

Initiative No. 2023-02

AN ORDINANCE OF THE CITY OF BELLINGHAM, WASHINGTON REGARDING THE ADOPTION OF AN ECONOMIC DISPLACEMENT ASSISTANCE MANDATE IN LANDLORD-TENANT RELATIONS.

WHEREAS, housing rental prices continue to grow in Bellingham. According to data produced by Zillow rental manager, the price of the median two-bedroom rental in Bellingham increased from \$1,625 in December 2021 to \$2,000 in December 2022;

WHEREAS, wages have not kept pace with housing costs. The Housing FAQ on the City of Bellingham 's website identifies a gap between average incomes and housing prices, noting, "From 2000 to 2020, the median family income in Bellingham increased by 20% while the median home value increased by nearly 80%";

WHEREAS, the resulting gap between wages and housing prices has created a large number of cost-burdened households. According to the American Community Survey, 57% of renting households in Bellingham are cost-burdened (spending more than 30% of household income on housing) with 30% being severely cost-burdened (spending more than 50% of household income on housing);

WHEREAS, low-income households bear the brunt of high housing costs; of those households making 50% or less of the median income in Whatcom County, 81% are either cost burdened or severely cost burdened;

WHEREAS, renters disproportionately bear the burden of low incomes and high housing costs. Almost 55% of rental households are cost-burdened or severely cost-burdened, as compared to 28% of homeowners. A third of Bellingham renters are severely cost-burdened;

WHEREAS, the current rental vacancy rate in Bellingham is among the lowest in the nation. Estimates for the vacancy rate in Fall 2020 varied from .2% to just over 2%, both of which are far below the 5-7% vacancy rate that the City of Bellingham defines as healthy;

WHEREAS, chronically low vacancy rates make it difficult for renters to find decent, safe, affordable housing;

WHEREAS, moving among rentals often requires large sums of money, including first and last month's rent, deposits, moving expenses, and utility deposits for a new residence;

WHEREAS, in 2020 the Federal Government Office of Accountability found a \$100 increase in median rental price was associated with about a 9 percent increase in the estimated homelessness rate. Forced relocation from large rent increases is not merely expensive, it puts renters under economic stress that increases their risk of becoming homeless; and

NOW, THEREFORE, THE CITY OF BELLINGHAM DOES ORDAIN:

Section 1. Definitions.

Definitions for this Ordinance shall be the same as BMC 6.12.010, in addition to to the following definitions:

"City" means the City of Bellingham, Washington.

"Increase notice" is a written notice from the landlord declaring the amount by which the landlord is increasing the rent or associated housing costs.

"Relocation assistance" means assistance in the form of a monetary payment to a tenant who is relocating after receiving a rent increase notice of 8% or more of the previous 12-month period that would otherwise cause a financial burden unto the tenant to aid in costs of relocation (moving costs, utilities deposits, security deposits, first/last month's rent, and any applicable pet fees).

"Relocation period" is the 5 months following the receipt of relocation assistance.

"Rent" shall have a meaning pursuant to RCW 59.18.030 (29).

"Request for Relocation Assistance" is a written notice from the tenant to the landlord requesting relocation assistance in response to an increase notice.

"Transitional housing" means housing units owned, operated, or managed by a nonprofit organization or governmental entity in which supportive services are provided to individuals and families that were formerly homeless, with the intent for them to move to permanent housing.

Section 2. Notice of Rental Increase and Right to Economic Displacement Relocation Assistance.

A. As allowed by the Ordinance, if a landlord increases a tenant's rent or associated housing costs by 8 percent or more over a rolling 12-month period, the landlord shall deliver an increase notice in a manner consistent with RCW 59.12.040 to each affected tenant:

1. at least 120 days prior to the effective date of the rent increase; or
2. the time period designated in the rental agreement, whichever is longer.

