STAFF REPORT NO. 136-15

TO: Mayor and City Council
FROM: Eric Holmes, City Manager
DATE: 9/14/2015

Subject: Vulnerable Renter Protections Proposal: Addition of a 45-day notice requirement for rent increases of 10% or more.

Key Points:
- Rents are increasing dramatically in the City of Vancouver. Most recent reports indicate that from July 2014-July 2015 renters have had a 9.8% rent increase.
- Current landlord-tenant law requires a 30-day notice for rent increase.
- Vancouver and the surrounding metro area are experiencing an unusually low vacancy rate (less than 2 percent).
- Incomes have not kept pace with rent increases.
- Supported by work from the Affordable Housing Task Force, the proposed ordinance would add a 45-day notice requirement for rent increases of 10% or more for properties in Vancouver city limits.

Objective: To develop an ordinance that will provide some protections for vulnerable renters.

Present Situation: Vancouver and the surrounding communities are experiencing an unprecedented demand for rental units. The overall vacancy rate has continued its downward trend, evident in the graph below, into 2015. Current data (Q2 2015) shows a rental vacancy rate of 1.98%. The low supply of units compared to current demand has resulted in rising rents. The monthly cost (Q2 2015) for the average 2-bedroom, 1-bath apartment is $975. This represents a 36% increase since the end of 2013 ($716) and a 6% increase since the end of 2014 ($924).

![Vacancy Rate and Average Rent 2010-2015](image)

Source: Norris Beggs and Simpson Multifamily Market Reports
Apartment List, a national rental listing website, recently named Vancouver as the top city in the United States for fastest rent growth between July 2014 and July 2015. They report a 9.8% median rent increase for 2-bedroom units during that time period, compared with a 2.7% increase nationwide.

The current requirement for notice of rent increase is 30 days. Households may need to increase their income to afford the new monthly rent cost or, if it is unaffordable, give notice to the landlord that they will be terminating tenancy. Households that are low-income are most likely to be negatively impacted by a substantial rent increase and to need additional time to prepare for the change in monthly expenses.

The City ordinance will provide that any rental agreement or renewal of a rental agreement for a residential rental unit shall include a provision requiring a minimum of forty-five (45) days prior written notice whenever the rent charged to a tenant is to increase by ten (10) percent or more.

**Advantage(s):** The ordinance would provide an extra 15 days of notice (45 rather than 30) for a rent increase of 10% or more, giving tenants more time to prepare for the additional expense.

**Disadvantage(s):** The ordinance may cost landlords by delaying collection of the increased rent amount by 15 days.

**Budget Impact:** None

**Prior Council Review:** Workshop August 3, 2015

**Action Requested:**
1. On Monday, September 14, 2015, following first reading and a public hearing, approve ordinance, setting date of second reading and public hearing for Monday, September 21, 2015.
2. On Monday, September 21, 2015, following second reading and public hearing, approve ordinance.

Attachment(s): Ordinance
ORDINANCE NO. __________

AN ORDINANCE relating to requiring that all rental agreements in the city of Vancouver include a provision requiring a minimum of forty-five (45) days prior written notice whenever the periodic or monthly housing costs to be charged a tenant is to increase by more than ten (10) percent; providing for severability and an effective date.

WHEREAS, as reflected in SR - __________, Vancouver and the surrounding communities are experiencing an unprecedented demand for rental units; and

WHEREAS, the overall vacancy rate has continued its downward trend; and

WHEREAS, current data shows a rental vacancy rate of 1.98%; and

WHEREAS, the low supply of units compared to current demand has resulted in rising rents; and

WHEREAS, the monthly cost for the average 2-bedroom, 1-bath apartment is $975, up from $716 at the end of 2013 and $924 at the end of 2014; and

WHEREAS, Apartment List, a national rental listing website, recently named Vancouver as the top city in the United States for fastest rent growth between July 2014 and July 2015; and

WHEREAS, the current requirement for notice of rent increase is 30 days; and

WHEREAS, households may need to increase their income to afford the new monthly rent cost or, if it is unaffordable, give notice to the landlord that they will be terminating tenancy; and
WHEREAS, households that are low-income are most likely to be negatively impacted by a substantial rent increase and to need additional time to prepare for the change in monthly expenses; and

WHEREAS, the city of Vancouver recognizes that this is a complex, changing, and ongoing issue; and

WHEREAS, this ordinance is an exercise of the city of Vancouver’s police and legislative authority derived from Wash. Const. art. XI, § 11 and is consistent with RCW 35.22.280, and is to protect the public’s health, safety and welfare; and

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF VANCOUVER:

Section 1. A new Chapter designated as VMC 8.46 is hereby added to read as follows:

Chapter 8.46 – NOTICE OF RENT INCREASE

8.46.010 - Definitions.
8.46.020 - Rental agreement requirements.
8.46.030 - Provisions in violation of restrictions null and void.
8.46.040 - Rental agreement that waives tenant’s remedies prohibited—Exception.

