



SEATTLE CITY COUNCIL

Legislative Summary

CB 119507

Record No.: CB 119507

Type: Ordinance (Ord)

Status: Passed

Version: 1

Ord. no: Ord 125840

In Control: City Clerk

File Created: 04/08/2019

Final Action: 06/18/2019

Title: AN ORDINANCE relating to fair housing; establishing a one-year prohibition on use of rental housing bidding platforms; amending Section 7.24.020 of the Seattle Municipal Code; and adding a new Section 7.24.090 to the Seattle Municipal Code.

Notes:

Filed with City Clerk: 6/18/2019

Mayor's Signature: 6/18/2019

Sponsors: Mosqueda

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments:

Drafter: patrick.wigren@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published:

☐ Yes

☐ No

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Clerk	04/09/2019	sent for review	Council President's Office			
	Action Text: The Council Bill (CB) was sent for review. to the Council President's Office						
	Notes:						
1	Council President's Office	04/16/2019	sent for review	Housing, Health, Energy, and Workers' Rights Committee			
	Action Text: The Council Bill (CB) was sent for review. to the Housing, Health, Energy, and Workers' Rights Committee						
	Notes:						
1	City Council	04/29/2019	referred	Housing, Health, Energy, and Workers' Rights Committee			
	Action Text: The Council Bill (CB) was referred. to the Housing, Health, Energy, and Workers' Rights Committee						
	Notes:						

- 1 Housing, Health, Energy, 06/06/2019 pass Pass
and Workers' Rights
Committee
Action Text: The Committee recommends that City Council pass the Council Bill (CB).
In Favor: 2 Chair Mosqueda, Member Bagshaw
Opposed: 0
- 1 City Council 06/10/2019 passed Pass
Action Text: The Council Bill (CB) was passed by the following vote, and the President signed the Bill:
In Favor: 9 Councilmember Bagshaw, Councilmember González , Council
President Harrell, Councilmember Herbold, Councilmember Juarez,
Councilmember Mosqueda, Councilmember O'Brien, Councilmember
Pacheco, Councilmember Sawant
Opposed: 0
- 1 City Clerk 06/14/2019 submitted for Mayor
Mayor's signature
- 1 Mayor 06/17/2019 Signed
Action Text: The Council Bill (CB) was Signed.
- 1 Mayor 06/18/2019 returned City Clerk
- 1 City Clerk 06/18/2019 attested by City Clerk
Action Text: The Ordinance (Ord) was attested by City Clerk.
-

CITY OF SEATTLE

ORDINANCE

125840

COUNCIL BILL

119507

AN ORDINANCE relating to fair housing; establishing a one-year prohibition on use of rental housing bidding platforms; amending Section 7.24.020 of the Seattle Municipal Code; and adding a new Section 7.24.090 to the Seattle Municipal Code.

WHEREAS, online or application-based platforms that provide landlords the ability to list rental housing units, oblige potential tenants to bid on certain lease provisions, and allow landlords their choice of tenant based on the tenant's bid and screening criteria have recently appeared in many housing markets, including Seattle's; and

WHEREAS, over the past several years, the City Council ("Council") has passed a variety of amendments to the Seattle Municipal Code regulating rentals, revising the housing code, and updating fair housing protections, resulting in a new and different regulatory landscape; and

WHEREAS, emerging technologies have caused consumers to rapidly escalate the use of application-based and online services, and it is unclear whether the structure and operation of these new services comply with the Seattle Municipal Code; and

WHEREAS, the Council wishes to understand new technologies and innovations that may have impacts on communities throughout Seattle, prior to these new technologies and innovations becoming entrenched; and

WHEREAS, the Council wishes to know more about how these services function and the impact they may have on Seattle's rental housing market before allowing landlords and tenants to use them within Seattle; and

1 WHEREAS, the Council passed Ordinance 125551 in March 2018, prohibiting landlords and
2 potential tenants from using rental housing bidding platforms for real property located in
3 Seattle city limits; and

