



Memorandum

Date: 7/19/2022
Meeting of: City Council

File No. AM No. 22-112
Type: New Business

TO: Members of the City Council
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

Planning and Community Development	Carol Helland	425-556-2107
------------------------------------	---------------	--------------

DEPARTMENT STAFF:

Planning and Community Development	N/A	N/A
------------------------------------	-----	-----

TITLE:

Adoption of an Ordinance Creating a new Chapter 9.54 of the Redmond Municipal Code to Adopt Tenant Protections

1. Ordinance No. 3091: An Ordinance of the City of Redmond, Washington, Creating a New Chapter 9.54 of the Redmond Municipal Code to Adopt Tenant Protections Increasing Notice for Rent Increases, Capping Late Fees, Capping Move-In Fees and Deposits, and Authorizing Tenant Payment Plans; Providing for Severability; and Establishing an Effective Date

OVERVIEW STATEMENT:

In April 2022, A Regional Coalition for Housing (ARCH) requested the Mayors and Councils of ARCH member jurisdictions to consider a set of tenant protections to address the economic impacts of rent increases that are anticipated in our region. The ARCH request letter and Executive Board resolution are included with this memorandum as Attachment A.

The federal Department of Housing and Urban Development (HUD) recently released new area median income (AMI) tables that will increase the basis by which rents are calculated for affordable housing programs in the region. Based on preliminary data, ARCH expects that the newest adjustments in the HUD AMI could create rent increases for low-income tenants of up to 16 percent.

The City continues to pursue longer-term strategies to address the shortage of affordable housing consistent with the recommendations contained within the Housing Action Plan (HAP). However, there were also short-term actions in the HAP that included advocacy for state-level eviction reforms; and, Council also identified “increase(d) tenant protections and resources for renters” as a high priority outcome in its [2022 Retreat Priorities](#)

<https://redmond.legistar.com/View.ashx?M=F&ID=10648904&GUID=C2AF15FC-1FE1-49BE-8FC4-E163EAD78B42>.

In response to Council direction received at the June 21 Public Safety and Human Services Committee of the Whole (PS&HS COTW) meeting, staff introduced a tenant protection ordinance during the July 5 Business Meeting that mirrored elements of a King County tenant protection ordinance that was adopted in 2021. The rationale for aligning the Redmond ordinance with the King County ordinance was to create consistency between the two jurisdictions with the greatest supply of income restricted housing in the ARCH member jurisdictions. Like the ARCH proposal, the ordinance introduced to Council aimed to address the impacts of anticipated rent increases and respond to feedback received from Council and stakeholders at the June 21 PS&HS COTW and the Business Meeting. Major elements of the original ordinance would have:

1. Required landlords in most cases to provide a minimum of 120 days written notice of rent increases greater than 3 percent (3%);
2. Established a cap on fees for late rental payments of 1.5 percent (1.5%) of a tenant's monthly rent;
3. Established a cap in most cases on move-in fees and security deposits of no more than one month's rent and allow tenants to pay in installments; and
4. Provided a sunset clause to ensure that any readoption of the ordinance was done after verifying that the provisions were achieving desired outcomes and not creating unintended consequences.

Council discussed the ordinance that was introduced on July 5 during the regular Business Meeting. Packet materials from the July 5 Business Meeting are available at [View.ashx \(legistar.com\) <https://redmond.legistar.com/View.ashx?M=PA&ID=966220&GUID=C140A1EF-BAAC-4D21-9E60-6625F054CF55>](https://redmond.legistar.com/View.ashx?M=PA&ID=966220&GUID=C140A1EF-BAAC-4D21-9E60-6625F054CF55) starting on Page 149. A range of alternatives were offered by individual councilmembers, and the City Council referred the item to the Finance, Administration, and Communications Committee of the Whole (FAC COTW) meeting on July 12 to determine the appropriate content for a final ordinance.

For ease of review of the alternatives offered to the original ordinance, and to support development of a final ordinance during the FAC COTW, a matrix was developed to show the language that was originally proposed and alternative language offered by individual councilmembers. Packet materials from the July 12 FAC COTW meeting are available at [View.ashx \(legistar.com\) <https://redmond.legistar.com/View.ashx?M=PA&ID=966225&GUID=947C6E3D-CE55-4548-9DD7-17CACC7AA54>](https://redmond.legistar.com/View.ashx?M=PA&ID=966225&GUID=947C6E3D-CE55-4548-9DD7-17CACC7AA54) starting on Page 9.

The ordinance prepared for Council consideration and final action on July 19 is provided in Attachment B and reflects the feedback received on July 12 during the FAC COTW meeting.

