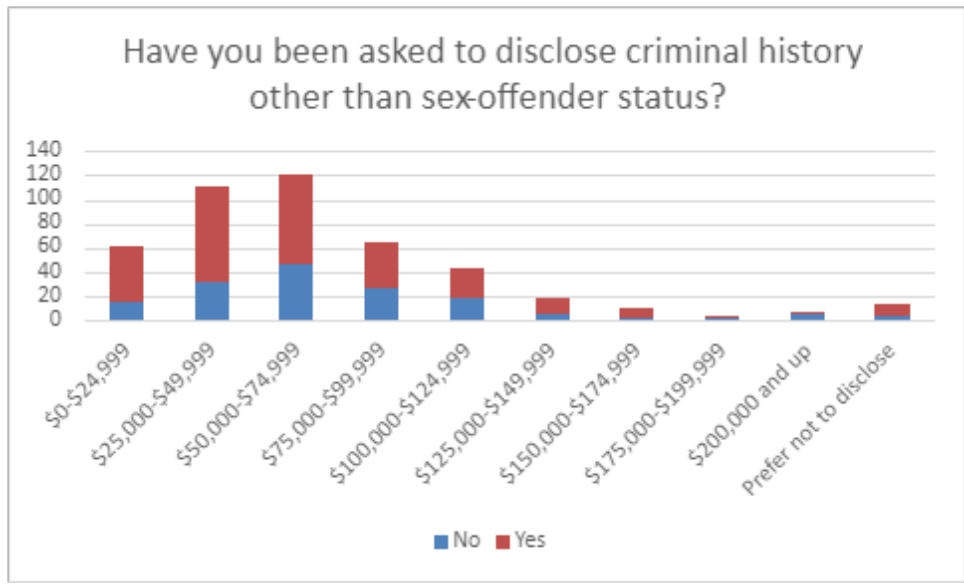


The majority of tenant respondents reported having to report criminal history when applying for housing.



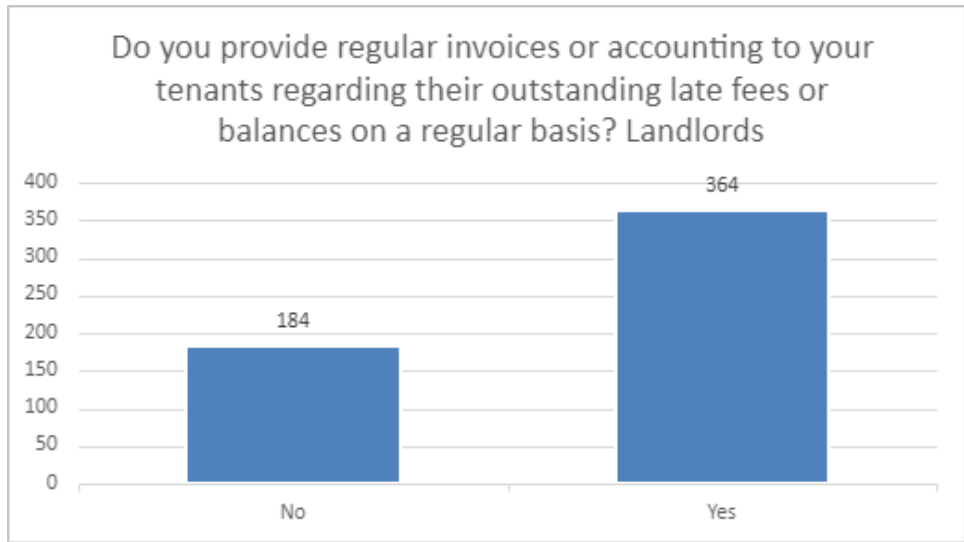
There was not a clear relationship between income and being required to disclose criminal history information.

