

ORDINANCE NO. C-36330

An ordinance establishing a local program for assisting landlords and tenants in Spokane; enacting a new chapter 10.57 and new sections 07.08.145 and 07.08.150; and amending sections 07.08.139, 08.01.160 08.01.195 and 08.02.0206 of the Spokane Municipal Code.

NOW THEREFORE, the City of Spokane does ordain:

Section 1. That there is enacted a new chapter 10.57 of the Spokane Municipal Code to read as follows:

Chapter 10.57 Regulation of Residential Rental Housing

Section 10.57.010 Purpose and Intent

- A. The City of Spokane, as a municipal government, has a duty to protect public safety to foster safe, livable, and affordable housing for everyone.
- B. In an effort to discharge that responsibility, the Spokane City Council has determined that it is necessary to implement common-sense, baseline standards for the rental of residential real property in Spokane, and to streamline and make more affordable the process of obtaining rental housing by establishing universal background checks, tenant relocation, and landlord mitigation programs.

Section 10.57.020 Business licensing and registration

- A. All activity of renting or leasing residential real property requires a City of Spokane business license, as described in SMC 08.01.070 and SMC 08.01.195(B)(1).
- B. The annual fee for registering the activity of renting residential real property shall be, in addition to the standard annual fee described in SMC 08.02.0206(A), \$10 per residential rental unit per license year for each residential rental unit owned by the same legal entity in excess of four residential rental units. Except that nonprofit organization owners of residential rental units shall not owe this additional fee per unit per year.
- C. By way of applying for or renewing a City of Spokane business license, owners of residential rental housing units are required to register every rental unit and its street address located in City of Spokane annually and certify that each property meets the requirements of RCW 59.18.060, except for situations in which the property owner lives in the same building in which the property owner also rents no more than two units within the same building. Owners of a home who rent out an unattached accessory dwelling unit on their property must register that rental unit, even if the owner resides in the main house on that same property.

- D. Effective January 1, 2024, property owners who obtain a first business license in the City of Spokane to register a business for the rental of residential real property shall be required to complete a City of Spokane approved mandatory online training module created or sponsored by the Spokane Landlord's Association or its equivalent designated by the City of Spokane of no more than one hour within ninety days of obtaining a business license. Failure to complete such training shall be a class 2 civil infraction. This training requirement does not apply to property owners who utilize a separate property management company to manage their rental properties and the owner does not have any communication with their tenants.
- E. Property owners shall provide each tenant a digital link or, at the tenant's request, are encouraged to provide a hard copy of a voter registration form, a change of address form, and a tenant information packet about tenant rights and responsibilities developed by Code Enforcement with the advice and recommendations of landlord, tenant and social service housing organizations.

Section 10.57.030 Inspections

- A. The City of Spokane's code enforcement department shall conduct both routine periodic and cause-based inspections of all residential rental property that is subject to this chapter.
 - 1. Periodic inspections shall be conducted at a frequency to be determined by the code enforcement department, subject to appropriations, and subject a determination by the code enforcement department as to which units or classes of units of residential real property are most likely to be out of compliance with the existing building and preservation code, chapter 17F.070, SMC.
 - 2. In addition to periodic inspections, the code enforcement department may conduct cause-based inspections upon its receipt of a complaint of violations by any person of the existing building and preservation code or for violations of any provision of the residential landlord-tenant act ("RLTA"), pursuant to a request under RCW 59.18.115, or in response to a credible report of possible violations of municipal or state law.
- B. Code enforcement shall not impose a fee or charge onto landlords or tenants for the cost of the inspection itself.
- C. All inspections by Code Enforcement of the interior of a residential unit must be made with the consent of the tenant or upon the authority of an order of a court with jurisdictional and constitutional authority to provide such an order.

Section 10.57.040 Proactive code enforcement.