Section 2. A new Section designated as VMC 8.46.010 is hereby added to read as follows:

VMC 8.46.010- Definitions.

As used in this chapter:

"Landlord" means a "landlord" as defined in and within the scope of RCW 59.18.030 and RCW 59.18.040 of the Residential Landlord Tenant Act of 1973 ("RLTA") in effect at the time the rental agreement is executed. At the time of passage of the ordinance codified in this chapter, RLTA defined "landlord" as "the owner, lessor, or sublessor of the dwelling unit or the property of which it is a part," and included "any person designated as representative of the landlord."

"Housing costs" means the compensation or fees paid or charged, usually periodically, for the use of any property. land, buildings, or equipment. For purposes of this chapter, housing costs include the basic rent charge and any periodic or monthly fees for other services paid to the
landlord by the tenant, but do not include utility charges that are based on usage and that the
tenant has agreed in the rental agreement to pay, unless the obligation to pay those charges is
itself a change in the terms of the rental agreement.

"Rental agreement" means a "rental agreement" as defined in and within the scope of RCW
59.18.030 and RCW 59.18.040 of the RLTA in effect at the time the rental agreement is
executed. At the time of the passage of the ordinance codified in this chapter, the RLTA defined
"rental agreement" as "all agreements which establish or modify the terms, conditions, rules,
regulations, or any other provisions concerning the use and occupancy of a dwelling unit."

"Tenant" means a "tenant" as defined in and within the scope of RCW 59.18.030 and RCW
59.18.040 of the RLTA in effect at the time the rental agreement is executed. At the time of
passage of the ordinance codified in this chapter, the RLTA defined "tenant" as "any person who
is entitled to occupy a dwelling unit primarily for living or dwelling purposes under a rental
agreement."

Section 3. A new Section designated as VMC 8.46.020 is hereby added to read as
follows:

VMC 8.46.020 - Rental agreement requirements.

Any rental agreement or renewal of a rental agreement for a residential rental unit in the city of
Vancouver entered into after the effective date of the ordinance shall include or shall be deemed
to include a provision requiring a minimum of forty-five (45) days prior written notice whenever
the periodic or monthly housing costs to be charged a tenant is to increase by ten (10) percent or
more over the periodic or monthly rental rate charged the same tenant for the same housing unit
and same services for any period or month during the preceding twelve (12) month period.

Section 4. A new Section designated as VMC 8.46.030 is hereby added to read as
follows:

VMC 8.46.030 - Provisions in violation of restrictions null and void.

Any provisions in violation of Section 8.46.020 of this Chapter in a rental agreement are null and
void and of no lawful force and effect.

Section 5. A new Section designated as VMC 8.46.040 is hereby added to read as
follows:

VMC 8.46.040 - Rental agreement that waives tenant's remedies prohibited—Exception.

A. No rental agreement, whether oral or written, may provide that the tenant waives or foregoes
rights or remedies under this chapter, except as provided by subsection B below.
B. A landlord and tenant may agree, in writing, to waive specific requirements of this chapter if all of the following conditions have been met:

1. The agreement to waive specific provisions is in writing and identifies the specific provisions to be waived; and

2. The agreement may not appear in a standard form written lease or rental agreement; and

3. There is no substantial inequality in the bargaining position of the two (2) parties; and

4. The attorney for the tenant has approved in writing the agreement as complying with subsections (B) (1), (B) (2) and (B) (3) of this section.

Section 6. Severability. If any clause, sentence, paragraph, section, or part of this ordinance or the application thereof to any person or circumstance shall be adjudged by any court of competent jurisdiction to be invalid, such order or judgment shall be confined in its operation to the controversy in which it was rendered and shall not effect or invalidate the remainder of any parts thereof to any person or circumstances and to this end the provisions of each clause, sentence, paragraph, section or part of this law are hereby declared to be severable.

Section 7. Effective date. This ordinance shall become effective thirty (30) days following the date of final adoption.

Read first time:

Ayes: Councilmembers

Nays: Councilmembers

Absent: Councilmembers

Read second time:
PASSED by the following vote:

Ayes: Councilmembers
Nays: Councilmembers
Absent: Councilmembers

SIGNED this _____ day of _________________________, 2015.

________________________________________
Timothy D. Leavitt, Mayor

Attest:
Approved as to form:

________________________________________
Lloyd Tyler, City Clerk
By: Carrie Lewellen,
    Deputy City Clerk

________________________________________
Beson Potter, City Attorney
AN ORDINANCE relating to requiring that all rental agreements in the city of Vancouver include a provision requiring a minimum of forty-five (45) days prior written notice whenever the periodic or monthly housing costs to be charged a tenant is to increase by more than ten (10) percent; providing for severability and an effective date.

The full text of this ordinance will be mailed upon request. Contact Raelyn McJilton, Records Officer at 487-8711, or via www.cityofvancouver.us (Go to City Government and Public Records).