



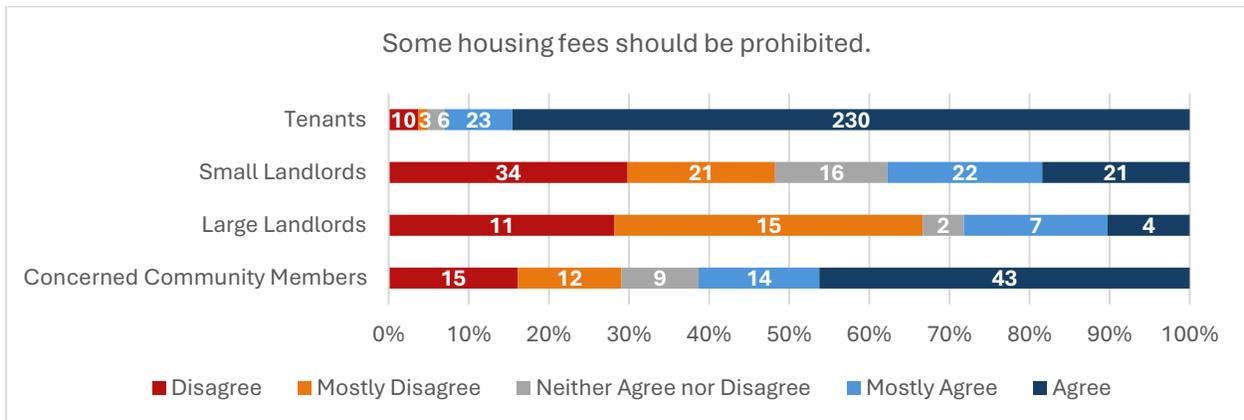
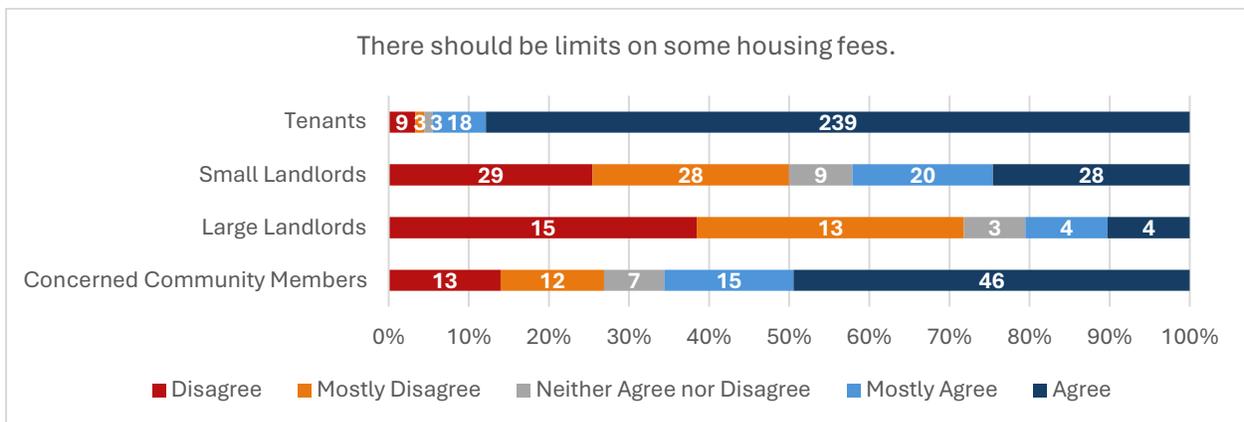
Proposed Rental Fee Ordinances

