



# Legislative Report

## 2018 Legislative Session Wrap-Up

The State legislative session concluded in the late hours of March 8 and for the first time in five years lawmakers did not enter a special session to complete its business. A special election last November that resulted in a shift of party control leading into the short 60-day session certainly made a difference and paved the way for the democrat controlled legislative and executive branches to execute an agenda filled with issues that have been long-stalled under years of a politically divided legislature.



In total, legislators introduced 1,425 distinct legislative proposals. Of that number, 310 passed both the House and Senate and will become law. The pace was remarkable, especially if you compare it to the 2017 record-breaking 193 day legislative session with just 377 bills that were passed and signed into law.

While efforts to enact new taxes on carbon emissions and capital gains failed to garner enough support, democrats were successful in passing many of their policy initiatives, including:

- Gender Pay Equity – Allows both private and public employees to recover differential wages if the employee can establish he or she was paid differently or denied the ability for the same career advancement opportunities for a comparable position due to gender;
- Voting Rights - Designed to give underrepresented minority groups a larger voice in elections;
- Net Neutrality - Prohibits internet service providers from blocking or throttling some internet content while giving priority speeds to content providers who pay extra;
- Reproductive Parity - Requires health insurers in the state that provide maternity care to also cover the cost of an abortion;
- Bump Stock Ban – While proposals to enact gun control failed, legislation was signed into law that bans the sale of ‘bump stocks’ starting this July and outlaws possession of the devices beginning July 2019.

SOURCE OF INCOME PROTECTIONS topped the list of affordable housing priorities democrats have been trying to pass for several years. While WMFHA had consistently opposed statewide source of income discrimination legislation (SOID), proponents behind the effort have been building a strong vocal coalition with a two-pronged strategy that focused on targeting moderate legislators in swing districts while also successfully passing SOID laws in local jurisdictions, [14 jurisdictions across Washington State](#) already have SOID laws in place.

Given these factors, WMFHA, with other landlord organizations, came together this session with proponents and legislators from both parties to negotiate a statewide SOID policy that includes industry incentives and establishes accountability measures and reporting mechanisms for state and local housing agencies. The final version of the statewide



SOID legislation, [Engrossed Second Substitute House Bill 2578](#), was passed in the final days of the legislative session and signed into law by Governor Inslee last month. Components of the new law that WMFHA members should pay close attention to include:

- Beginning September 30, 2018 owners and operators of rental housing will be subject to civil fines if found to have denied an applicant based on their intent to pay rent with a rental subsidy or alternative legal source of income. The new law also prohibits advertising exclusions based on source of income (e.g. 'no section 8').
- Owners and operators of rental housing are still allowed to deny an applicant based on screening criteria.
- In order to deny tenancy based solely on an individual's source of income, (1) the source of income must be conditioned on passing an inspection, and (2) necessary repairs resulting from the inspection must exceed \$1,500, and (3) the housing provider must not have received funds from the Landlord Mitigation Fund to make repairs.
- Rent-to-Income Ratio Requirements- When considering whether an applicant qualifies using a rent-to-income ratio, any voucher or subsidy must be deducted prior to calculating rent-to-income ratio. What's a good rule of thumb on whether a source of income is a subsidy or income? Consider whether the source of income is paid directly from the provider to the rental housing provider, or whether there are restrictions or limitations on the use of funds. If the answer is yes, this is likely a subsidy and should be subtracted from the rent prior to calculating any rent-to-income ratio.
- Landlord Mitigation Fund - The Landlord Mitigation Fund (LMF) was initially funded in 2016 through a one-time state budget appropriation and only allowed access to landlords in jurisdictions where SOID laws were in effect. The purpose of the fund is to provide insurance and resources to counter the strings attached to some subsidy programs. Of primary importance to WMFHA in negotiations this session was the expansion of the LMF and securing an ongoing funding source for its stability. The LMF will continue to be managed by the Department of Commerce and WMFHA was successful in ensuring expansion of allowable uses, including:
  - Reimbursement up to \$1,000 in repairs in order to rent to a voucher recipient. If repairs exceed \$1,500 in order to pass a subsidy provider's inspection, the housing provider is not required to make repairs or rent to the subsidized tenant;
  - Reimbursement to the housing provider for up to 14 days of lost rent due to inspection delay from a housing authority or other subsidy provider;
  - Reimbursement to housing providers for up to \$5,000 in damages, including unpaid rent and unpaid utilities, as a result of renting to a subsidized tenant. A claim can be made directly to the Department of Commerce or the housing provider can choose to seek a judgment through an appropriate court and submit the judgment.



WMFHA will be working with the Department of Commerce in the coming months as they adopt additional rules pertaining to the LMF and will circulate an informational guide for our members prior to the September effective date.

