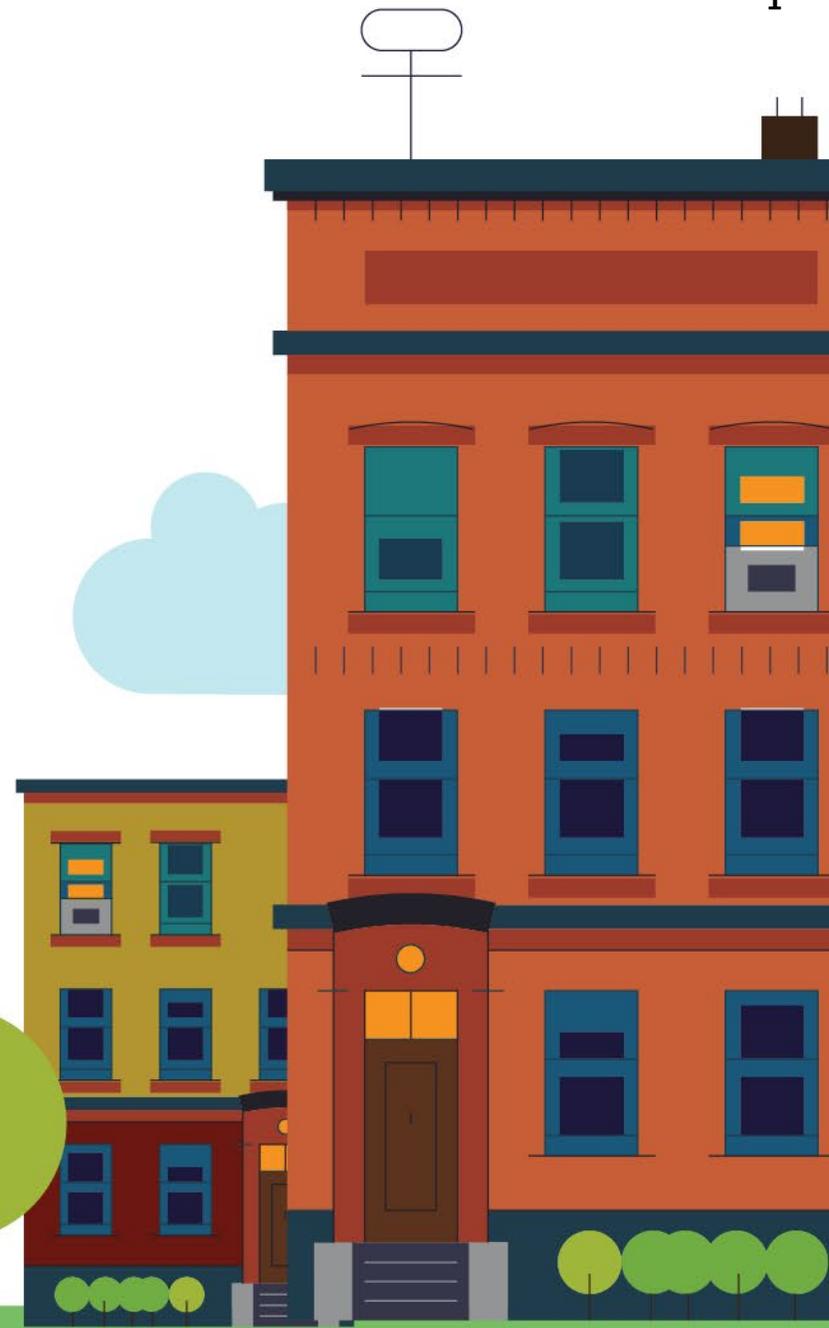
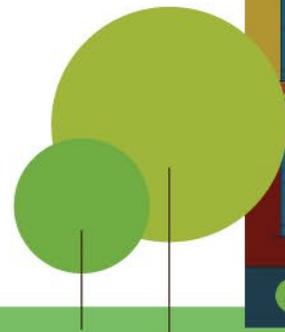
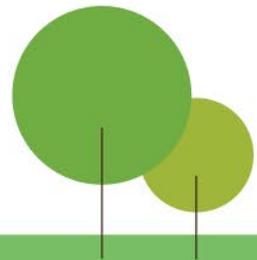