B. The increase notice must specify:

1. the amount of the increase;
2. the total amount of the new rent or associated housing costs;
3. the date when the increase becomes effective;
4. a rationale for the rent increase;
5. the total amount of relocation assistance available under this Ordinance to tenants of the unit upon displacement; and
6. the rights of tenants under this ordinance including:
 - a. a statement of the right of the tenant to request economic displacement relocation assistance within 45 days of receipt of the increase notice;
 - b. a statement that if the tenant receives timely relocation assistance as provided for under this Ordinance, the tenant shall have a relocation period of 5 months from the date of the receipt of the relocation assistance; and;

c. a statement that at the conclusion of this relocation period, if the tenant remains in the dwelling unit, the tenant shall be obligated to pay the increased rent in accordance with the increase notice for the duration of the tenant's occupancy of the dwelling unit and to repay the relocation assistance.

C. If, within 45 calendar days after each tenant receives an increase notice indicating a rent increase of 8 percent or more within a rolling 12-month period, the tenant may provide a request for relocation assistance to the landlord.

1. Within 31 calendar days of receiving the request for relocation assistance, the landlord shall pay to the tenants relocation assistance equivalent to

a. Either a sum equaling three times the current fair market monthly rent for Bellingham, WA as defined by HUD Office of Policy Development and Research for an apartment of the same size; or

b. three times the tenant's existing monthly rent, whichever is larger.

2. The requirements of this Subsection apply per dwelling unit, not per individual tenant.

Section 3. Return of Relocation Assistance.

A. If the tenant receives timely relocation assistance as provided for under this Ordinance, the tenant shall have a relocation period of 5 months from the date of the receipt of the relocation assistance.

B. At the conclusion of this relocation period, if the tenant remains in the dwelling unit, the tenant shall be obligated to pay the increased rent in accordance with the increase notice for the duration of the tenant's occupancy of the dwelling unit and to repay the relocation assistance.

Section 4. Notice to the City.

A landlord shall provide notice to the City of Bellingham of:

A. All requests for relocation assistance, within 30 days of receipt of such notices; and

B. All payments of relocation assistance within 30 days of making such payments.

Section 5. Enforcement.

A. In the event of a landlord's failure to comply with any section or subsection of this Ordinance, a tenant shall have a cause of action in any court of competent jurisdiction for such payments and damages listed herein and other remedies as may be appropriate.

B. A landlord that fails to comply with any of the requirements set forth in this Ordinance shall be liable to the tenant for an amount equal to double the amount of relocation assistance specified herein, actual damages, and reasonable attorney fees and costs.

C. In addition to any other legal defense a tenant may have, it is an additional affirmative defense against eviction that the landlord is in violation of this Ordinance.

D. Complaints that any provision of this chapter has been violated may also be presented to the City Attorney, who is hereby authorized to investigate and, if they deem appropriate, initiate legal or other action to remedy any violation of this chapter.

E. The City has the authority to issue notices of civil infraction and to order injunctive relief including payment of unpaid relocation assistance and other forms of relief.

F. In addition to any other remedy provided by this Ordinance or allowed by law, any landlord violating any of the provisions or failing to comply with any of the requirements of this chapter shall have committed a civil infraction and shall be punished by a fine not to exceed the following amounts:

1. First offense - \$500.00.
2. Second offense- \$750.00.
3. Third offense - \$1,000.

Section 6. Exceptions.

The Economic Displacement Relocation Assistance provisions of this Ordinance do not apply to any of the following:

- A. A landlord and tenant living on the same site if the site has four or fewer dwelling units;
- B. Tenants who have lived in the dwelling unit for less than six months;
- C. Transitional housing.

Section 7. Severability.

The provisions of this section are severable. If any provision of this Ordinance or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

Section 8. Codification.

Sections 1 through 7 of this Act constitute a new chapter in Title 6 of the Bellingham Municipal Code.

Section 9. Effective Date.

The effective date of this ordinance shall be 60 days after passage.