A. Purpose and Intent.

1. The purpose of a proactive code enforcement program is to address the issues of substandard residential rental properties, the preservation of quality neighborhoods, preventing neighborhood blight, graffiti abatement, illegal dumping, towing of abandoned vehicles, illegal parking and greater compliance with health and safety standards that preserves the quality of neighborhoods and available housing.
2. The program achieves compliance of health, safety and welfare code violations in and on residential rental properties that are a threat to the occupant's safety, structural integrity of the building, and a negative impact on the surrounding neighborhoods.

B. Program requirements.

1. The proactive code enforcement program and other residential rental inspections shall be funded via the code enforcement fund established by SMC 07.08.139.
2. Code Enforcement will continue to provide inspections and reports authorized under state law at tenant request at no charge to landlords or tenants.

Section 10.57.050 Universal Background and Credit Checks

A. Purpose and Intent.

1. The screening of a prospective tenant's rental history, financial history, and criminal background is a common aspect of renting residential real property.
2. While tenants usually pay a fee associated with this screening each time they apply for a unit, state law requires that fees collected can only cover the actual cost of screenings performed. Multiple applications for rental housing currently require prospective tenants to pay multiple fees which can be burdensome to prospective tenants, especially in a tight rental market, and in any event do not provide any financial benefit to landlords.
3. The intent of this section is to ensure landlords get the data they need to make an informed decision about a prospective tenant, while ensuring that prospective tenants are not unduly burdened by the need to pay multiple background and credit check fees.

B. Universal background and credit checks program.

1. No later than one hundred twenty (120) days from the effective date of this section, the City of Spokane's department of neighborhood services and code enforcement shall publish a request for qualifications ("RFQ") from organizations that have the capability to provide certified universal background and credit checks.
2. The content of the report would be decided by the City of Spokane upon the recommendation of an advisory group that must include representatives from the landlord, tenant and social services housing organizations, but at a minimum would not share arrest/conviction data older than one year except for crimes of sex and violence.
3. All universal background and credit checks conducted under this section shall be valid for sixty (60) days from the date of issuance, and, beginning on January 1, 2024, and except as otherwise provided in this section, all landlords renting residential real property located in Spokane shall be required to accept the universal background and credit check report when making decisions concerning whether to rent to a prospective tenant.
4. Prospective tenants are responsible for paying the fee for the universal background and credit check.
5. Notwithstanding the remainder of this section, landlords may use a background and credit screening service other than the universal background and credit check service established by this section, but shall not impose any fee on a prospective tenant for doing so.
6. Nothing in this section restricts a landlord from asking a prospective tenant about their criminal, credit or rental history, or making a decision on whether or not to rent to an individual based on that history.

Section 10.57.060 Residential rental property mitigation fund.

- A. The department of neighborhood services and code enforcement shall operate a rental property mitigation program, which is intended to assist in the repair of residential rental properties that are damaged during a tenancy where a government or nonprofit operated program, that provides housing support to low income individuals, referred the tenant to the landlord or provided a portion of their rent or damage deposit, and through no fault of the landlord.
- B. The department of neighborhood services and code enforcement is authorized to establish public rules for the operation of the rental property mitigation fund, and

shall publish and accept public comment on such rules for sixty (60) days prior to the effective date of the rules for the program.

- C. The City's fund will be supplemental to any similar state or federal program and will only be used after the applicant has completed a timely and complete application for those funds, exhausted the tenant's damage deposit, and still has not been fully compensated for the damage.

Section 10.57.070 Legal Services and Relocation Program

- A. City of Spokane will invest in attorney services for tenant legal services and mediation costs, with a focus on habitability and violations of the Residential Landlord Tenant Act issues. The city investment would provide seed money for first year of salary and benefits for an attorney and reasonable litigation costs, including mediation fees, and then legal fees from successful representation would sustain the attorney(s) and funds for costs for the long term. The fund will also provide immediate relocation funds to tenants living in rental units that are below the standards of habitability and likely to be able to recover relocation funds from their landlord.
- B. Program requirements:
 - 1. Focus on units that clearly fall below standard of habitability in consultation with Code Enforcement and violations of the RLTA.
 - 2. Provide prompt relocation funds from City directly to tenant once it appears that landlord will likely be liable under state law and then collect from the landlord and any settlement funds a reimbursement to the relocation funds used to fund the attorney positions.
 - 3. Build capacity for needed service.

