

HOUSE BILL REPORT

SHB 1101

As Passed House:
January 26, 2023

Title: An act relating to tenant screening in common interest communities.

Brief Description: Providing for tenant screening in common interest communities.

Sponsors: House Committee on Housing (originally sponsored by Representatives Taylor, Bergquist, Ramel and Gregerson).

Brief History:

Committee Activity:

Housing: 1/16/23, 1/19/23 [DPS].

Floor Activity:

Passed House: 1/26/23, 95-0.

Brief Summary of Substitute Bill

- Authorizes, with certain limits, an association of unit owners in a common interest community to require a unit owner to use a tenant screening service or obtain background information on a prospective tenant prior to entering into a lease.

HOUSE COMMITTEE ON HOUSING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Peterson, Chair; Alvarado, Vice Chair; Leavitt, Vice Chair; Klicker, Ranking Minority Member; Connors, Assistant Ranking Minority Member; Barkis, Bateman, Chopp, Entenman, Hutchins, Low, Reed and Taylor.

Staff: Audrey Vasek (786-7383).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

A common interest community (CIC) is a form of real estate in which each unit owner or homeowner has an exclusive interest in a unit or lot and a shared or undivided interest in common area property. In Washington, several statutes govern residential CICs, such as condominiums, cooperatives, leasehold CICs, miscellaneous communities, and plat communities.

The Washington Uniform Common Interest Ownership Act (WUCIOA) took effect July 1, 2018, and is applicable to CICs created after that date. A CIC created prior to the effective date of the WUCIOA may choose to opt in to the WUCIOA, which contains comprehensive provisions addressing the management of property under its jurisdiction.

Otherwise, CICs created before July 1, 2018, remain subject to the following acts, which generally leave much of the working of a CIC to the governing documents:

- the Horizontal Property Regimes Act, which applies to residential condominiums created on or before July 1, 1990;
- the Washington Condominium Act, which applies to condominiums created after July 1, 1990; and
- the Homeowners' Association Act, which provides a framework for the formation and legal administration of homeowners' associations.

A CIC is administered by an association of unit owners or a homeowners' association—an organization consisting of property owners and homeowners within the CIC. An association of unit owners derives its authority from several documents, including the declaration of covenants, conditions, and restrictions; the association's bylaws and articles of incorporation; and the deeds to the property within a development.

The primary functions of a unit owners' association include: managing and maintaining common areas, such as parks, roads, and community centers, for the benefit of the community; imposing and collecting assessments on unit owners; and enforcing restrictive covenants that govern the community. In addition, a unit owners' association may adopt rules and regulations concerning property use in the community and impose fines for violations of those rules.

Summary of Substitute Bill:

Except as otherwise prohibited by law, and within certain limits, an association of unit owners in a CIC may require a unit owner to:

- use a tenant screening service or obtain background information on a prospective tenant, at the owner's sole cost and expense, prior to entering into a lease with a prospective tenant; and
- provide the association with proof that the unit owner has used a tenant screening service or obtained background information on a prospective tenant.

An association of unit owners may not require a unit owner to provide the association with a

copy of a tenant screening report or any background information pertaining to a tenant.

These provisions apply to associations subject to the WUCIOA, the Homeowners' Association Act, the Washington Condominium Act, and the Horizontal Property Regimes Act.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) For homeowners who want to rent out their properties, there should be limits on how tenant screening information is required to be shared with a homeowners' association. Some homeowners' associations want to have detailed information on tenants, and this bill will clarify that this is not okay. Any existing laws protecting tenants should remain standing.

(Opposed) None.

Persons Testifying: Representative Jamila Taylor, prime sponsor; and Krystelle Purkey, Washington State Chapter of Community Associations Institute.

Persons Signed In To Testify But Not Testifying: None.