

Affordable Housing

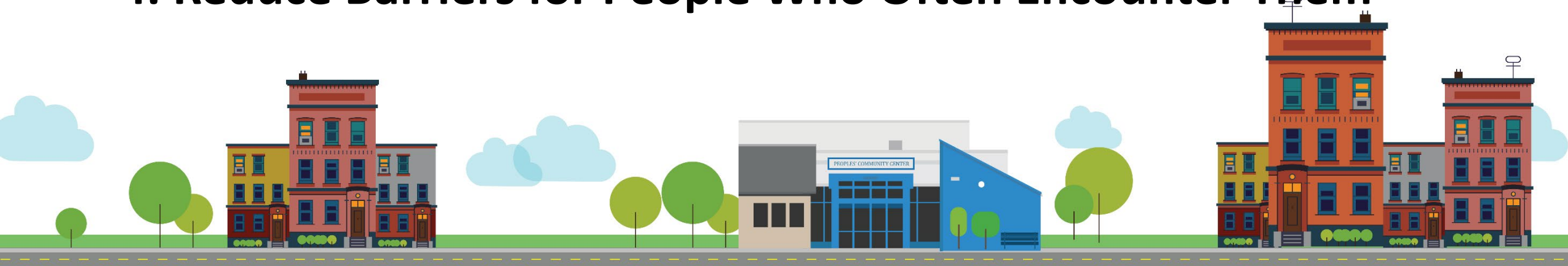
Rental Housing Code Update

June 6, 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



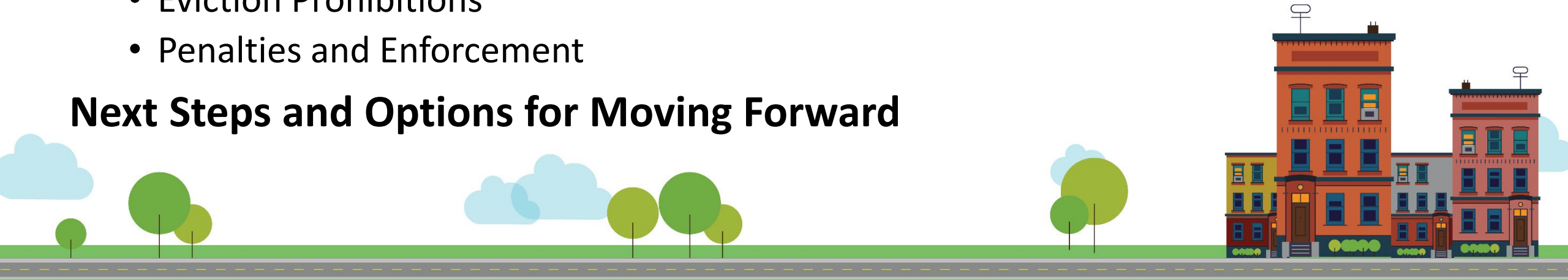
Agenda

Background and Community Outreach

8 Proposed Considerations and Feedback Received

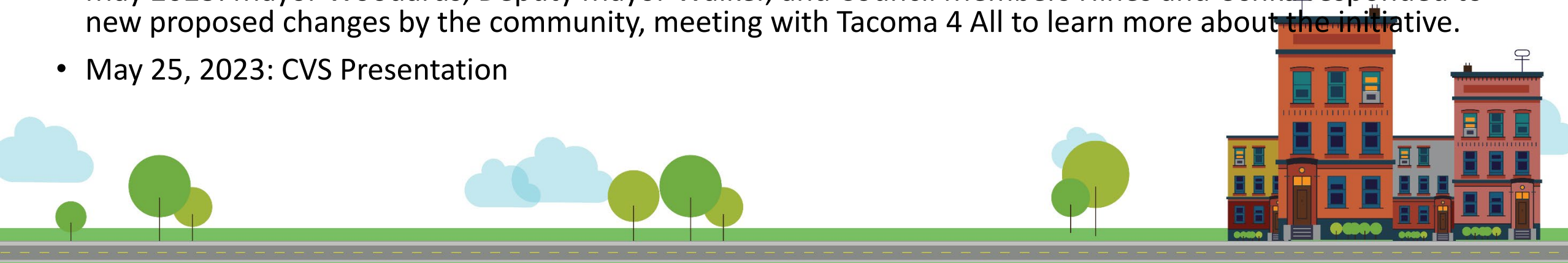
- Notices for Rent Increases
- Shared Housing Standards
- Standardized Screening Criteria
- Fee and Deposit Standards
- Rental Business License Requirement and Health and Safety Compliance
- Relocation Assistance
- Eviction Prohibitions
- Penalties and Enforcement

Next Steps and Options for Moving Forward



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.
- May 25, 2023: CVS Presentation