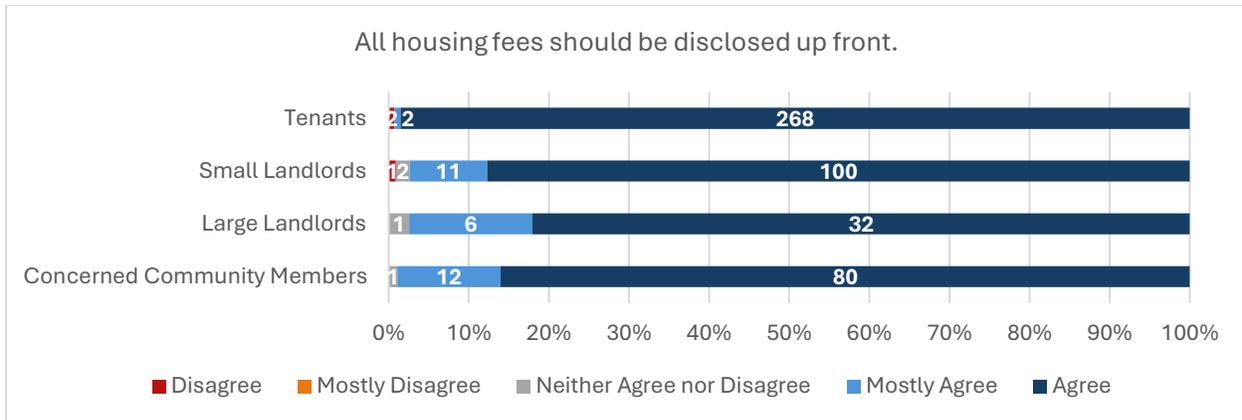
Public Engagement Summary

Public engagement summary

Overview

To gather input from tenants, small landlords, and large landlords regarding proposed ordinances that regulate rental fees, the City of Bellingham conducted an informal, non-scientific opinion survey and contracted the services of Whatcom Dispute Resolution Center to facilitate three focus groups. Both efforts were intended to hear from a range of voices and perspectives. Input from this public engagement effort reflects key concerns about the need for balanced policies that protect tenants while allowing landlords to conduct business. This input complements prior community member feedback, along with research by Council Members and staff members. *The following graphs show survey respondents' level of agreement or disagreement with three statements:*





Key takeaways

- **Clear call for transparency**
 - An overwhelming majority of tenants, small landlords, large landlords, and concerned community members support full, up-front disclosure of rental fees.
 - In gathered feedback, tenants reported discrepancies between what they thought they were paying for and what landlords provided and charged; landlords reported frustration that tenants either did not read or did not understand leases.
 - Survey and focus group input reinforces the transparency requirements in the current versions of the proposed ordinances, which call for up-front disclosure of fees in lease agreements and advertisements.
- **There's a fine balance**
 - Tenants expressed concerns that excessive fees are burdensome and increase housing insecurity. Landlords view fees as necessary to cover costs and warn that restrictive ordinances could reduce rental supply, drive small landlords out of business, and ultimately lead to higher rents.
- **Disparities in charges**
 - Large landlords are more likely than small landlords to charge certain fees.

Interpreting feedback

Survey

This survey complements other information gathering efforts to give Council Members and City officials a better understanding of community member perspectives and experiences regarding rental fees and the proposed ordinances. This body of information includes survey results, public comments, Council Member research, discussions with community members, focus group session feedback, emails to Council, and staff member research and input.

This survey was not intended to be statistically valid. This means that the survey should not be considered an accurate representation of the population; instead, the survey is a way for Council Members to hear community member voices. While survey data cannot be deemed accurate

enough to analyze fine distinctions in responses, it can be used to identify general trends and areas that can be further examined.

This document provides a summary of written comments and survey responses. Survey respondents took time to share constructive written comments, and we encourage readers to review the raw responses in the complete survey reports.

Please note: When tenant responses are referenced, only those who reported living in Bellingham are used (272 out of 300 responses from those who indicated they were tenants).

Focus groups

We are thankful to all who volunteered their valuable time to participate in the focus groups, sharing both personal experience and subject matter expertise while bringing their creative problem-solving abilities to this complex issue. The focus group feedback includes raw input. Suggestions have not been filtered for practicality, actionability, scope, or financial viability. Insights and ideas come from both open-ended and ordinance-specific questions posed by facilitators and the ensuing discussions, and this information can help shape future policy considerations.

Rental fees survey executive summary

Background

The Bellingham City Council is weighing two proposed ordinances that define which rental fees are permitted, limit amounts for some rental fees, and promote fee transparency. At the October 21, 2024, Council Regular Meeting, Council directed staff members to create a public engagement plan for the proposed ordinances. As part of this plan, the City administered an informal, non-scientific, online survey, distributed community-wide in English and Spanish from January 24 through February 14, 2025.

