Rent Control in Washington 2025 By Christopher D. Cutting, Cutting Law Office PC

Effective May 7, 2025, Washington became the third state to adopt mandatory, statewide rent control. HB 1217 imposes a maximum annual rent increase. There are also many new requirements for how housing providers notice of a rent increase. There are significant penalties for even accidental violations of these restrictions.

What is the maximum rent increase?

Housing providers may not increase rent in the first 12 months of tenancy. After that, they may issue one rent increase per year. The maximum annual increase is 7% plus the CPI for the Seattle area as published annually by the Washington Department of Commerce starting July 1, 2025. The maximum increase can never exceed 10%. Because CPI can be negative, the rent-increase cap could fall to 0%, though this is unlikely. The increase cannot be "banked," meaning if you fail to increase rent or delay an increase, there will never be a way to catch up until the household vacates. Housing providers can reset rents in a unit each time there is a vacancy.

What charges are regulated by this cap?

The cap is calculated based on the total of all forms of "rent." This is all recurring charges for use and occupancy of the dwelling, such as base rent, parking, storage, utility charges, * recurring amenities fees, resident benefits fees, and month-to-month fees. Any individual component of this total may increase more than the cap provided the total increase is at or below the cap. *Variable utilities based on a tenant's usage *may* be excluded.

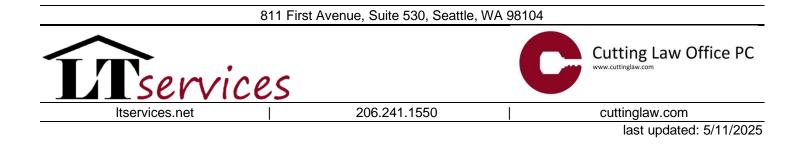
How do you increase rent?

Any ren increase that *goes into effect* May 7, 2025, or later must be given using the new state form. The form must be delivered in the same manner as an eviction notice, meaning certified mail is usually required. Because of these form and delivery requirements, "automatic" increases in a rental agreement are unenforceable. Attempting to enforce these clauses will likely result in fines discussed below. LT Services' instructions for serving rent increases are available at <u>ltservices.net/landlord-faq</u>. A copy of the rent increase form is available at <u>ltservices.net/forms</u>. Be sure to use the 2025 or later version of both.

A complete and accurate rent increase notice form must be served at least 90 days before the effective date of the rent increase. Local law may increase this minimum time. For example, in Seattle the minimum is 180 days.

What is "parity between lease types"?

Housing providers may not alter the terms or rent based on the length of a rental term other than by charging a rent premium or offering a rent discount for certain length terms; the statute refers to this policy as "parity between lease types." For example, a housing provider may not offer a free carpet or blind cleaning in exchange for signing a one-year lease (instead of going month to month). Another example, housing providers may not require a last month's rent deposit for month-to-month tenant but waive it for tenants signing a term agreement.



Housing providers may offer an incentive or discount in the monthly rent to encourage tenants to sign a particular term. Housing providers may adjust the rent by up to 5% based on length of the lease. For example, a housing provider may offer different length rental agreements at different monthly rent amounts, provided the difference between the highest and lowest offered rate is not more than 5%. Another example, a housing provider may charge a month-to-month fee, provided this fee does not exceed 5% of the total monthly rent. When adding a month-to-month fee to an existing tenancy, the amount of the fee is considered a rent increase and counts toward the maximum increase for that year.

Who is exempt from the percentage cap?

Four types of properties are exempt from the cap on total increases, but these properties are still required to follow all other aspects of the rent control law, such as using the mandatory rent increase form and following the "parity between lease types" requirements. The four exceptions are:

- Properties where the dwelling received its original occupancy permit in the last 12 years;
- Owner-occupied 1-4 unit properties where the owner holds title in his or her individual name;
- Properties owned by non-profit organizations where rents are regulated by other laws or regulations, including LIHTC properties; and
- Properties owned by a government housing authority

What are the consequences of making a mistake?

Housing providers should exercise caution and approach these regulations extremely conservatively. Housing providers who improperly increase rent or seek to enforce an improper rent increase are subject to numerous penalties even for innocent or accidental violations:

- Refunding any excess amount the tenant actually paid
- Damages equal to three months of rent;
- Paying the tenant's attorneys' fees and costs;
- A fine by the attorney general of \$7,500.00 per violation;
- Paying the attorney general's attorneys' fees and costs;
- Early termination of the rental agreement by the tenant; and
- Loss of the opportunity to increase rent until a new, valid increase can be issued.

While not a formal consequence of a violation, in areas with rent control, tenants whose units are significantly below market rate tent to create problems for the owner/manger beyond loss of income. Rent control discourages housing providers from being flexible and encourages them to maximize rent to avoid these issues.

This summary only covers properties governed by the Residentials Landlord-Tenant Act. This is a summary only, not a substitute for individual advice from an attorney.

