

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

..title

AN ORDINANCE amending Sections 7.24.020, 7.24.030, 7.24.040, 7.24.050, and 7.24.060 of the Seattle Municipal Code (SMC); and adding new Sections 7.24.035 and 7.24.036 to the SMC; to limit the amount of security deposits and non-refundable move-in fees for residential rental properties and to allow residential tenants to pay security deposits, non-refundable move-in fees, and last month's rent in installments.

..body

WHEREAS, before moving into a rental unit, landlords typically require that tenants pay some type of security deposit to ensure that the tenant will comply with certain provisions of the rental agreement, such as payment for damage to the dwelling unit or cleaning the unit when the tenant vacates the unit; and

WHEREAS, before moving into a rental unit, landlords sometimes also require payment of non-refundable fees such as fees for tenant screening reports or cleaning; and

WHEREAS, before moving into a rental unit, landlords typically require that tenants prepay the last month's rent; and

WHEREAS, rents in Seattle have been increasing rapidly and vacancies in rental housing are at low levels, making it increasingly difficult for tenants, especially those with limited finances, to obtain rental housing; and

WHEREAS, rent increases may cause a tenant to move due to inability to pay the increased rent; and

WHEREAS, these conditions in the rental market have created a relocation crisis, because tenants, especially those with limited finances, may be unable to save money to pay security deposits, non-refundable move-in fees, and last month's rent; and

1 WHEREAS, payment of security deposits, nonrefundable move-in fees, and last month's rent in
2 advance of tenancy, especially for people with limited finances, is one of the barriers to
3 obtaining housing; and

4 WHEREAS, limiting the amount a landlord can charge for a security deposit and non-refundable
5 move-in fees will help reduce this barrier and allow people to prepare for moving
6 expenses with more certainty; and

7 WHEREAS, allowing tenants to pay security deposits, non-refundable move-in fees, and last
8 month's rent in installments will help reduce this barrier; and

9 WHEREAS, the Council finds that this ordinance will protect and promote the health, safety, and
10 welfare of the general public; NOW, THEREFORE,

11 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

12 Section 1. Section 7.24.020 of the Seattle Municipal Code, last amended by Ordinance
13 124919, is amended as follows:

14 **7.24.020 Definitions**

15 * * *

16 “Last month's rent” means money that is paid as rent for the last month of a residential
17 tenancy and that is paid at the inception of the tenancy or in installments as authorized by
18 subsection 7.24.036.

19 * * *

20 “Non-refundable move-in fees” means non-refundable fees paid by a tenant to reimburse
21 a landlord for the cost of obtaining a tenant screening report or to pay for cleaning of the
22 dwelling unit upon termination of the tenancy.

23 * * *

1 over the periodic or monthly rental rate charged the same tenant for the same housing unit and
2 same services for any period or month during the preceding ~~((twelve (12)))~~ 12-month period.

3 B. No rental agreement entered into after ~~((the effective date of the ordinance~~
4 ~~codified in this chapter))~~ September 29, 1993, that creates or purports to create a tenancy from
5 month to month or from period to period on which rent is payable, may:

6 1. Require occupancy for a minimum term of more than one ~~((+))~~ month or
7 period;

8 2. Impose penalties, whether designated as “additional rent” or fees, if a
9 tenant terminates the tenancy pursuant to law and vacates before expiration of any minimum
10 term prohibited by subsection ~~((B(1) of this section))~~ 7.24.030.B.1;

11 3. Require forfeiture of all or any part of a deposit if the tenant terminates the
12 tenancy pursuant to law and vacates before expiration of any minimum term prohibited by
13 subsection ~~((B(1) of this section))~~ 7.24.030.B.1; provided, that nothing in this chapter shall
14 prevent a landlord from retaining all or a portion of a deposit as compensation for damage to the
15 premises as provided by law and the rental agreement or, as provided by law, for failure to
16 perform other obligations imposed by the rental agreement.

