

Washington State Rent Stabilization Bills Moving This Year

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Washington Housing Alliance Action Fund

Last year the legislature made [some progress](#) on the state's greatest challenge - a lack of affordable housing and economic evictions. But renters are still facing excessive rent increases, creating waves of economic evictions in nearly every community across Washington state. [Nearly 500,000 say they felt pressure to move because of high rents](#) between May and October 2023. Of those nearly 28% were displaced by the rent increase.

The [average monthly rent in Washington state is \\$1,763](#), meaning a 7% increase would be almost \$125 per month. While an increase this high on today's rents is still a struggle, renters say that they could manage this predictability over the excessive rent increases now occurring across the state.

Impacts of excessive rent increases:

- **Forced displacement**, when renters are forced to move and can't find affordable alternatives in their community and in the same school district where their children attend school.
- **Cause evictions, and can drive tenants into homelessness.** A [U.S. Government Accountability Office study](#) found that, "a \$100 increase in median rental price was associated with about a 9 percent increase in the estimated homelessness rate." And evictions are rising significantly in Washington.
- **Hurt workers and small businesses.** Employees can't afford to live near their jobs or are suddenly uprooted from excessive rent increases, further straining staffing shortages. Workers are increasingly forced to work multiple jobs to make ends meet and all pay raises go straight to their landlord.
- **Threaten seniors** who live on fixed incomes. Seniors are being forced to skip meals or medications to keep up with rising rents.
- **Prevent families from saving to buy a first home.** Renters are paying so much in rent, that they are unable to set aside anything to save to purchase

a home. This keeps renters trapped in unsustainable housing and away from the security of homeownership with a mortgage that doesn't increase every year.

Lawmakers and affordable housing advocates listened to the feedback of landlords and tenants last year, incorporating it to create a **simplified rent stabilization measure this session**. As amended, [HB 2114](#), sponsored by Representative Emily Alvarado will prevent excessive rent increases but still allow 7% increases every 12 months, provide more predictability and notice for renters and address fees which are also being used to gouge tenants.

As amended, SHB 2114 will do the following:

- Protects manufactured homeowners and residential tenants.
- Allows landlords to raise rents in any given 12-month period by 7 percent.

On today's average rent of \$1,763 this is what a 7% rent increase means for a renter over three years:

- First rent increase of 7% \$123.41 increase, \$1886.41/month
- Second rent increase of 7% \$132.05 increase, \$2,018.46/month
- Third rent increase of 7% \$141.29 increase, \$2159.75/month

By year three, the tenant is paying \$396.75 more per month over the original rent.

- Fees count as rent for the purposes of the increase in order to prevent fees from being used to get around the rental cap.
- 6 months notice for all rent increases at 3% or more to provide tenants with more opportunity to plan for the increase.
- Caps all move-in fees to equivalent of one month's rent or less in order to make moving more affordable.
- Prevents landlord from treating month-to-month leases differently than fixed-term leases in terms of rent levels and fees. This is because landlords are currently charging "month to month fees" or a much higher rent increase to compel a tenant to sign a fixed-term lease. Tenants who are month to month are covered under Washington's just cause eviction protections, unlike tenants who are on a fixed-term lease.

- Creates a landlord resource center and a model lease for landlords.
- Creates enforcement with a private right of action, penalties and also by the State's Attorney General's Office.
- In cases where the landlord attempts to raise the rent above what is allowed under the bill (unless that landlord is exempt) allows a tenant to quit their lease and move without penalty.
- And two floor amendments added language to clarify that protection against excessive rent increases apply to short-term rentals and a study was also added.

Exemptions:

- New buildings from certificate of occupancy through the first 10 years,
- Exemption from the rental rate increase limit for several living situations where the owner is also a resident of the property in question,
- To prevent duplication on properties that are already subsidized and rent regulated by their fund source and that are owned/operated by a nonprofit or public housing authority, they are exempted from the rent increase limitation, notice requirements and to the cap on deposits.

Why rent stabilization is needed now:

The "economy"- specifically the cost of housing and the homelessness crisis in Washington - is the number one priority for legislative action cited by voters.

Tens of thousands of tenants across Washington are subject to excessive and unsustainable rent gouging by landlords. In fact, many have been displaced by new rent increases just this past year. U.S. Census Pulse Survey data from October shows that 496,961 Washingtonians felt pressure to move in the previous six months due to a rent increase. And 28% did move because of that pressure.

859,343 renters surveyed by the Census Bureau in October report receiving a rent increase in the last 12 months of over \$100 per month. More than 104,000 report rent increases of \$500 or more:

Amount of Rent Increase	Number of Renter Households Who Report a Rent Increase in the Last 12 Months by Amount of Rent Increase October 18 – October 30, 2023 (Week 63 of Pulse Survey)
Rent increased less than \$100	199,937
Rent increased \$100-\$249	621,101
Rent increased \$250-\$500	134,055
Rent increased by more than \$500	104,187

When tenants receive excessive rent increases that they are unable to pay, they are often forced into eviction because of the inability to find an affordable alternative. According to Washington courts data, as of September, evictions in Washington were on pace to be up by over 34% from 2022.

