

Affordable Housing

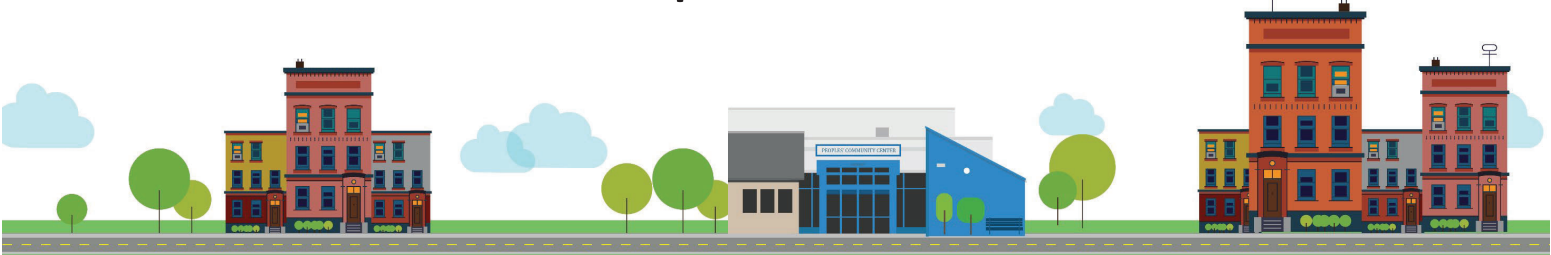
Rental Housing Code Update

May 25, 2023



Affordable Housing’s Four Objectives

- 1. Create More Homes for More People
- 2. Keep Housing Affordable and In Good Repair
- 3. Help People Stay in Their Homes and Communities
 - 3.1: Rental Housing Code**
- 4. Reduce Barriers for People Who Often Encounter Them



Agenda

Background and Community Outreach

10 Proposed Considerations and Feedback Received

- Notices for Rent Increases
- Shared Housing Standards
- Standardized Screening Criteria
- Late Fee Standards
- Requiring a Rental Business License to File an Eviction
- Health and Safety Compliance
- Fees and Deposits
- Relocation Assistance
- Eviction Prohibitions
- Penalties and Enforcement

Next Steps



Background

- Spring 2018: RHC Stakeholder Advisory Group formed
- November 20, 2018: Rental Housing Code adopted
- February 1, 2019: RHC went into effect
- March 2021: Staff and RHC Stakeholder Advisory Group began work on updates to the RHC, including Just Cause Eviction (JCE) standards and changes being discussed tonight
- November 1, 2021: JCE Standards adopted
- July 28, 2022: staff presented five new proposed changes to the Rental Housing Code. CVS requested additional work before beginning community engagement.
- October 27, 2022: second CVS presentation.
- November 2022 – April 2023: Council and community engagement.
- May 2023: Mayor Woodards, Deputy Mayor Walker, and Council Members Hines and Ushka responded to new proposed changes by the community, meeting with Tacoma 4 All to learn more about the initiative.



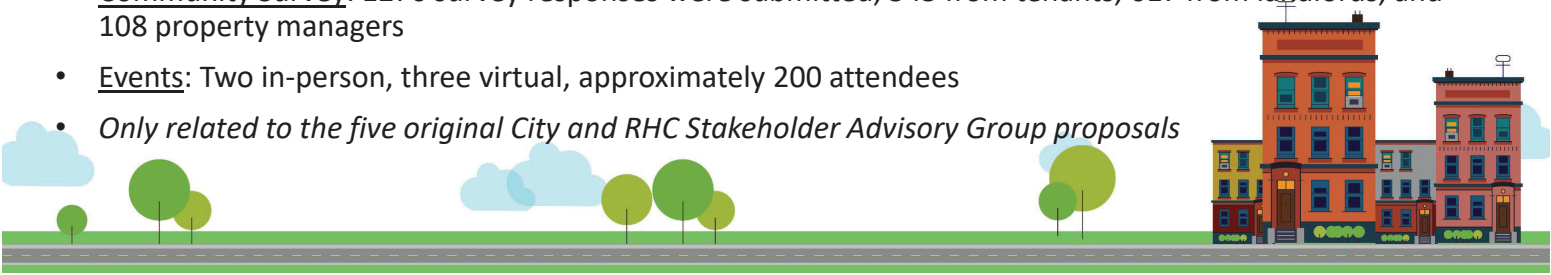
Community Outreach

Rental Housing Code Stakeholder Advisory Group

- Community Organizations: Tacoma Pro Bono, Tenants Union of Washington, Fair Housing Center of Washington, Next Chapter-Shared Housing, Shared Housing Services, Tacoma Pierce County Health Department, Tacoma Housing Authority, Rental Housing Association of Washington, Washington Multi-Family Housing Association, Tacoma-Pierce County Affordable Housing Consortium, Tacoma-Pierce County Association of Realtors, Catholic Community Services of Western Washington, Tacoma Pierce County Coalition to End Homelessness
- City Offices: Continuous Improvement Team, Tax & License, Legal, Code Enforcement, Building and Permits, Office of Equity and Humans Rights Fair Housing Coordinator