17 C. Any rental agreement entered into after the effective date of the ordinance
18 introduced as Council Bill _____ is subject to the requirements of this Section 7.24.030.
19 Security deposits and non-refundable move-in fees are prohibited unless authorized by a written
20 rental agreement that:

21 1. Identifies the non-refundable move-in fees;
22 2. Describes the terms and conditions under which the security deposit or
23 portion thereof may be retained by the landlord. The agreement shall specifically describe the

1 condition and cleanliness of the dwelling unit at the time of occupancy including damages to the
2 premises and furnishings, which include but are not limited to: walls, floors, countertops, carpets,
3 drapes, furniture, and appliances.

4 3. Describes the terms and conditions of the payment schedule for the
5 security deposit and non-refundable move-in fees pursuant to subsection 7.24.035.C.

6 D. Any rental agreement entered into after the effective date of the ordinance
7 introduced as Council Bill _____ is subject to the requirements of this Section 7.24.030. Any
8 payment of last month's rent by the tenant to the landlord shall be authorized by a written rental
9 agreement that:

10 1. Identifies the amount of the last month's rent; and

11 2. Describes the terms and conditions of the payment schedule for the last
12 month's rent if the tenant elects to pay the last month's rent in installments as authorized by
13 subsection 7.24.036.

14 Section 3. A new Section 7.24.035 is added to the Seattle Municipal Code as follows:

15 **7.24.035 Security deposits and nonrefundable move-in fees**

16 A. Limit on the amount of charges for security deposits and non-refundable move-in
17 fees. After the effective date of the ordinance introduced as Council Bill _____, the total
18 amount of a security deposit and nonrefundable move-in fees may not exceed the amount of the
19 first full month's rent for the tenant's dwelling unit. If rent is not paid or otherwise apportioned
20 on a monthly basis, then for the sole purpose of applying this limit the total rent shall be pro-
21 rated on an equal, monthly basis and the total charge to a tenant for the cost of a security deposit
22 and nonrefundable move-in fees may not exceed the pro-rated, monthly rental amount.

23 B. Restrictions on fees

1 1. Other than non-refundable move-in fees, security deposits, and last
2 month's rent, landlords are prohibited from charging tenants any one-time fee at the beginning of
3 the tenancy.

4 2. Pursuant to RCW 59.18.257, any fees charged to a tenant by the landlord
5 to reimburse the landlord for the cost of obtaining a tenant screening report cannot exceed the
6 actual cost of obtaining the report, which may not exceed the customary costs charged by a
7 tenant screening service in The City of Seattle.

8 3. If the tenant has paid a non-refundable move-in fee for cleaning, the
9 landlord may not deduct additional cleaning fees from the tenant's security deposit.

10 4. The total amount of non-refundable move-in fees may not exceed ten
11 percent of the first full month's rent, except that if the cost of a tenant screening report exceeds
12 ten percent of the first full month's rent, the amount in excess of ten percent may be included in
13 the non-refundable fee but may not exceed the customary costs charged by a screening service in
14 The City of Seattle.

15 C. Tenants may pay security deposits and non-refundable move-in fees in
16 installments as provided below. Landlords may not impose any fee, charge any interest, or
17 otherwise impose a cost on a tenant because a tenant elects to pay in installments.

18 1. For any rental agreement term that establishes a tenancy for six months or
19 longer, the tenant may elect to pay the security deposit and non-refundable move-in fees in six
20 consecutive, equal monthly installments that begin at the inception of the tenancy or, if agreed by
21 the landlord and tenant, according to an installment schedule described in the rental agreement.

22 2. For any rental agreement term that establishes a tenancy between 30 days
23 and six months, the tenant may elect to pay the security deposit and non-refundable move-in fees

1 in no more than four equal amounts that begin at the inception of the tenancy and are paid in
2 installments of equal duration or, if agreed by the landlord and tenant, according to an
3 installment schedule described in the rental agreement.

4 3. For any rental agreement term that establishes a tenancy from month to
5 month, the tenant may elect to pay the security deposit and non-refundable move-in fees in two
6 equal installments. The first payment is due at the inception of the tenancy and the second
7 payment is due on the first day of the third week of the tenancy or, if agreed by the landlord and
8 tenant, according to an installment schedule described in the rental agreement.

9 D. Nothing in this chapter prohibits a landlord from bringing an action against a
10 tenant to recover sums exceeding the amount of the tenant's security deposit for damage to the
11 dwelling unit for which the tenant is responsible. The landlord may seek attorney's fees for such
12 an action as prescribed by chapter 59.18 RCW.