Section 10.57.080 Anti-retaliation protections

- A. Purpose and Intent.

Due to fears of retaliation, tenants may fear speaking up about housing habitability issues or organizing as tenants. State law provides some protection against retaliation, but the City of Spokane intends to provide additional protections.

- B. Prohibition on retaliation.

- 1. No landlord or owner or manager of residential rental real property in Spokane may intimidate any person because that person is engaging in activities designed to make other persons aware of, or encouraging such other persons to exercise, rights granted or protected by the fair housing laws, or engaging in political speech or political organizing.

2. No person may threaten any employee or agent with dismissal or an adverse employment action, or take such adverse employment action, for any effort to assist any person in the exercise of their fair housing rights.
3. For purposes of this section, “fair housing laws” and “fair housing rights” include the federal Fair Housing Act, the Washington Law Against Discrimination, and Title 18 of the Spokane Municipal Code.

Section 2. That section 07.08.139 of the Spokane Municipal Code is amended to read as follows:

Section 07.08.139 Code Enforcement Fund

- A. There is established a special revenue fund entitled “code enforcement fund” into which shall be paid all revenues derived from code enforcement operations and fifty percent of all landlord registration business license fees received by the City.
- B. As provided in the annual budget, the code enforcement fund is appropriated to salaries and wages, maintenance and operations, debt service and capital improvements. The city council may also provide for additional revenues to be paid into such fund from time to time from any available funds of the City.
- C. The funds received from landlord registration business license fees shall be used exclusively to fund expenses related to the investigation and enforcement of laws related to the habitability and safety of residential rental units within the City of Spokane.

Section 3. That there is enacted a new section 07.08.145 of the Spokane Municipal Code to read as follows:

Section 07.08.145 Residential rental property mitigation fund

- A. There is established a special revenue fund entitled the “residential rental property mitigation fund” into which shall be paid twenty percent of all landlord registration fees received by the City.
- B. As provided in the annual budget, the “residential rental property mitigation fund” is appropriated to provide for payment of repairs to units of residential real property in Spokane which are damaged during a residential tenancy and not due to the fault of the landlord, as established by SMC 10.57.060. The city council may also provide for additional revenues to be paid into such fund from time to time from any available funds of the City.

Section 4. That section 08.01.160 of the Spokane Municipal Code is amended to read as follows:

Section 08.01.160 Multiple Businesses or Locations

- A. Except as otherwise provided in this paragraph, when a registrant operates two or more businesses in the City, or two or more business locations within the City, whether or not related, a separate City business registration is required for each business or business location. For purposes of this paragraph, a single registrant that is in the business of renting multiple residential real property units in Spokane may register as a single business, but must list all residential units by street address separately and pay the required per unit fee as required in SMC 10.57.020(B).
- B. If a single business has at least one permanent location in the City and also conducts business on a temporary or seasonal basis from temporary or mobile locations, such as from portable stands or vehicles, the registrant must obtain a secondary location registration for each such location or stand or vehicle directly from the City as provided in SMC 8.01.070.
 - 1. To the extent such temporary or mobile activities include those activities defined in SMC 10.40.010 (Itinerant Vendor Designation) the requirements of that chapter shall also apply.
 - 2. The chief of police may temporarily suspend or relocate a secondary location registration allowing business activity on or adjacent to a public street or other public place within the boundaries of a permitted special event under chapter 10.39 SMC when such business activity may conflict with the special event.