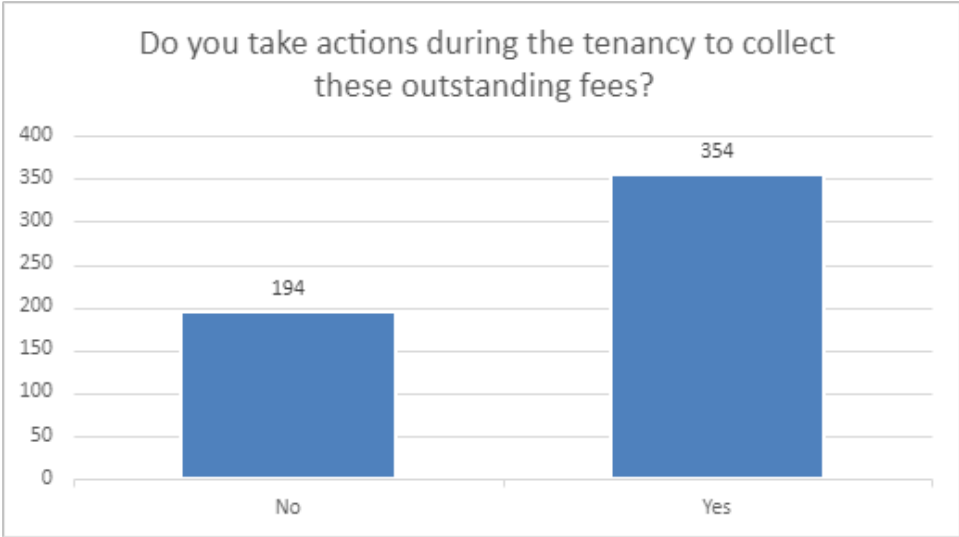
	What is your approximate average household income?										
	\$0-\$24,999	\$25,000-\$49,999	\$50,000-\$74,999	\$75,000-\$99,999	\$100,000-\$124,999	\$125,000-\$149,999	\$150,000-\$174,999	\$175,000-\$199,999	\$200,000 and up	Prefer not to disclose	Grand Total
No	16	32	46	27	19	5	3	2	5	4	159
Yes	45	78	74	38	25	14	7	2	3	9	295
Grand Total	61	110	120	65	44	19	10	4	8	13	454
% of Total	73.77%	70.91%	61.67%	58.46%	56.82%	73.68%	70.00%	50.00%	37.50%	69.23%	64.98%



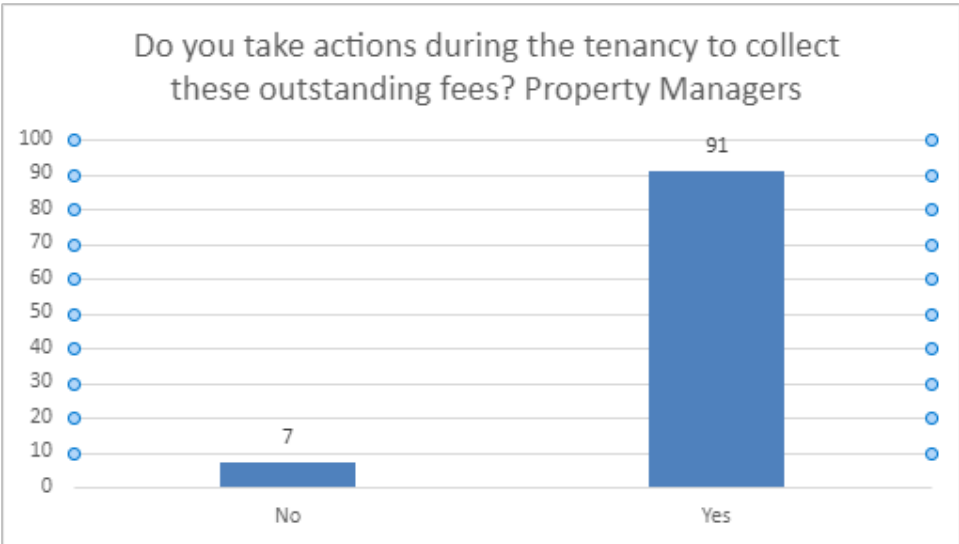
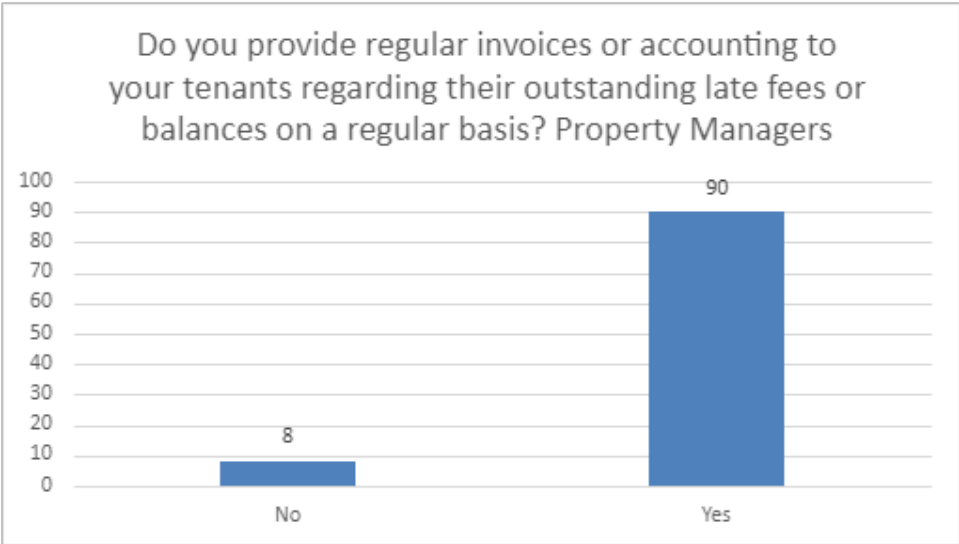
STANDARDIZED LATE FEES