13 Section 4. A new Section 7.24.036 is added to the Seattle Municipal Code as follows:

14 **7.24.036 Installment payment option for last month's rent**

15 A tenant may elect to pay last month's rent in installments as follows:

16 A. For any rental agreement term that establishes a tenancy for six months or longer,
17 the tenant may elect to pay the last month's rent in six consecutive, equal monthly installments
18 that begin at the inception of the tenancy or, if agreed by the landlord and tenant, according to an
19 installment schedule described in the rental agreement.

20 B. For any rental agreement term that establishes a tenancy between 60 days and six
21 months, the tenant may elect to pay the last month's rent in no more than four equal amounts that
22 begin at the inception of the tenancy and are paid in installments of equal duration or, if agreed

1 by the landlord and tenant, according to an installment schedule described in the rental
2 agreement.

3 C. Landlords may not impose any fee, charge any interest, or otherwise impose a
4 cost on a tenant because a tenant elects to pay the last month's rent in installments.

5 Section 5. Section 7.24.040 of the Seattle Municipal Code, last amended by Ordinance
6 116843, is amended as follows:

7 **7.24.040 Provisions in violation of restrictions null and void ((-))**

8 Any provisions in violation of ~~((Section))~~ Sections 7.24.030, 7.24.035, and 7.24.036 of
9 this chapter in a rental agreement are null and void and of no lawful force and effect.

10 Section 6. Section 7.24.050 of the Seattle Municipal Code, last amended by Ordinance
11 119171, is amended as follows:

12 **7.24.050 Defense in commencing action—Fees and costs awarded ((-))**

13 In any action commenced for unlawful detainer or to enforce a rental agreement, to
14 impose penalties or to forfeit a deposit contrary to rental agreement provisions required by
15 ~~((Section ((7.24.030 A))~~ subsections 7.24.030.A, 7.24.030.C, or 7.24.030.D of this chapter or
16 pursuant to rental agreement provisions prohibited by ~~((Section 7.24.030 B))~~ subsection
17 7.24.030.B of this chapter, it ~~((shall be))~~ is a defense to such action that such provisions are
18 contrary to the requirements for rental agreements imposed by this chapter, and a tenant who
19 prevails on such defense shall be awarded reasonable attorney fees and costs.

20 Section 7. Section 7.24.060 of the Seattle Municipal Code, last amended by Ordinance
21 119171, is amended as follows:

1 **7.24.060 Landlord liability to tenant ((=))**

2 A. If a landlord attempts to enforce provisions in a rental agreement that are contrary
3 to ((those required to be included in a rental agreement by Section 7.24.030 A or includes
4 provisions prohibited by Section 7.24.030 B in a rental agreement entered into after the effective
5 date of this ordinance)) the requirements of Sections 7.24.030, 7.24.035, or 7.24.036, the
6 landlord shall be liable to the tenant for: 1) any actual damages incurred by the tenant as a result
7 of the landlord's attempted enforcement; ((plus)) 2) double the amount of any penalties imposed
8 by the City; 3) double the amount of any ((or)) security deposit ((forfeited,)) unlawfully charged
9 or withheld by the landlord; ((as well as)) and 4) reasonable attorney fees and costs. ((Prior to
10 seeking damages and penalties for failure to return a security deposit, the tenant must have)) The
11 landlord is not liable for double the amount of the security deposit for unlawfully withholding
12 return of all or a portion of the security deposit unless the tenant has requested return of the
13 security deposit from the landlord.

14 B. A landlord who includes provisions prohibited by ((Section 7.24.030 B))
15 subsection 7.24.030.B, Section 7.24.035, or Section 7.24.036 in a new rental agreement, or in a
16 renewal of an existing agreement, shall be liable to the tenant for ((One Thousand Dollars
17 (\$1,000))) \$1,000 plus reasonable attorney fees and costs.

18 Section 8. The provisions of this ordinance are declared to be separate and severable. The
19 invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance,
20 or the invalidity of its application to any person or circumstance, does not affect the validity of
21 the remainder of this ordinance, or the validity of its application to other persons or
22 circumstances.

