

Executive Summary: Health Impact Review of SB 5435

Concerning residential rent increases under the residential landlord-tenant act and the manufactured/mobile home landlord-tenant act (2023 Legislative Session)

Evidence indicates that SB 5435 may lead to some landlords and tenants becoming aware of rent increase limitations, exemptions, annual notification requirements, and new cause of action which may lead to some landlords limiting rent increases and notifying tenants annually, which would likely improve economic and housing stability and health outcomes for some current tenants. There is unclear evidence how provisions may impact inequities. It is not-well-researched how provisions may impact rental unit quality, use of exemptions by landlords, and the rental market.

BILL INFORMATION

Sponsors: Trudeau, Saldaña, Frame, Hunt, Keiser, Kuderer, Lovelett, Nguyen, Robinson, Stanford, Wilson, C.

Summary of Bill:

- Adds new sections to the Residential Landlord-Tenant Act (RLTA, [chapter 59.18 RCW](#)) and Manufactured/Mobile Home Landlord-Tenant Act (MHLTA, [chapter 59.20 RCW](#)), and establishes an immediate effective date.
- Revises rent increase limitations.
- Prohibits a landlord^A from increasing the rent for a month-to-month or greater term tenancy: a) during the first 12 months after the tenancy begins and b) during any 12-month period, in an amount greater than the maximum annual rent increase percentage allowed for each calendar year.
- Sets the maximum annual rent increase percentage allowed for a calendar year as the rate of inflation as measured by the Consumer Price Index (CPI) or 3%, whichever is greater, up to a maximum of 7% more than the existing rent.
- Allows a landlord to increase rent in an amount greater than allowed only as authorized by specified exemptions.
- Defines “rent increase” to include any new recurring and periodic charges added to a rental agreement that were not identified in the initial rental agreement (e.g., increases to the base rental price, new parking, utility, or other charges).
- Requires the Department of Commerce (Commerce) to calculate and publish the maximum annual rent increase percentage allowed for each calendar year.
- Requires a landlord to provide annual notice to current and prospective tenants of rent increases, possible future rent increases, banked capacity, and any claimed exemptions.

^A The literature often uses “landlord” and “property owner” interchangeably. Throughout this HIR, we use the term “landlord” (as defined in [RCW 59.18.030](#) and [RCW 59.20.030](#)) to refer to the owner, lessor, or sublessor of a dwelling unit, mobile home park, or the property of which it is a part, and in addition means any person designated as representative of the owner, lessor, or sublessor including, but not limited to, an agent, a resident manager, or a designated property manager.

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- Allows Commerce to approve an alternate maximum annual rent increase percentage consistent with increased local costs for providing housing if the agency issues a significant hardship exemption to a landlord.
- Authorizes a banked capacity program and directs Commerce to adopt rules to implement the program and make information about the program available on its website.
- Creates a cause of action (legal claim) against landlords for tenants who are charged and pay rent that exceeds the rent increase limitations.

HEALTH IMPACT REVIEW

Summary of Findings:

This Health Impact Review found the following evidence for provisions in SB 5435:

- **Informed assumption** that 1) prohibiting landlords from increasing rent for a month-to-month or greater term tenancy a) during the first 12 months after the tenancy begins and b) during any 12-month period, in an amount greater than the rate of inflation (as measured by CPI) or 3%, whichever is greater, up to a maximum of 7% more than the exiting rent; 2) exempting certain landlords from rent increase limitations; 3) requiring landlords to provide annual written notification of rent increases, potential future rent increases, banked capacity, and relevant exemptions to tenants and potential tenants; and 4) creating a cause of action, or legal claim against landlords for tenants who are charged and pay rent that exceeds the rent increase limitations may lead to some tenants and landlords becoming aware of these changes. This assumption is based on information from key informants and evidence from Oregon and New York City.

Pathway 1: Immediate impacts to tenants

- **Informed assumption** that some landlords and tenants becoming aware of rent increase limitations, exemptions, required annual notifications, and new cause of action may lead to some landlords limiting rent increases and notifying tenants annually. This assumption is based on information from key informants.
- **Fair amount of evidence** that landlords limiting rent increases and notifying tenants annually would likely lead to improved economic and housing stability for some current tenants.
- **Very strong evidence** that improved economic and housing stability would likely improve health outcomes for some current tenants.
- **Unclear evidence** how SB 5435 may impact inequities as there is limited research evaluating the impact of rent control and rent stabilization policies on different groups of people; additional underlying factors that contribute to housing stability and affordability; a

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- combination of policies that impact the larger rental housing context; and an opportunity for allowable rent increases to be unevenly distributed.
- **Informed assumption** that some landlords and tenants becoming aware of rent increase limitations and notification requirements may result in some landlords qualifying for and using/receiving an exemption. This assumption is based on information from key informants.
- **Not well researched** how some landlords receiving/using an exemption may impact economic and housing stability for some tenants.
- **Not well researched** how some tenants and landlords becoming aware of rent increase limitations, exemptions, required annual notifications, and new cause of action may impact the quality of regulated rental units.

Pathway 2: Longer-term impacts to housing market

- **Not well researched** how some tenants and landlords becoming aware of rent increase limitations, exemptions, required annual notifications, and new cause of action may impact available rental housing.

FULL REVIEW

For review methods, logic model, strength-of-evidence analyses, and citations of empirical evidence refer to the full Health Impact Review at

<https://sboh.wa.gov/sites/default/files/2023-09/HIR-2024-01-SB%205435.pdf>

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