About two thirds of landlords respondents provide regular invoices or accounting to tenants regarding late fees and take actions during tenancy to collect late fees.

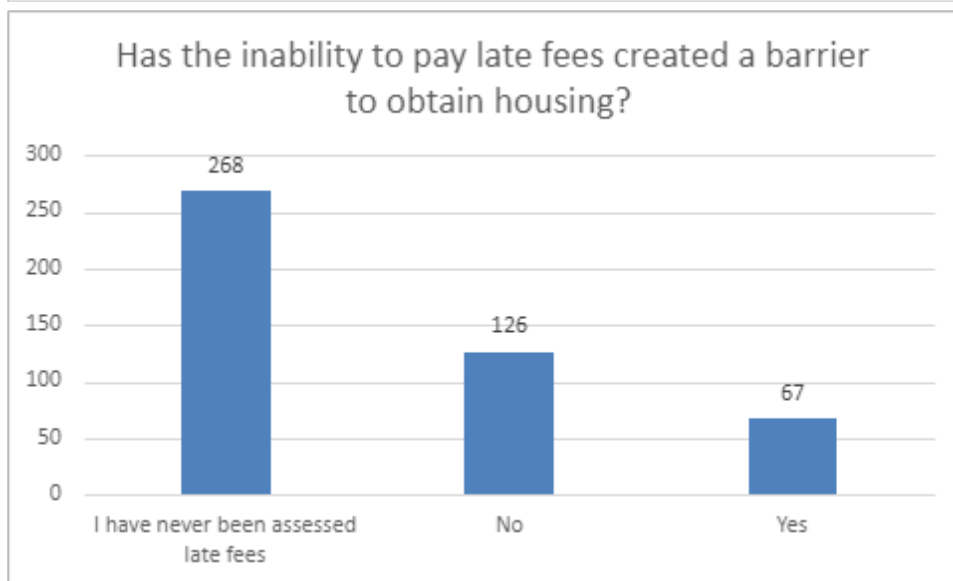
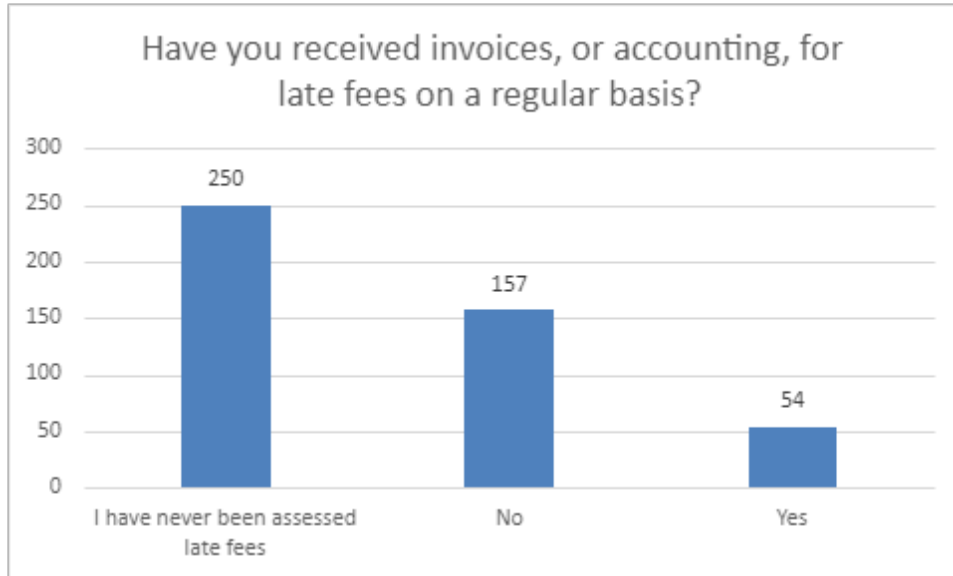