Affordable Housing

Rental Housing Code Proposed Changes
Spring 2023

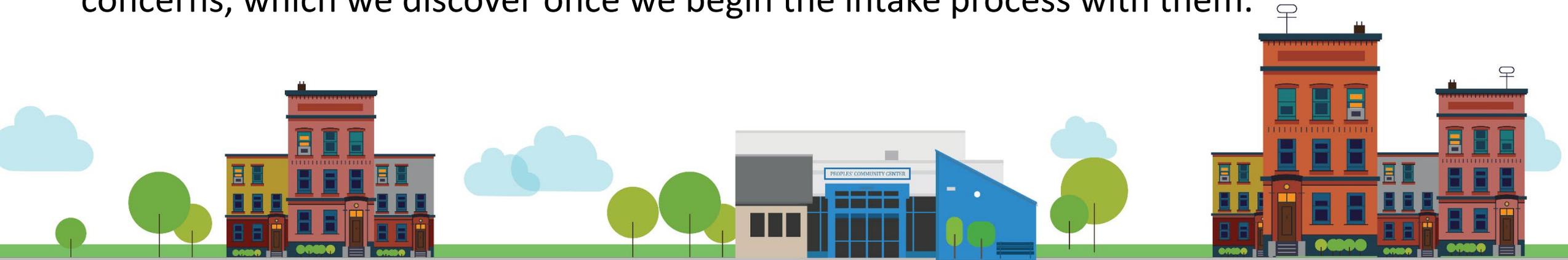
Contact: TacomaRHC@cityoftacoma.org



Five Proposed Changes

1. Rent Increase Notices
2. Shared Housing Standards
3. Standardized Screening Criteria
4. Late Fee Standards
5. Evicting without a Business License

These five categories are 20 percent of the initial intake for calls we receive. However, we know this number is under representative of the people who experience these concerns, which we discover once we begin the intake process with them.



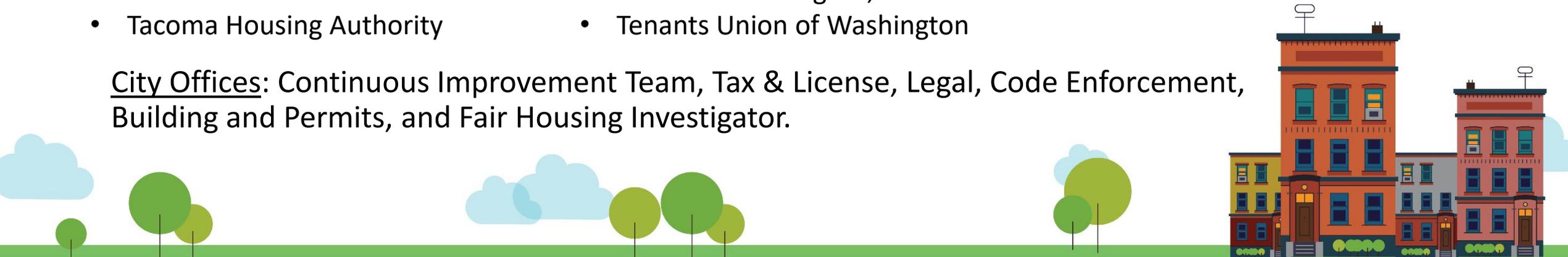
Stakeholder Advisory Group

- Since March 2021, staff have met weekly with stakeholders to discuss the RHC policies presented today for consideration. These stakeholders include:

Community Organizations:

- Rental Housing Association of Washington (RHAWA)
- Washington Multi-Family Housing Association
- Tacoma-Pierce County Affordable Housing Consortium
- Tacoma-Pierce County Association of Realtors
- Tacoma Housing Authority
- Next Chapter-Shared Housing
- Shared Housing Services-Associated Ministries
- Fair Housing Center of Washington (FHCWA)
- Tacoma Pro Bono
- Catholic Community Services of Western Washington,
- Tenants Union of Washington
- Tacoma Pierce County Health Department,
- Tacoma Pierce County Coalition to End Homelessness

City Offices: Continuous Improvement Team, Tax & License, Legal, Code Enforcement, Building and Permits, and Fair Housing Investigator.