4 WHEREAS, Ordinance 125551 also included a request for the Office of Housing to “conduct a
5 study of the current or potential impacts rental housing bidding platforms have and could
6 have on equitable access to Seattle’s rental housing market”; and

7 WHEREAS, in 2018, Rentberry, Inc. and Delaney Wysingle, an individual, sued The City of
8 Seattle for its prohibition against landlords and potential tenants’ use of rental housing-
9 bidding platforms, arguing that the prohibition interfered with their freedom of speech;
10 and

11 WHEREAS, on March 15, 2019, Judge Richard A. Jones ruled in favor of The City of Seattle,
12 stating that the use of the online rental housing bidding service Rentberry provides is
13 conduct, not speech; NOW, THEREFORE,

14 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

15 Section 1. Findings

16 A. Seattle’s housing market has become very competitive over the past decade, causing
17 scarcity issues for tenants.

18 B. It is uncertain whether and how these application-based and online services impact
19 Seattle’s rental housing market, as these services may have different effects on markets
20 depending on the scarcity of housing supply.

21 C. The benefits and drawbacks of such services to landlords and tenants have not been
22 studied in Seattle.

1 D. The City of Seattle is committed to ensuring equitable access to rental housing, and
2 platforms that require use of a computer and internet in order to access rental housing may hinder
3 the ability for certain communities to meaningfully identify and obtain needed housing.

4 E. The use of new technologies and innovations can spread quickly, whether or not their
5 impacts on communities are in line with Seattle's values of equity and work toward expanding
6 access to rental housing.

7 F. Studies suggest that the auction model of rental housing-bidding works to increase
8 rents, and rental housing-bidding software will place an additional increased upward pressure on
9 rents.¹

10 G. Rent increases have been shown to disproportionately impact low-income households
11 and households of color.

12 H. The Office of Housing is conducting the study on rental housing-bidding and
13 estimates it will be completed in June 2019.

14 Section 2. Section 7.24.020 of the Seattle Municipal Code, last amended by Ordinance
15 125558, is amended as follows:

16 **7.24.020 Definitions**

17 * * *

18 "Rental agreement" means a "rental agreement" as defined and within the scope of RCW
19 59.18.030 and RCW 59.18.040 of the RLTA in effect at the time the rental agreement is

¹ Dotzour, M., Moorhead, E., & Winkler, D. (1998). The Impact of Auctions on Residential Sales Prices in New Zealand. *Journal Of Real Estate Research*, 16(1), 57-72. Retrieved from <http://aresjournals.org/doi/abs/10.5555/rees.16.1.803550373kr7t004?code=ares-site>; Lusht, K. (1996). A Comparison of Prices Brought by English Auctions and Private Negotiations. *Real Estate Economics*, 24(4), 517-530, available at <http://dx.doi.org/10.1111/1540-6229.00702>; Ashenfelter, O., & Genesove, D. (1992). Testing for Price Anomalies in Real Estate Auctions. *National Bureau Of Economic Research*, (4036), available at <http://dx.doi.org/10.3386/w4036>; Lepone, A., Frino, A., Mollica, V., & Vassallo, A. (2010). The Impact of Auctions on Residential Sales Prices: Australian Evidence. *Australasian Accounting, Business And Finance Journal*, 4(3), 3-22, available at <http://dx.doi.org/10.2139/ssrn.1665933>.

1 executed. At the time of the passage of the ordinance codified in this chapter, the RLTA defined
2 “rental agreement” as “all agreements which establish or modify the terms, conditions, rules,
3 regulations, or any other provisions concerning the use and occupancy of a dwelling unit.”

4 “Rental housing bidding platform” or “platform” means a person that connects potential
5 tenants and landlords via an application based or online platform to facilitate rental housing
6 auctions wherein potential tenants submit competing bids on certain lease provisions including
7 but not limited to housing costs and lease term, to landlords for approval or denial. Merely
8 publishing a rental housing advertisement does not make a person a rental housing bidding
9 platform. This definition shall expire on the date Section 7.24.090 expires.