Spring 2023 Outreach

- Community Survey: 1270 survey responses were submitted, 545 from tenants, 617 from landlords, and 108 property managers
- Events: Two in-person, three virtual, approximately 200 attendees
- *Only related to the five original City and RHC Stakeholder Advisory Group proposals*



Rent Increase Notices

City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Feedback Received	Sponsor Considerations
<p>Implement notice tiers based upon the percent of rent increase, for example:</p> <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%. <p>Require that the written notice be served in accordance with RCW 59.12.040.</p> <p>Not allow the landlord to charge for the rent increase notice to be served.</p>	<p>Two notices required to raise rent:</p> <ul style="list-style-type: none"> • first between 210 and 180 days • second between 120 and 90 days <p>(included in petition with relocation)</p>	<p>Tiers are too complicated, reduce to one amount of any rent increase – RHC Advisory group, affordable housing property managers and landlords, Tacoma 4 All</p> <p>One notice is preferable to having to give two</p> <p>180 days is too much – landlords stakeholder events and affordable housing property managers</p> <p>Landlords’ biggest concern is that a tenant will no longer have to provide the 20-day notice if they leave due to a rent increase.</p> <p>89% of landlords and 95% of property managers surveyed think current 60-day notice <u>should not</u> be increased</p> <p>87% of tenants surveyed think current 60-day notice <u>should</u> be increased. 77% prefer tiered system.</p>	<p>Adopt a single notice requirement at 120-days for any rent increase.</p> <p><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.</p>

Shared Housing Standards

City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Feedback Received	Sponsor Considerations
<p>Require that the master lease holder provide contact information for the sublet tenants and the property owner at time of tenancy.</p> <p>Require separate leases when renting to four or more tenants.</p> <p>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).</p> <p>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.</p> <p>Require master lease holder to serve any notices that can lead to eviction by property owner to all sublet tenants.</p> <p>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.</p>	<p>Not proposed, leaders have stated they agree with the City's proposed change</p>	<p>Landlords expressed concerns if they have to identify and contact all sublease tenants living in their property.</p> <p>50% of shared housing landlords and 44% of property managers have experienced issues <u>identifying</u> all tenants if they were not on the lease.</p> <p>58% of shared housing landlords and 44% of property managers have experience issues <u>contacting</u> all tenants if they were not on the lease.</p> <p>4% of tenants that had lived in shared housing (6 total people) had been evicted because they were not notified of the eviction actions against the person they were renting from.</p>	<p>Adopt shared housing standards under the City proposal</p> <p><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.</p>

Standardized Screening Criteria

City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Feedback Received	Sponsor Considerations
<p>Set a standard income to rent requirement as 2.5x or 3x monthly rent based on HUD fair market rates</p> <p>Prohibits landlord from having a blanket ban on a tenant with felony convictions, and arrest records.</p> <p>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.</p> <p>Prohibit the landlord from requiring a SSN as the only way a tenant can apply for housing.</p>	<p>Not proposed, leaders have stated they agree with the City's proposed change</p>	<p>Landlords concerned they won't be able to screen for criminal history</p> <p>Landlords concerned they won't be able to ask for SSNs</p> <p>The vast majority of both landlords (average 2.65 income to rent) and property managers (average 2.68 income to rent) respondents require either two times income to monthly rent or three times.</p> <p>The most common income to rent requirement is three times.</p> <ul style="list-style-type: none"> • 2 Times: 39% • 3 Times: 57% • 4 Times: 3% • 5 Times: Less than 1% <p>46% of tenants reported that they'd been denied housing because they did not meet the income screening requirements.</p>	<p>Adopt screening criteria under the City proposal</p> <p><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.</p>

Late Fee Standards

City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Feedback Received	Sponsor Considerations
<p>Require the landlord to actively take steps to recover late fees during tenancy, such as serving monthly or quarterly notices or invoices.</p> <p>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.</p> <p>Limit the amount of late fee the landlord can charge to \$75 max per month.</p>	Prohibits any fee or charge for late payment of rent exceeding \$10.00 per month	<p>A percent is more equitable than a set amount so that low-income tenants paying lower rents aren't charged proportionately more than higher income tenants.</p> <p>General agreement that a % up a to a maximum dollar amount is best.</p> <p>66% of landlords and 91% of property managers provide regular invoices or accounting to tenants regarding late fees.</p> <p>65% of landlords and 92% of property managers take actions during tenancy to collect late fees.</p> <p>27% of tenants reported that the inability to pay late fees has created a barrier to them obtaining housing.</p>	<p>Consider late fee standards under the City proposal with one change:</p> <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. <p>Recommend adopting a prohibition on late fees assessed on non-rent charges</p> <p>Research what other communities are doing to define and regulate late fees for low-income tenants and how that can be implemented throughout the rental housing code, including provisions for when someone loses their job or income level changes.</p> <p><u>What would policy change do?</u> This policy would establish standards on how landlords address compliance with late fees during tenancy.</p>