The following are additional legislative proposals the WMFHA Government Affairs team followed closely during the 2018 session:

### Homeless Housing and Assistance Document Recording Fee

For two years, legislators considered a bill to make permanent the Homelessness Housing and Assistance document recording fee surcharge. The original proposal increased the surcharge by more than 100%. [Engrossed Second Substitute House Bill 1570](#) is a compromise which makes this surcharge permanent and increases it \$22. The bill also allocates money to counties specifically for homeless housing and changes state and local homeless housing plans from 10-year plans to 5-year plans and creates new reporting requirements for state and local homeless housing programs.

The bill maintains funding for private rental housing but expands the definition to include nonprofit housing entities.

### Real Estate Excise Tax Abatement for Affordable Housing

[Engrossed House Bill 2444](#) provides a real estate

excise tax exemption for the transfer of a qualified low-income housing development or controlling interest in a qualified low-income housing development. This tax exemption is specifically created for low-income housing tax credits.

### Service Animal Misrepresentation

Throughout the latter half of 2017, the Governor created a taskforce to understand and recommend legislation to reduce or eliminate abuse of service and companion animals.

[Substitute House Bill 2822](#) provides criminal penalties against individuals who misrepresent an animal as a service animal. An enforcement officer may issue a notice of infraction if a person expressly or impliedly represents that an animal is a service animal in order to secure rights afforded to persons with a disability, and knew or should have known that the animal did not meet the definition of service animal. This is limited to places of public accommodation only and does not include housing. However, the Governor's office has indicated he'd like to continue discussion on the abuse of service and companion animals in housing.

The following proposals did not pass:

### Rent Control

For the first time in 19 years, legislation was proposed to remove the statewide preemption on rent control. Currently, any local laws that prohibit landlords from terminating residential tenancies by increasing rent are considered rent control and preempted by State law.



Bills were introduced in both the House and Senate and received public hearings in both chambers. Neither bill moved out of the policy committee and both ultimately died.

We fully anticipate that rent control will continue to be a major topic in Olympia. Tenant advocates are already organizing on the issue of rent control, by collecting postcards of renters across the State and building a movement to create more power on this issue in 2019.

We're organizing too. Over the course of the next few months we will create information for legislators that expose the problems with rent control, why it doesn't work and the economic cost to rent control policies across the United States.

## Notice of Termination of tenancy

In 2017, Senator Annette Cleveland (D - Vancouver) introduced a bill to increase the notice required to terminate a tenancy from 30 days to 60 days. The bill carried over into the 2018 legislative session. The WMFHA team worked hard to modify this bill to comply with existing provisions of the Residential Landlord Tenant Act and the Unlawful Detainer Act. The bill passed out of the Senate but failed to receive a hearing in the House and died in the House Judiciary committee.

## Low Income Housing Impact Fee Exemption

This bill would have created an impact fee exemption for buildings or structures that created for low income housing and emergency shelters.

## Housing Opportunity Zones



A bill sponsored by Sen. Palumbo (D – Mill Creek) and championed by Holland Residential and WMFHA was held up in the Senate Ways & Means Committee. This bill, much like a similar bill in California, would have increased density in and around transit centers and made it easier, and cheaper to build. A part of the bill would have waived impact fees in these zones.

While the bill faltered in the Senate, one must wonder why it takes so long to build housing around transit. It's been two years since the Capitol Hill light rail station opened in Seattle, and in those two years, the only ground broken are the potholes on the adjacent streets.

## Rental Dwelling Unit Fires

After a series of fires in rental properties, including one in which the family of a lobbyist passed away, a bill was introduced to study ways to improve fire safety in rental housing. WMFHA followed this bill closely and were ready to be a part of any study group.

Ultimately, fire prevention begins with education. Given daylight savings time occurred within the past two weeks, this is a good opportunity to remind residents of their duty to maintain both smoke and carbon monoxide detectors in their apartments.

You can find a week by week summary of legislative actions [on our website here](#).

While the focus now switches to 'campaign mode' for half of the 49 seats in the Senate and all of the 98 seats in the House, many legislators from both sides of the aisle have announced their retirement and more are expected in the coming weeks prior to the May 18 candidate filing deadline.

## WMFHA PAC

2018 is another big year in legislative elections. All members of the State House of Representatives will seek re-election and with a small democratic majority, the House provides the best opportunity to restore balance of power in the legislature. Your contributions to the WMFHA PAC help us secure

victories for public officials across the State. The past success of the WMFHA PAC has shown that WMFHA is a respected organization among elected officials and plays a crucial role in the development and passage of legislation important to our industry.

If every WMFHA member made a small contribution to the WMFHA PAC, we'd reach our 2018 goals.

[Click Here to Contribute \\$100 to the WMFHA PAC today.](#)

We urge your continued support of the WMFHA PAC and support for candidates whose political views align with the multi-family apartment industry.

## The WMFHA Government Affairs Team

WMFHA takes pride in representing our members before the State Legislature. Our presence is sought and respected by members of both political parties because of the professionalism, knowledge and

constructive dialogue we bring to the table. We thank all of you for your commitment to the industry, your professionalism and being a part of our team.



WMFHA Day on the Hill, January 31, 2018

### Government Affairs Team

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