

INITIATIVE 127 ESTABLISHING RULES FOR TRANSPARENCY IN RENTAL PRICING

AN ORDINANCE BY THE PEOPLE OF THE CITY OF SEATTLE TO ESTABLISH RULES REQUIRING THE COST BREAKDOWN OF RENTAL UNIT PRICES (RENT) TO BE PRESENTED TO TENANTS, WRITTEN INTO NEW RENTAL AGREEMENTS, AND TO BE PRESENTED FOR EACH RENT INCREASE THAT A LANDLORD MAY REQUEST.

WHEREAS, the City of Seattle has seen a sustained population growth in recent years; and,

WHEREAS, since January 2012, the City of Seattle has seen a sharp increase in the cost of rental housing, with the current estimated average cost of a one-bedroom apartment rising 59% to approximately \$23,352 annually and a two-bedroom apartment rising 74% to approximately \$32,832 annually; and,

WHEREAS, housing can be seen as a service, but unlike many other services, renters are not given a breakdown of costs associated with their monthly rent; and,

WHEREAS, rent increases can range from 1% to 400+% with no explanation as to why their rent has gone up; and,

WHEREAS, renters deserve to know what they are paying for; and,

WHEREAS, the Charter of the City of Seattle expressly reserves legislative authority for the City of Seattle to the People of the City of Seattle;

Now, Therefore, BE IT ORDAINED BY THE PEOPLE OF THE CITY OF SEATTLE AS FOLLOWS:

A new Chapter 22.216 is added to the Seattle Municipal Code as follows:

22.216 TRANSPARENCY IN RENTAL PRICING

22.216.010 Disclosure of costs associated with rent and rent increases

Property owners or landlords must provide to renters, in writing, a breakdown of costs included in the price of rent. These include, but are not limited to: actual cost per unit for base rent, mortgage, insurance, property taxes, rental property registration fees, costs/fees associated with maintenance, and operations.

A. Upon signing rental agreement

A breakdown of rental costs must be clearly written into every new rental agreement.

B. Rent increases

A breakdown of rental cost must be included in any rent increase notice.

C. Renters already on a lease when law takes effect

Upon the effective date of Initiative 127, property owners or landlords have 120 days to provide all current renters with a breakdown of rental cost in writing.

22.216.020 Right of renters to request proof of cost

At any point in which a renter questions the validity of the required rental cost breakdown, they may request that their property owner or landlord provides them with written evidence of the described costs. The property owner or landlord then has 21 days to provide written evidence to the tenant that requested it.

22.216.030 Included properties

This law covers all rental units in the City of Seattle, excluding those deemed exempt under Section 22.216.040.

22.216.040 Exempted properties

The following properties are exempt from this law:

- A. Owner-occupied single-family units
- B. Mother-in-law or "cottage" units
- C. Multi-family buildings with less than 3 units
- D. Federal & State Subsidized units or properties

22.216.050 Public reporting of rent increases

The City will provide an online portal for renters, property owners, or landlords to report costs associated with rent increases. Property owners and landlord have five years to voluntarily provide this information after Initiative 127 becomes effective. After five years, this information will be included in each rental property registration or renewal with the Seattle Department of Construction and Inspections. At which time, the online portal will remain open for

renters to report subsequent rent increases. Collection of this data will allow the City to accurately track rental cost patterns on a continual basis. Information on this resource must be given in writing at the beginning of each new tenancy.

#### 22.216.060 Enforcement and penalties

The Seattle Department of Construction and Inspection (SDCI) shall be given power to enforce this Chapter 22.216.

##### A. Failure to report cost breakdowns to renters

First-time offenders will be issued a written warning from SDCI. The penalty for subsequent failures to report rental cost breakdown will be \$100 per unit per month until the offense is remedied.

##### B. Failure to report cost breakdowns to SDCI

Takes effect five years after the effective date of Initiative 127. First time offenders will be issued a written warning from SDCI. The penalty for subsequent failures to report rental cost breakdown will be \$20 per unit per month until the offense is remedied.

##### C. Providing false information to renters

If renters believe they are given false information, they may report the instance to SDCI. If SDCI finds that this information is false property owners or landlords have 21 days from the time of the report to provide proof that this information is correct, or to correct the information. If they do not act within the time allotted, renters are free to pursue arbitration and the property owner or landlord will be liable to pay the difference in rental cost if the information provided is proven to be false.