Section 5. That there is enacted a new section 07.08.150 of the Spokane Municipal Code to read as follows:

Section 07.08.150 Legal Services and Relocation Fund

- A. There is established a special revenue fund entitled the “legal services and relocation fund” into which shall be paid twenty percent of all landlord registration fees received by the City.
- B. As provided in the annual budget, the “legal services and relocation fund” is appropriated to provide for legal services and relocation funds arising out of rental units that fall below standards of habitability, as established by SMC 10.57.070. The city council may also provide for additional revenues to be paid into such fund from time to time from any available funds of the City.

Section 6. That section 08.01.195 of the Spokane Municipal Code is amended to read as follows:

Section 08.01.195 Engaging in Business Criteria

- A. This section sets forth examples of activities that constitute engaging in business in the City, and establishes safe harbors for certain of those activities so that a person who meets the criteria may engage in de minimus business activities in the City without having to pay a business license fee. The activities listed in this section are illustrative only and are not intended to narrow the definition of "engaging in business" in SMC 08.01.020. If an activity is not listed, whether it constitutes engaging in business in the City shall be determined by considering all the facts and circumstances and applicable law.
- B. Without being all inclusive, any one of the following activities conducted within the City by a person, or its employee, agent, representative, independent contractor, broker or another acting on its behalf constitutes engaging in business and requires a person to register and obtain a business license.
1. Owning, renting, leasing, maintaining, or having the right to use, or using, tangible personal property, intangible personal property, or real property permanently or temporarily located in the City.
 2. Owning, renting, leasing, using, or maintaining, an office, place of business, or other establishment in the City.
 3. Soliciting sales.
 4. Making repairs or providing maintenance or service to real or tangible personal property, including warranty work and property maintenance.
 5. Providing technical assistance or service, including quality control, product inspections, warranty work, or similar services on or in connection with tangible personal property sold by the person or on its behalf.
 6. Installing, constructing, or supervising installation or construction of, real or tangible personal property.
 7. Soliciting, negotiating, or approving franchise, license, or other similar agreements.
 8. Collecting current or delinquent accounts.
 9. Picking up and transporting tangible personal property, solid waste, construction debris, or excavated materials.

10. Providing disinfecting and pest control services, employment and labor pool services, home nursing care, janitorial services, appraising, landscape architectural services, security system services, surveying, and real estate services including the listing of homes and managing real property.
11. Rendering professional services such as those provided by accountants, architects, attorneys, auctioneers, consultants, engineers, professional athletes, barbers, baseball clubs and other sports organizations, chemists, consultants, psychologists, court reporters, dentists, doctors, detectives, laboratory operators, teachers, veterinarians.
12. Meeting with customers or potential customers, even when no sales or orders are solicited at the meetings.
13. Training or recruiting agents, representatives, independent contractors, brokers or others, domiciled or operating on a job in the City, acting on its behalf, or for customers or potential customers.
14. Investigating, resolving, or otherwise assisting in resolving customer complaints.
15. In-store stocking or manipulating products or goods, sold to and owned by a customer, regardless of where sale and delivery of the goods took place.
16. Delivering goods in vehicles owned, rented, leased, used, or maintained by the person or another acting on its behalf.
17. Renting or leasing real property residential units to others.

C. If a person, or its employee, agent, representative, independent contractor, broker or another acting on the person's behalf, engages in no other activities in or with the City but the following, it need not register and obtain a business license.

1. Meeting with suppliers of goods and services as a customer.
2. Meeting with government representatives in their official capacity, other than those performing contracting or purchasing functions.
3. Attending meetings, such as board meetings, retreats, seminars, and conferences, or other meetings wherein the person does not provide training in connection with tangible personal property sold by the person or

on its behalf. This provision does not apply to any board of director member or attendee engaging in business such as a member of a board of directors who attends a board meeting.