Don't confuse rent control and rent stabilization:

Rent Stabilization: policies that regulate how much a landlord can raise the rent each year on a specific tenant, but does not regulate rent increases in-between tenants. Rent stabilization allows landlords to raise the rent, while preventing excessive rent increases. It also provides renters with predictability so they can plan for rent increases in coming years, while still allowing landlords to have enough to make repairs, keep up with costs, and make a profit.

Rent Control: policies that cap rents in-between tenancies. Rent control “follows the rental unit” with few opportunities to increase rent between tenants.

- The rent stabilization policy up for consideration in Washington is considered moderate by experts because it contains an exemption for new properties for 10 years and because it does not regulate rents in-between

tenancies (no vacancy control).

- These policies are not the same as what New York, San Francisco, St. Paul or even Oregon has. Many people make simple comparisons to other jurisdictions without examining the policy differences. Rent control and rent stabilization policies vary dramatically across the country. And unique local factors such as zoning regulation, permitting timelines, economic conditions and market demand have significant impacts on the rental market, making comparisons between jurisdictions complex. Indeed no study cited by the opposition will be comparable to Washington and to SB 5961/HB 2114.

Why must the state act to stabilize rent?

Washington state passed a bill in 1981 that prevents any local government from passing local laws to protect tenants from rent increases. The rent stabilization bills this year do not lift this preemption and instead seek to create state level protections for all renters.

It's well documented that rent increases across Washington have been excessive and are impacting renters' ability to pay for other essential items like medication, food, meet your children's needs or other essential needs.

According to Zillow, [median WA rent is \\$1995](#). Social Security for seniors is not keeping up rent. And wages for working families in Washington [aren't keeping up with rising rent either](#). In fact numerous studies have shown you'd have to [work nearly 80 hours a week to afford a 1 bedroom rental](#) earning minimum wage in Washington to afford rent.

Washingtonians overwhelmingly support rent stabilization:

A recent EMC opinion survey of likely Washington voters found nearly 60% say they are more likely to vote for a candidate who supports limits on rent increases.

In a December, 2022 [survey of Washington voters](#):

- Nearly three quarters (72%) have either experienced housing instability themselves or know someone who has.
- Two-thirds (66%) of voters indicate that the housing affordability crisis has

impacted their household.

- 63% support taking measures to protect renters from unfair rent increases, including things like rent stabilization.

Also, according to a 2022 [survey by the WA State Department of Commerce](#):

- 76% said they were directly impacted or knew someone directly impacted by the cost and availability of housing
- 49% said it was difficult or very difficult to find affordable housing
- 14% of respondents have been displaced due to housing costs, eviction, or foreclosure

Arguments Used to Oppose Rent Stabilization Are Faulty

Rent stabilization will not impede new construction:

- **Rent stabilization will not impact the supply of additional housing** because new housing always sets the initial rent when it enters the market and SB 5961/HB 2114 exempt new properties for the first 10 years.
- There is no empirical evidence that shows a correlation between rent stabilization and a decrease in supply.

Rent stabilization will not cause a mass sell-off of rental properties by small landlords:

- Several recent studies in Seattle have examined the impact of tenant protections over which landlords said would force them to sell their properties. These studies find:
 - [There is no evidence that small landlords leave the market after the passage of renter protections.](#)
 - This same study found that there is also little evidence that small landlords are better landlords to renters.
 - [See also these slides on the study from a 1-17-24 Senate Housing Committee presentation on the study.](#)
- A City of Seattle audit examining Seattle's rental market found that there has been a shift to larger rental units that has increased the overall number

of units available. [Publicola provided a thorough overview of the report. The full report is linked in the article.](#)

A 7% cap on rents is not too low:

- Rents in Washington are sky-high and out of reach of many renter households. The [average monthly rent in Washington state is \\$1,763](#), meaning a 7% increase would be almost \$125 per month.
- 76% of very low-income renters in WA are very cost burdened, meaning that they are paying more than half of their income towards housing, making them at very high risk of homelessness due to rent increases or any reduction in income.
- When considering the original 5% rent increase allowed under HB 2114 and SB 5961, Kraig Peck, a self-described “mom and pop landlord” in Woodinville puts it: “A 5% annual cap while my rental property is occupied is more than sufficient to cover any increase in expenses. A landlord’s biggest expense is our mortgage, which is a fixed, not variable. Our other expenses like property taxes and maintenance do rise, but they’re a small portion of the overall rent. Crucially, our cash income from rents is not the only way we profit. We reduce all our taxable income by our rental expenses and we deduct any costs like repairs - even mileage. And the depreciation allowance cuts our federal taxes by more than we actually put down on the property to buy it. And of course, property appreciates a lot in Washington, where we also get a B&O tax exemption that other small businesses have to pay. There are lots of ways landlords make money and we will continue to do well under the rent stabilization proposals.”

For questions about the rent stabilization bills, or to talk with impacted landlords, tenants, and affordable housing advocates, please contact Rob Huff at (253) 229-5769 robh@housingactionfund.org