Requiring a Rental Business License to File an Eviction

City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Feedback Received	Sponsor Considerations
<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>* Tax & Licensing staff is currently working on ways to add rent rates/increases to data collected in annual business licenses.</i></p>	Not proposed, leaders have stated they agree with the City's proposed change	No feedback received, no Concerns voiced	<p>Recommend adopting limitations on evictions without a business license under City proposal</p> <p>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.</p> <p><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.</p>

Health and Safety Compliance

City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Feedback Received	Sponsor Considerations
<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>	<p>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</p>	<p>Affordable housing providers agree that landlords must comply with health and safety codes, as well as have a business license, in order to evict a tenant.</p>	<p>Recommend reviewing code for who has the ability to bring complaints to the City on health and safety issues</p>

Fees and Deposits

City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Feedback Received	Sponsor Considerations
<p>See Late Fee Standards</p>	<p>Prohibits:</p> <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 	<p>See Late Fee Standards</p>	<p>Recommend adopting the late fee provisions as under the City proposal (#4)</p> <p>Recommend adopting a prohibition on pet damage deposit exceeding 25% of one month's rent, and require this deposit be refundable if unused</p> <p>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)</p> <p>Research limiting monthly fees associated with pets</p> <p>Research what other communities are doing to limit move-in fees that exceed the first month's rent</p> <p>Research how refundable deposits are assessed at move-in and how they can support challenging housing applications.</p>

Relocation Assistance

City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Feedback Received	Sponsor Considerations
<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:</p> <ul style="list-style-type: none"> • 5% rent increase = 2-month relocation • 7.5-10% rent increase = 2.5-month relocation • Over 10% or more rent increase = 3-month relocation 	<p>Concerns expressed that small landlords and affordable housing landlords will not be able to afford relocation costs.</p> <p>Concerns expressed that some years increases to operating expenses may necessitate a 5% increase and perhaps tying the increase to the Consumer Price Index or inflation rate would be preferable</p> <p>Concerns expressed that landlords would be less likely to rent to low-income tenants.</p> <p>Deed restricted affordable housing providers are concerned about longer notice for rental increases as they rely on the Housing Finance Commission (HFC) to provide them with new rental rates. The process can take the HFC up to 6 months to send new rates out. Once housing providers receive notice from HFC they are able to increase rents, the provider would then have to wait another six months before they can implement rent increases. Meanwhile, utility rates and maintenance costs add up and providers won't be able to cover the costs for the year.</p>	<p>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</p> <p>Research if the city's current relocation assistance program can be extended to include excessive rent increases as a reason for low-income tenants.</p> <p>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.</p>

Eviction Prohibitions

City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Feedback Received	Sponsor Considerations
<p><i>*The RHC already protects against "no cause" evictions year-round, including for occupation.</i></p>	<p>Prohibit economic evictions during school year, for households with school age children</p> <p>Prohibit evictions between November 1 to April 1,</p> <p>Landlord cannot evict a tenant based on status as a member of the military, first responder, senior, family member, health care provider, or educator.</p> <p>This section does not apply and prevent an eviction if the reason for termination of the tenancy is due to:</p> <ol 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. 	<p>Concerns expressed that multiple months of unpaid rent could result in high debt levels for tenants and delinquent mortgages for property owners.</p> <p>Concerns expressed that multiple months of unpaid rent or being unable to evict a tenant for an otherwise appropriate reason could drive small landlords out of the market.</p>	<p>We believe the just cause eviction provisions already protect against evictions year-round, including based on occupation.</p> <p>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</p>

Penalties and Enforcement

City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Feedback Received	Sponsor Considerations
<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>	<p>Tenants can sue for violations and obtain actual damages, costs, reasonable attorney’s fees AND obtain \$500 or 5 times the month rent per violation.</p> <p>If fail to pay relocation assistance, then penalty is 3x the relocation assistance amount</p> <p>Tenants’ organization can sue on behalf of tenants.</p>	<p>NA</p>	<p>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.</p> <p>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</p>

Proposed Next Steps

- Discussion with the Full City Council - Study Session June 6
- Tentative: First Reading at Council June 13
- Tentative: Second Reading at Council June 20



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