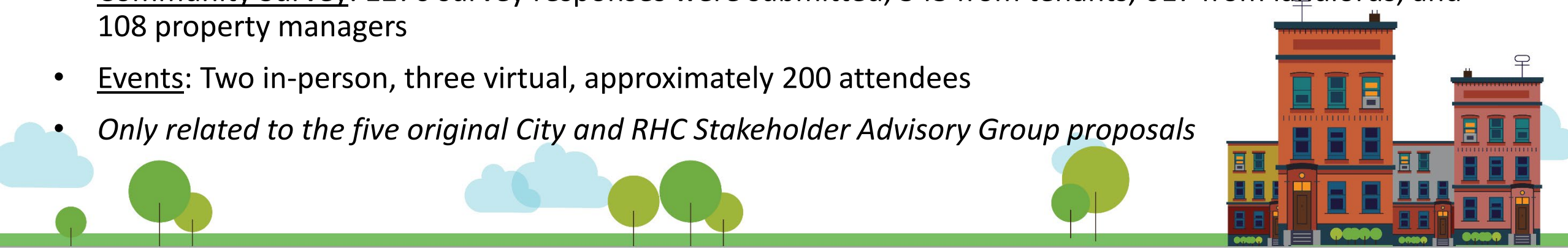
Community Outreach

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

Current State	City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Feedback Received	Sponsor Considerations
<p>Under the RHC, notice of any rent increase must be provided to tenants at least 60 days from rent increase</p>	<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>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>THA would seek an exemption from this requirement</p>	<p>Recommend adopting RHC proposed changes with one change:</p> <ul style="list-style-type: none"> • A single notice requirement at 120 days for any rent increase. <p><u>What would this Policy change do?</u></p> <p>The policy would increase the amount days of required notice to ensure tenants have time to secure new housing.</p>

Shared Housing Standards

Current State	City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Feedback Received	Sponsor Considerations
No standards	<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>	Not proposed, leaders have stated they agree with the City's proposed change	<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 experienced 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>Recommend adopting shared housing standards under the City proposal</p> <p><u>What would policy change do?</u></p> <p>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

Current State	City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Feedback Received	Sponsor Considerations
No standards	<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>	Not proposed, leaders have stated they agree with the City's proposed change	<p>Landlords concerned they won't be able to screen for criminal history or ask for SSNs</p> <p>Over 96% of 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>Recommend adopting screening criteria under the City proposal</p> <p><u>What would the policy do?</u></p> <p>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>

Fee and Deposit Standards

Current State	City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Feedback Received
Under state law, no portion of any deposit can be withheld for wear resulting from ordinary use of the premises including for carpet cleaning, repair and replacement of fixtures, equipment, appliances, and furnishings if their condition was not reasonably documented, or in excess of the cost of repair or replacement of damaged items which damaged beyond wear from ordinary use. (HB 1074)	<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>	<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 including but not limited to fees required to apply for tenancy (including processing fees and credit and background check charges), security deposits, prepayment of rent (e.g., "last month's rent"), but excluding a valid pet fee. • 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>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 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>

Fee and Deposit Standards (continued)

Sponsors Considerations

- Recommend adopting the late fee standards under the City proposal with one change:
 - Limit the amount of late fees to 1.5% of unpaid monthly rent, with a maximum limit of \$75/month. For example:
 - Unpaid Rent \$600 – Fee \$9
 - Unpaid Rent \$1,200 – Fee \$18
 - Unpaid Rent \$1,800 – Fee \$23
 - Unpaid Rent \$2,300 – Fee \$33
 - Unpaid Rent \$5,000 and up – Fee \$75
- Recommend adopting a prohibition on late fees assessed on non-rent charges
- 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.
- 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.

What would this policy change do?

This policy would establish standards on how landlords address compliance with late fees during tenancy and limit the amount and what late fees can be charged on. It also would limit certain move in fees and provide more time for tenants to pay move in costs over a 6-month period so they do not need to be paid up front.

Rental Business License Requirement and Health and Safety Compliance

Current State	City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Feedback Received	Sponsor Considerations
<p>Tax & Licensing staff is currently working on ways to add rent rates/increases to data collected in annual business licenses.</p> <p>Under current laws as written, the habitability and health and safety issues already must be addressed and the RHC allows for enforcement.</p>	<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>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>No change to business license requirements proposed, but leaders have stated they agree with the City's proposed change</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>During recent Stakeholder Advisory meetings there was consensus that a business license requirement is a good and low barrier.</p>	<p>Recommend adopting limitations on evictions and rent increases without a business license</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>Recommend reviewing code for who has the ability to bring complaints to the City on health and safety issues</p> <p><u>What would this policy change do?</u></p> <p>Policy would ensure anyone operating a rental business in the Tacoma city limits is complying with health and safety codes, and City policies before raising rents or pursuing evictions. It would also allow tenants' rights groups and other agencies to bring complaints to the City's attention that would allow for enforcement.</p> <p>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>