10 * * *

11 Section 3. A new Section 7.24.090 is added to the Seattle Municipal Code as follows:

12 **7.24.090 Use of online or application based rental housing bidding services prohibited**

13 A. Landlords and potential tenants are prohibited from using rental housing bidding
14 platforms for real property located in Seattle city limits.

15 B. This Section 7.24.090 shall expire one year after the effective date of the ordinance
16 introduced as Council Bill 119507 unless the City Council exercises its authority under
17 subsection 7.24.090.C, in which case it shall expire at the end of the extension.

18 C. The City Council has the authority to extend the prohibition in subsection 7.24.090.A
19 by up to 12 months if the Office of Housing requests more time to complete the study of rental
20 housing impacts, or if the Council needs more time to review the study or discuss potential
21 action.

22 Section 4. The provisions of this ordinance are declared to be separate and severable. If
23 any clause, sentence, paragraph, subdivision, section, subsection or portion of this ordinance, or

1 the application thereof to any person or circumstance, is held to be invalid, it shall not affect the
2 validity of the remainder of this ordinance, or the validity of its application to other persons or
3 circumstances.

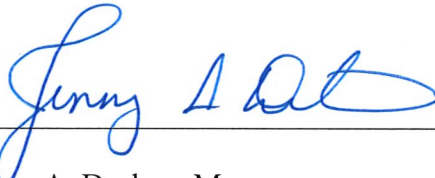
Section 5. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the 10th day of June, 2019,
and signed by me in open session in authentication of its passage this 10th day of
June, 2019.



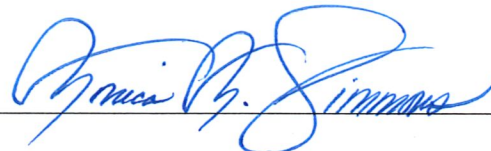
President _____ of the City Council

Approved by me this 17th day of JUNE, 2019.



Jenny A. Durkan, Mayor

Filed by me this 18th day of JUNE, 2019.



Monica Martinez Simmons, City Clerk

(Seal)

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
LEG	Asha Venkataraman/4-5382	

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to fair housing; establishing a one-year prohibition on use of rental housing bidding platforms; amending Section 7.24.020 of the Seattle Municipal Code; and adding a new Section 7.24.090 to the Seattle Municipal Code.

Summary and background of the Legislation: This bill prohibits tenants and landlords from using rental housing bidding platforms for a year, while the City determines whether those platforms are in compliance with the City's regulations and looks at impact on the housing market.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes __X__ No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes __X__ No

Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

If so, describe the nature of the impacts. This could include increased operating and maintenance costs, for example.

No

Is there financial cost or other impacts of *not* implementing the legislation?

Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs or consequences.

Landlords and tenants using these platforms could potentially be in violation of the City's fair housing and rental regulations, and prohibitions will save time and expense of investigating each claim by doing an overall study

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

If so, please list the affected department(s) and the nature of the impact (financial, operational, etc.).

SDCI will be enforcing the legislation, SOCR and SDCI will be determining whether rental bidding platforms comply with current law, and the Office of Housing will conduct or find a

third party to conduct a study to determine housing impacts.

b. Is a public hearing required for this legislation?

If yes, what public hearing(s) have been held to date, and/or what public hearing(s) are planned/required in the future?

No.

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

If yes, please describe the measures taken to comply with RCW 64.06.080.

No.

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

For example, legislation related to sale of surplus property, condemnation, or certain capital projects with private partners may require publication of notice. If you aren't sure, please check with your lawyer. If publication of notice is required, describe any steps taken to comply with that requirement.

No.

e. Does this legislation affect a piece of property?