☒ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

- ☐ Receive Information ☐ Provide Direction ☒ Approve

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
Tenant protections are a 2022 Council Retreat priority action item.
- **Required:**
Chapter 59.18 RCW Residential Landlord-Tenant Act provides the minimum rights and responsibilities for residential landlords and tenants. Some jurisdictions such as Seattle and Tacoma have adopted additional protections for tenants above and beyond those required under state law.
King County Countywide Planning Policy H-22: Adopt and implement policies that protect housing stability for renter households; expand protections and supports for low-income renters and renters with disabilities. Ratified April 6, 2022, required to be incorporated into the Comprehensive Plan Housing Elements by December 2024.
- **Council Request:**
2022 Council Retreat Priorities were discussed at the Special Council Meeting held on March 15, 2022. Council requests to consider the ARCH recommended model ordinance were received following receipt of the ARCH Letter dated April 20, 2022. The City Council considered the topic of tenant protections during three meetings held during June and July and provided feedback to staff on their desired content for a final ordinance during the July 12 PS&HS COTW meeting.

- **Other Key Facts:**

Proposed tenant protections are generally supported by tenants and opposed by landlords. Amendments to the Redmond Municipal Code do not require a public hearing. As a result, any action on an ordinance should be scheduled to follow a regular business meeting where comments on the ordinance can be presented during Items from the Audience.

OUTCOMES:

Based on the updated HUD tables that were released in April, ARCH will be preparing new rent limits for the affordable units that they monitor in member jurisdictions. Once property owners are informed of the new rent limits, they are allowed under their affordable housing covenants to impose rent increases up to the new limits. Under state law, a landlord is required to provide 60 days written notice before such an increase can be imposed.

The ordinance offered in Attachment B for Council consideration would increase the required notification period to 120 days for rent increases greater than three percent and to 180 days for rent increases greater than 10 percent. This notice period would give tenants additional time to find new housing or take on a roommate if they are not able to bear the cost of the increased rent.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**

New rent limits were released by ARCH following the Executive Board meeting on July 14. Landlords will likely seek to increase rents up to the new limits soon after they go into effect.

- **Outreach Methods and Results:**

Provisions contained in the ordinance in Attachment B reflect the three tenant protections that ARCH was seeking to have adopted across member jurisdictions. Redmond will continue the conversation regarding housing stability as part of Redmond 2050, track the effects of any tenant protections that are adopted, and continue to solicit feedback from stakeholders including OneRedmond Government Affairs, the Rental Housing Association of Washington, developers of affordable housing projects, and renters.

- **Feedback Summary:**

Strong opposition has been expressed by developers of housing to the tenant protections. A summary of the comments is provided below.

1. A patchwork of local tenant protections creates confusion for landlords.
2. Housing providers face consequences for failing to pay their costs on time (mortgages, property taxes, insurance, etc.), and they are not given notice 3-6 months in advance of the costs being increased.
3. The model ordinance is overly broad because it applies to all renters, not just those living in MFTE or rent-restricted units.
4. Tenant protections can be viewed as increasing loan risk and can cause unintended consequences that stall housing development (e.g., lender disinterest in markets where tenant protections have been adopted or increased interest rates).
5. The proposed tenant protections have no sunset clause and, without assurances to the contrary, are viewed as a precursor to rent control.

Letters received in response to introduction of the ARCH model ordinance are included in the [June 21 Committee of the Whole <https://redmond.legistar.com/View.ashx?M=A&ID=956218&GUID=FAA80903-937C-48DC-8552-9954CD5A1563>](https://redmond.legistar.com/View.ashx?M=A&ID=956218&GUID=FAA80903-937C-48DC-8552-9954CD5A1563) packet materials regarding this topic.

BUDGET IMPACT:

Total Cost:

Staffing to support this work is being provided by the Department of Planning and Community Development. Work on tenant protections was not included in the 2021 work program, and the compressed timeline is impacting staff availability to complete programed work.

Approved in current biennial budget: ☐ Yes ☐ No ☒ N/A

Budget Offer Number:

000250 - Community/Economic Development

Budget Priority:

N/A

Other budget impacts or additional costs: ☐ Yes ☐ No ☒ N/A

If yes, explain:

N/A

Funding source(s):

General Fund

Budget/Funding Constraints:

N/A

☐ Additional budget details attached

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
June 21, 2022	Committee of the Whole - Public Safety and Human Services	Provide Direction
July 5, 2022	Business Meeting	Provide Direction
July 12, 2022	Committee of the Whole - Finance, Administration, and Communications	Provide Direction

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
	Nothing scheduled at this time	N/A

Time Constraints:

New rent limits were released by ARCH following July Executive Board meeting on July 14. Landlords will likely seek to

increase rents up to the new limits soon after they go into effect.

ANTICIPATED RESULT IF NOT APPROVED:

Anticipated steep rent increases are expected to cause some Redmond renters to move because the increase will result in a cost-burden they are unable to bear. These tenants will be given a 60-day written notice of the proposed rent increase as required by state law. Tenants who can otherwise afford the monthly rent may not be able to enter the Redmond rental market if move-in fees are not capped or allowed to be paid in installments. Tenants on fixed incomes who are not given flexibility on when rent is due and payable are disproportionately burdened by late fees that become a routine portion of their monthly rent.

ATTACHMENTS:

Attachment A: ARCH Letter and Executive Board Resolution

Attachment B: Final Ordinance with City Council Amendments