4. Renting tangible or intangible property as a customer when the property is not used in the City.
 5. Attending, but not participating in a "trade show" or "multiple vendor events". Persons participating at a trade show shall review the City's trade show or multiple vendor event ordinances.
 6. Conducting advertising through the mail.
 7. Soliciting sales by phone from a location outside the City.
- D. A seller located outside the City merely delivering goods into the City by means of common carrier is not required to register and obtain a business license, provided that it engages in no other business activities in the City. Such activities do not include those in SMC 08.01.195 B.
- E. The City expressly intends that engaging in business include any activity sufficient to establish nexus for purposes of applying the license fee under the law and the constitutions of the United States and the State of Washington. Nexus is presumed to continue as long as the taxpayer benefits from the activity that constituted the original nexus generating contact or subsequent contacts.

Section 7. That section 08.02.0206 of the Spokane Municipal Code is amended to read as follows:

Section 08.02.0206 Business Registrations

- A. A regular business registration basic fee is one hundred twenty dollars (\$120) per twelve-month period. Beginning on January 1, 2023, the regular business registration basic fee shall be one hundred twenty-seven (\$127) per twelve-month period.
- B. The basic fee for a nonresident business registration is one hundred twenty dollars (\$120) dollars per twelve-month period. Beginning on January 1, 2023, the basic fee for a nonresident business registration shall be one hundred twenty-seven (\$127) per twelve-month period.

- C. In addition to the basic registration fee, each business must pay an additional fee for each personnel, per license year, as follows (all personnel of a business are charged the same amount corresponding to the respective category of the total number of personnel defined below):
1. Businesses with fewer than six personnel in total: Ten dollars per person.
 2. Businesses with six to ten personnel in total: Fifteen dollars per person.
 3. Businesses with more than ten personnel in total: Twenty dollars per person.
- D. Whenever there is a change of ownership, the holder of the registration must notify the Washington State business licensing service within thirty days of such event. The new owner must file an application with the Washington State business licensing service to acquire a new registration, as provided in chapter 08.01 SMC.
- E. For businesses qualifying under SMC 08.01.190(A) (low gross income businesses) for a reduced registration fee, the reduced business registration fee is one-half the basic registration fee, but all applicable personnel, inspection, or other applicable fees or charges apply in full.
- F. For businesses qualifying under SMC 08.01.190(B) (nonprofit organizations) for a reduced registration fee, the reduced business registration fee is one-half the basic registration fee. Nonprofit businesses are exempt from personnel and residential rental unit fees.
- G. For businesses qualifying under SMC 08.01.190(C) (social purpose corporations) for a reduced registration fee, the reduced business registration fee is one-half the basic registration fee.
- H. For businesses qualifying under SMC 08.01.190(D) (Certified B Corporations) for a reduced registration fee, the reduced business registration fee is one-half the basic registration fee.
- I. Any Certified B Corporation certified by B Lab is exempt from personnel fees.
- J. Annual Fee Adjustment.

Effective January 1, 2011, and the first of January of each year thereafter, the business registration fees set forth in this section may be adjusted by the Chief Financial Officer by an amount equal to the consumer price index adjustment of the previous July – July U.S. All City Average (CPI-U and CPI-W). The newly

determined amount shall be rounded up to the nearest dollar. In addition, the proposed adjusted fees shall be presented to the City Council for approval by ordinance and a copy of the approved fees filed with the Chief Financial Officer before becoming effective. The annual fee adjustment provided for in this section shall not apply to the personnel fee stated in SMC 08.02.0206(C).

K. For businesses qualifying under SMC 08.01.190 E, there shall be no business registration fee.

L. For initial business registrations filed from the effective date of this section until December 31, 2022, the business registration fee stated in SMC 08.02.0206(A) and the personnel fee stated in SMC 08.02.0206(c) are each reduced by 50%.

M. In addition to the basic registration fee, each business that owns in excess of three real property residential rental units must pay an additional fee of \$10 per unit per license year subject to the exception at Section 08.02.0206(F).

PASSED by the City Council on _____.

Council President

Attest:

Approved as to form:

City Clerk

Assistant City Attorney

Mayor

Date

Effective Date