1. Rent Increase Notices

What is the Problem? Currently, tenants are given 60-day rent increase notice. If the increase is a significant amount that makes rent unaffordable for the tenant, 60-days may not be enough time to find affordable housing.

What would this Policy change do? The policy would update the amount of notice required for increasing the rent based on a percentage of the increase, update the service requirements for rent increase notices, and provide options to tenants who cannot afford the rental increase and need to vacate the unit.

- Implement notice tiers based upon the percent of rent increase, for example:
 - 60-day written notice for 6% or less increase,
 - 90-day written notice for an increase over 6% and up to 10%,
 - 180-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.
- Waive the requirement for the tenant to serve a proper 20-day written notice to vacate or the tenant will not be penalized if they vacate because the rent increase.

What this Policy is not intended to do?

- Capping the amount a landlord can increase the rent with proper written notice (RCW 32.21.830 prohibits a jurisdiction from putting caps on rent increases).
- Allow tenants who are not directly affected by the rent increase, to terminate tenancy without serving the proper 20-day notice as outlined in the RLTA.

Rent Increases by Zip Code 2019 - 2022

Zip Code	Start to End	2019	2020	2021	2022 (Jan-Aug)
98402	54%	21%	-2%	17%	6%
98403	27%	4%	4%	9%	5%
98404	48%	8%	10%	18%	2%
98405	40%	9%	7%	11%	3%
98406	45%	7%	8%	12%	4%
98407	46%	9%	6%	14%	9%
Tacoma	35%	6%	5%	16%	5%

High Rent Increases Reported by Community Partners

Between June 1, 2022 and September 2, 2022, 67% of THA requests for rent increases have been greater than 10%

By bedroom size: 0BR - 31%; 1BR - 73%; 2BR - 68%; 3BR - 53%; 4BR - 60%; 5BR - 0 %

One-bedroom units:

- \$995 to \$1704
- \$835 to \$1495 (2 requests)
- \$900 to \$1495
- \$720 to \$1162
- \$938 to \$1350

Two-bedroom units:

- \$650 to \$1500
- \$750 to \$1500
- \$756 to 1484
- \$1175 to \$1900
- \$763 to \$1484
- \$925 to \$1484
- \$950 to \$1500

The Tenants Union reports that 112 renters were served 60-day notices (increases \$200-\$400) and that 92 would not renew their lease because the new lease had increased between 15-20%

2. Shared Housing Standards

What is the Problem? Tenants living in shared housing situations, particularly those who are subletting (roommates, transitional housing) are often living in conditions that are substandard and dangerous to their health and safety and can negatively impact residential neighborhoods. Also, tenants who are renting but are not on the master lease are not protected by the RHC, which can lead to unforeseen eviction or homelessness, even when they are complying with their lease/rental agreement.

What would the policy do? Such a policy would set eviction standards for tenants who reside on a property but who are not listed on a master lease, ensure only authorized spaces are rented, prevent overcrowding of residential neighborhoods, and ensure tenants are living in habitable spaces and healthy living conditions.

A comprehensive policy would:

- 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 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.

What this Policy is not intended to do:

- Prohibit landlord from proceeding with UDA (eviction) if they are unaware of sublet tenants



3. Standardized Screening Criteria

What is the Problem? Due to the current housing market and income requirements to rent units, tenants are having difficulty securing housing. Without some standards around screening, tenants may not be able to secure affordable housing to meet their needs and may become homeless.

