



Agenda Sheet for City Council Meeting of:
11/28/2022

Date Rec'd	11/16/2022
Clerk's File #	ORD C36330
Renews #	
Cross Ref #	
Project #	
Bid #	
Requisition #	

Submitting Dept	CITY COUNCIL
Contact Name/Phone	BREEAN BEGGS X6254
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Agenda Item Type	First Reading Ordinance
Agenda Item Name	0320 - LANDLORD/TENANT ORDINANCE

Agenda Wording
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 and 08.01.160 of the Spokane Municipal Code.

Summary (Background)
A Landlord and Tenant workgroup has been engaged in discussions with Council Members for several years and this proposed ordinance is a reflection of some of the key issues and needs identified by stakeholders: • Universal background and credit checks • Proactive code enforcement • Requiring business licenses for Landlords • Residential rental property damage mitigation fund • Legal services and relocation fund • Anti-retaliation protections

Lease? NO	Grant related? NO	Public Works? NO
Fiscal Impact		Budget Account
Neutral	\$	#
Select	\$	#
Select	\$	#
Select	\$	#

Approvals		Council Notifications	
Dept Head	ALLERS, HANNAHLEE	Study Session\Other	11/14 Urban Experience
Division Director		Council Sponsor	CP Beggs; CM Stratton
Finance		Distribution List	
Legal		nocheltree@spokanecity.org	
For the Mayor		bbeggs@spokanecity.org	
Additional Approvals		kstratton@spokanecity.org	
Purchasing		kthomas@spokanecity.org	

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 and 08.01.160 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 year for each residential rental unit owned by the same legal entity in excess of 3 residential rental units.
- 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 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. 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. 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 within 90 days of obtaining a business license. Failure to complete such training shall be a class 2 civil infraction.

- E. Property owners shall provide each tenant a digital link or, at the tenant's request, 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 of the existing building and preservation code or for violations of any provision of the residential landlord-tenant act ("RLTA") or in response to a tenants' report of possible violations or by making inspection requests pursuant to state law.
- B. Code enforcement shall not impose a fee or charge onto landlords or tenants for the cost of the inspection itself.

Section 10.57.040 Proactive code enforcement.

- A. Purpose and Intent.
 - 1. The purpose of a proactive code enforcement program is to address the issue of substandard rental properties, promote greater compliance with health and safety standards and preserve the quality of neighborhoods and available housing.
 - 2. The program achieves compliance of health, safety and welfare code violations in/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 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.

C. Universal background and credit checks

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 would 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.

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 involving a government or nonprofit operated program to provide housing support to low income individuals, 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 Fund

- A. City of Spokane would invest in attorney services for tenant legal services, 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 then legal fees from successful cases would sustain the attorney(s) for the long term.
- 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 seventy-five 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.

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 Universal Background and Credit Check Fund

- A. There is established a special revenue fund entitled the “universal background and credit check fund.”
- B. As provided in the annual budget, the universal background check fund is appropriated to contractual services for the operation of the universal background and credit check program which is established by SMC 10.57.050. 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 there is enacted a new section 07.08.150 of the Spokane Municipal Code to read as follows:

Section 07.08.150 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 ten 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 5. 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 three or fewer residential real property units in Spokane is deemed to have one business location in Spokane. For purposes of this paragraph, a single registrant that is in the business of renting more than three residential real property units in Spokane is required to register each residential real property unit in excess of three 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.

PASSED by the City Council on _____.

Council President

Attest:

Approved as to form:

City Clerk

Assistant City Attorney

Mayor

Date

Effective Date