Relocation Assistance

Current State	City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Feedback Received	Sponsor Considerations
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, change in use of their rented residence, or when the unit is deemed uninhabitable by the City.	Nothing Proposed	<p>Relocation assistance owed to tenant when rent increases within 30 days:</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 <p>In the event that the tenant is unable to relocate and remains in the dwelling unit at the increased rent, the tenant must repay the relocation assistance.</p> <p>The requirement to pay tenant relocation assistance will not apply to:</p> <ul style="list-style-type: none"> a landlord and tenant living on the same site if the site has four or fewer dwelling units; tenants who have lived in the dwelling unit for less than 6 months; a landlord that temporarily rents out the landlord's principal residence during the landlord's absence due to active duty military service. 	<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 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 new rental rates. The process can take up to 6 months to send new rates out. Once housing providers receive notice from HFC they can increase rents, the provider would then have to wait another six months before they can implement increases.</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 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 low-income tenants and how that can be implemented throughout rental housing code, <i>including provisions for when someone loses their job or income level changes.</i></p> <p>Concern: relocation assistance based on rent increases in this manner may be challenged under the state's rent control prohibition.</p> <p><u>What would this policy change do?</u> This change would allow tenants more time to pay move in costs over a 6-month period.</p>

Eviction Prohibitions

Current State	City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Feedback Received	Sponsor Considerations
The RHC already protects against “no cause” evictions year-round, including for occupation.	Nothing Proposed	<p>Prohibit economic evictions during school year for households with students or children under age 18</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, healthcare provider, or educator.</p> <p>Landlords can still carry out evictions at any time if tenants are posing a threat to others or their property, using their apartments for illegal purposes, an owner or family moves to occupy the unit, the unit is condemned for uninhabitability, or desire for roommate to vacate</p>	<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>THA would seek a Federal exemption from this requirement</p>	<p>Recommend that we follow State just cause eviction laws as 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> <p>Concern: Eviction moratoriums this extensive could push smaller housing providers out of the housing market and further consolidate corporate housing. Concern: as written, no tenant with a child under 18 could be evicted.</p> <p>Concern: as written no tenant with a child under 18 could be evicted</p> <p><u>What would this policy change do?</u> This change would continue existing practice on just cause eviction protections.</p>

Penalties and Enforcement

Current State	City RHC Proposed Changes	Tacoma Landlord Fairness Code Changes	Feedback Received	Sponsor Considerations
<p>The RHC already contains penalty provisions that can be applied when a landlord fails to pay relocation, RLTA already allows tenants to sue.</p>	<p>None Proposed</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>A landlord may seek a court order allowing a particular eviction or exempting them from a provision of this chapter if they can show that a provision of this chapter, if fully enforced, would constitute either (a) an undue and significant economic hardship, or (b) a takings under the United States or Washington State constitutions, or that the chapter as applied is preempted by federal or state law</p>	<p>Some feedback indicated current fees are not incentive enough for landlords to comply, or for lawyers to take up tenant cases</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> <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>Research using penalties assessed by the RHC to fund and support relocation assistance or subsidies for public and smaller housing providers.</p> <p>Concern: The fines and fees may be considered excessive and challenged in court. There is also ambiguity in the exemptions for landlords which may invalidate the provision as written.</p> <p><u>What would this policy do?</u></p> <p>This policy may allow the City to provide funds directly to tenants</p>

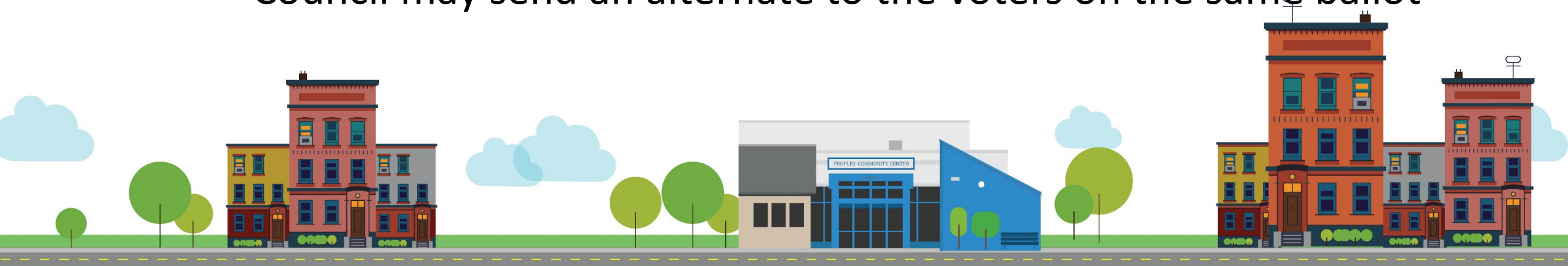
Options Moving Forward

- 1) Adopt the recommended changes to tenant protections
- 2) Place an ordinance on the November Ballot



Options If Initiative is Filed and Certified

- 1) Enact initiative – Initiative becomes COT ordinance
- 2) Reject initiative – Initiative goes to voters on the ballot
 - Council may send an alternate to the voters on the same ballot
- 3) Take no action – Initiative goes to the voters on the ballot
 - Council may send an alternate to the voters on the same ballot



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