What Evidence Exist? Although the assistance the City of Tacoma Relocation Assistance Program provided (Fall 2022) to displaced tenants of both the McKinley Apartments and Econo Lodge (Hosmer), some were unable to secure housing due to income requirements. Community partners have also reported they are having this same issue when trying to secure housing for clients, even when they are paying rent and guaranteeing payment for any damages or evictions should they happen.

The City could also consider restricting landlords from requiring a SSN in order for a person to apply for housing and not allow blanket policies based on criminal history to be used as an automatic denial to apply or secure housing.

Why are such policies needed? It has been found that blanket Criminal History policies are deemed discriminatory. It is an important to remember that not every arrest or law enforcement encounter ends in a conviction. Therefore, someone who has not been convicted deserves consideration for housing and the Fair Housing Act, prohibits any blanket tenant screening policies that automatically deny all applicants with criminal history. Both HUD and the Washington State Attorney General have verified disparate impact is an issue across the country and in Washington State, and are imposing fines for use of blanket bans on tenants because of their criminal history.

3. Standardized Screening Criteria (cont.)

What would the policy do?

- Set a standard income to rent requirement (such as 2.5x or 3x monthly rent).
- Require landlord to evaluate criminal history on a case by case basis and not base decision on generalizations, stereotypes, or speculations.
- Require landlord to demonstrate actual safety risk when using criminal history as part of screening criteria.
- Require landlord to provide reliable evidence and consider the nature and severity of the conviction as basis for denial as it relates to criminal history screening.
- Prohibit the landlord from requiring a SSN **as the only way** a tenant can apply for housing.

What this Policy is not intended to do:

- Prohibit landlord from screening tenants for criminal history based on their own rental screening criteria as required in RCW 59.18.257.
- Prohibit landlord from screening for violent crimes, drug and/or gang activity, sex offense, and arson.
- Prohibit the landlord from asking for a SSN at the time of application.
- Require a landlord to rent to someone who does not meet their screening requirements.

What is currently in RHC and State Law? Currently there are no State guidelines related to screening for rent to income ratios. However, in addition to the HUD guidelines, there are other jurisdictions that have policies related to criminal history and requiring a SSN.

4. Late Fee Standards

What is the Problem? Currently, there is no standard around the amount a landlord can charge for late fees. Also, there is no requirement for landlords to notify tenants during tenancy of late fees accrued, which can then be reported to a prospective landlord creating a barrier to securing new housing for the tenant.

What would policy change do? This policy would establish standards on how landlords address late fees during tenancy. Specifically, it would:

- 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 take active measures to recover or 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.

Possible caps:

- Cap late fee to \$75 as outlined in RCW Washington State Residential Landlord-Tenant Act (RCW 59.18.410).
- Cap late fees at 3% to 5% of rental amount.

What will this Policy is not intended to do:

- Prohibit landlord from seeking civil remedies (such as small claims court or collections) to recover late fees.
- Prohibit landlord who has taken active steps during tenancy to address late fees from deducting the late fees from deposit(per rental agreement).

What is currently in State Law? RLTA caps the amount of late fee a landlord can collect in an eviction case at \$75.

5. Restrictions on filing evictions if the housing provider does not have a valid COT Rental Business License

What is the Problem? The City requires a Rental Business License for all rental housing transactions within the Tacoma city limits. During calls with both landlords and tenants, it has become evident that not all landlords have a business license. Such a license is also used for outreach to landlords on code updates, meaning outreach is less effective to landlords that operate without licenses.

What would policy change do? This policy would require the landlord to provide proof of a Rental Business License at the time of scheduling a show cause hearing. If there is no proof of Rental Business License it can be a defense in court for the tenant when facing eviction.

What this Policy is not intended to do:

- Require a property owner who has purchased the property and intends to occupy the unit to get a rental business license in order to start the UDA (eviction) process, if they served proper notices to terminate tenancy as outlined in RCW 59.18.650.
- Require a property owner who inherits a property and is not intending to continue to use it as a rental property, to get a rental business license in order to start the UDA (eviction) process, if they have served the proper notices to terminate tenancy as outlined in RCW 59.18.650.

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