If yes, and if a map or other visual representation of the property is not already included as an exhibit or attachment to the legislation itself, then you must include a map and/or other visual representation of the property and its location as an attachment to the fiscal note. Place a note on the map attached to the fiscal note that indicates the map is intended for illustrative or informational purposes only and is not intended to modify anything in the legislation.

No.

f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

If yes, please explain how this legislation may impact vulnerable or historically disadvantaged communities. Using the racial equity toolkit is one way to help determine the legislation's impact on certain communities.

Studies have shows that rental housing bidding platforms can drive up rental housing prices. High rents affect low income communities, and those that are historically disadvantaged. The study being conducted will shed light on whether these inequities will exist in Seattle.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).

This answer should highlight measurable outputs and outcomes.

No.

List attachments/exhibits below:

STATE OF WASHINGTON -- KING COUNTY

--SS.

375355

No.

CITY OF SEATTLE, CLERKS OFFICE

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

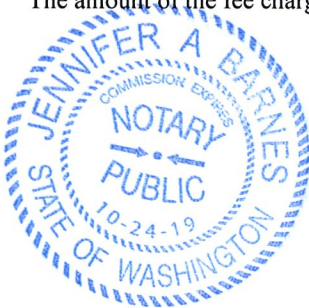
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:125839-846 TITLE ONLY

was published on

06/27/19

The amount of the fee charged for the foregoing publication is the sum of \$136.28.



Affidavit of Publication

A handwritten signature in blue ink, likely of the subscriber, written over a horizontal line.

Subscribed and sworn to before me on

06/27/2019

A handwritten signature in blue ink, likely of the notary public, written over a horizontal line.

Notary public for the State of Washington
residing in Seattle

State of Washington, King County

City of Seattle

The full text of the following legislation, passed by the City Council on June 10, 2019, and published below by title only, will be mailed upon request, or can be accessed at <http://seattle.legistar.com>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>.

Ordinance 125839

Council Bill 119538

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

Ordinance 125840

Council Bill 119507

AN ORDINANCE relating to fair housing; establishing a one-year prohibition on use of rental housing bidding platforms; amending Section 7.24.020 of the Seattle Municipal Code; and adding a new Section 7.24.090 to the Seattle Municipal Code.

Ordinance 125841

Council Bill 119535

AN ORDINANCE relating to the Fort Lawton Redevelopment Plan Application; authorizing a Memorandum of Agreement setting forth the terms of collaboration between The City of Seattle and Seattle School District No. 1 in the redevelopment of the former Fort Lawton Army Reserve Center.

Ordinance 125842

Council Bill 119510

AN ORDINANCE related to land use and zoning, amending page 52 of the Official Land Use Map, Seattle Municipal Code Chapter 23.32, to rezone property at the Fort Lawton Army Reserve Center.

Ordinance 125843

Council Bill 119505

AN ORDINANCE relating to land use and zoning; amending Sections 23.41.010 and 23.41.012 of the Seattle Municipal Code to remove the Ballard Municipal Center Master Plan Area Guidelines and adopt the Ballard Neighborhood Design Guidelines, and delete reference to the Ballard Municipal Center Master Plan Area Guidelines.

Ordinance 125844

Council Bill 119506

AN ORDINANCE relating to land use and zoning; amending Section 23.41.010 of the Seattle Municipal Code to approve the Capitol Hill Neighborhood Design Guidelines, 2019.

Ordinance 125845

Council Bill 119489

AN ORDINANCE relating to land use and zoning; allowing limited expansion of Major Institution uses in a portion of Industrial General 1 and 2 zones and Industrial Buffer zones located near Seattle Pacific University; and amending Sections 23.50.012 and 23.69.024 of the Seattle Municipal Code.

Ordinance 125846

Council Bill 119504

AN ORDINANCE relating to the Pike Place Market Historical District; amending Ordinance 125650 to extend its effective date by six months.

Date of publication in the Seattle Daily Journal of Commerce, June 27, 2019.

6/27(375355)