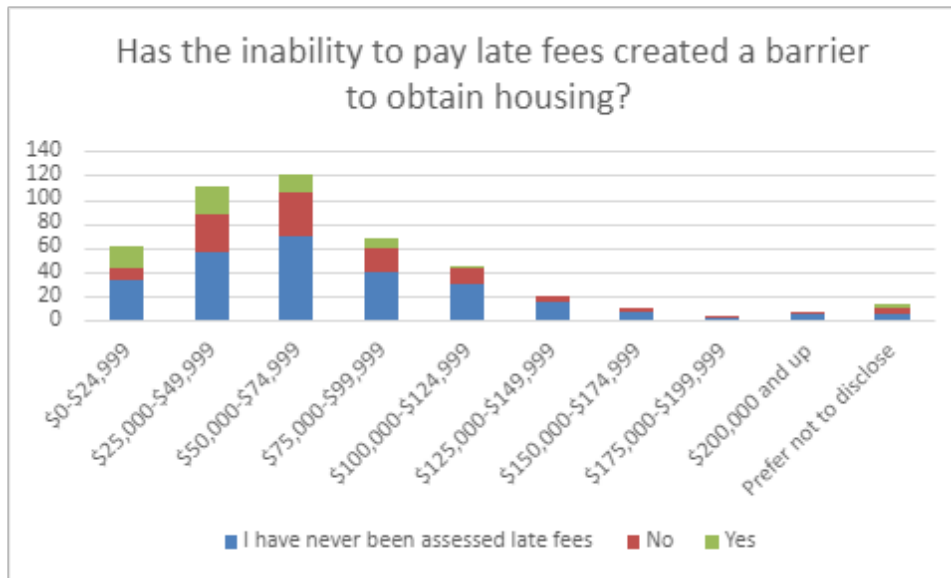
Almost all property manager respondents provide regular invoices or accounting to tenants regarding late fees and take actions during tenancy to collect late fees.



The majority of tenants respondents had not received late fees. Of those that had, about one quarter had not received an invoice of accounting information about their late fee. In addition, just over a quarter also reported that late fees had created a barrier for them in obtaining housing.

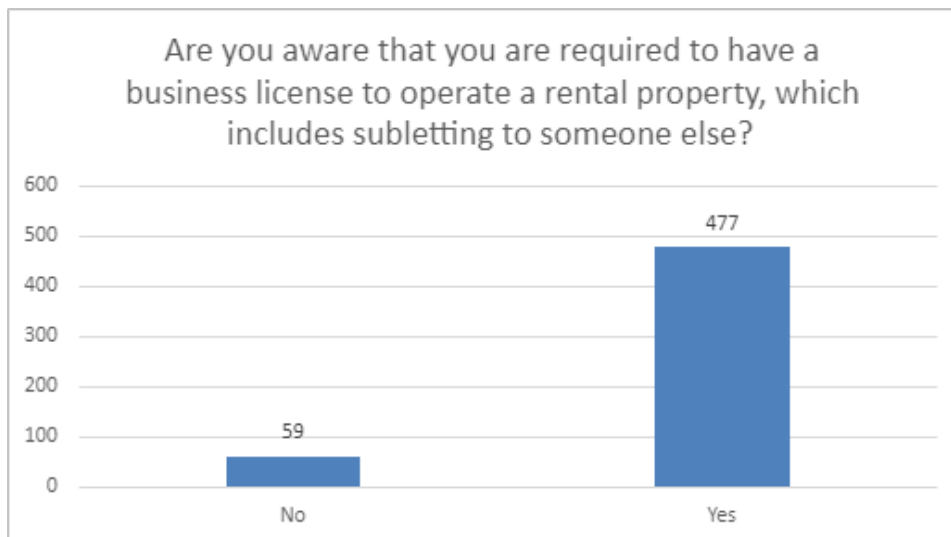


The majority of tenant respondents that reported late fees creating a barrier to obtaining housing make under \$75,000 annually.



REQUIRING A RENTAL BUSINESS LICENSE TO FILE AN EVICTION

The majority of landlord and property manager respondents are aware of the requirement to obtain a business license in order to operate a rental property, whereas less than half of tenant respondents are aware of this.



Are you aware that you are required to have a business license to operate a rental property, which includes subletting to someone else? Property Managers



Are you aware that a landlord needs to have a business license to operate rental property, which includes subletting to someone else? Tenants