How the survey was administered

The survey, which was publicly available on the Engage Bellingham website (<https://engagebellingham.org>) and required no identifying information to participate, was

- shared with those invited to participate in focus groups,
- included in the City's email newsletter,
- and posted on the City's Facebook account.

Metrics

From January 24, 2025, through February 14, 2025, there were 2,610 visits to the rental fees page on Engage Bellingham resulting in 546 survey submissions. Notably,

- 1,506 visits came via City email or webpage links;
- 764 visits came via social media; and
- 236 visits came via community websites, mainly local news sources.

Definitions

For the purposes of reporting results, we use the following definitions:

- **Tenants** – Those who indicated they rented an apartment or house, owned a manufactured or mobile home, or rented a manufactured or mobile home.
- **Small landlords** – Those who indicated they were landlords or property managers with fewer than 12 units.
- **Large landlords** – Those who indicated they were landlords or property managers with more than 12 units or who were involved in managing multiple properties.

Key survey observations

- **Transparency is popular:** Nearly all respondents – including 99% of tenants, 97% of small landlords, 97% of large landlords, and 99% of concerned community members – said they agree or mostly agree with disclosing all rental fees up front. This strongly validates the up-front disclosure requirements for leases and advertisements included in the current versions of the proposed ordinances.

- **Scale matters:** Small landlords do not charge many of the fees that large landlords do (e.g. 15% of small landlords said they charge administrative fees, versus 67% of large landlords; 26% of small landlords said they charge pet rent, compared to 59% of large landlords).
- **Well-informed respondents:** 91% responded that they had read the current versions of the ordinances.

Suggestions from survey respondents

We asked all survey participants to suggest improvements and additional provisions for the proposed ordinances. The following is a summary of their input:

- **Transparency and fairness:** There were calls for clearer lease agreements, disclosure of all fees up front, and standardized application processes. A few respondents propose standardized rental agreements to ensure fairness.
- **Concerns about effects:** Many landlords argue against government-imposed price caps, fearing financial strain and market disruption. They fear that increased regulations will lead to fewer small landlords, higher rents, and greater corporate control of the housing market. Some tenants said that landlords will find ways to pass on costs regardless of new rules.
- **Calls for balanced regulations:** Some suggest distinguishing between large-scale property owners and small landlords, ensuring fairness in rules.
- **Tenant protections:** Some proposed banning non-refundable fees, capping move-in costs, and limiting rent increases.
- **Accountability for both parties:** Some proposed stronger penalties for both landlords who violate tenant rights and tenants who cause damage or failing to pay rent.
- **Government role in housing affordability:** There were suggestions to reduce permitting fees and regulatory burdens to encourage housing development.

Concerned community member feedback

There were 93 responses from concerned community members. 86% said they read the current versions of the proposed ordinances. There is a clear divide between those advocating for stronger regulations vs. those fearing overregulation could harm the housing market. More broadly, many said rising costs force people out of Bellingham.

- **Most favor restrictions:** About two-thirds said some rental fees should be limited or prohibited. Community members identified several rental fees they believe are problematic or excessive, including
 - charging application and background check fees per unit,
 - move-out and cleaning fees,
 - lease transfer and renewal fees,
 - pet deposits and monthly pet rent,
 - mandatory service fees,
 - hidden fees, and
 - mid-lease rent increases.
- **Transparency:** 98% said all housing fees should be disclosed up front.
- **Housing market concerns:** Some were concerned about having too many limits on fees, because some fear this could reduce rental availability and drive up overall rent prices. Some called for lower taxes and fees on property owners to reduce costs passed on to renters.
- **Recommendations:** Community members proposed the following
 - caps on application fees, pet fees, and late rent fees;
 - incentives for reusable background checks;
 - no-cost rent payment options;
 - more transparency on why deposits are withheld;
 - caps on rent increases; and
 - limits on property ownership.

Landlord and Tenant Listening Sessions

Input on proposed City Council ordinances concerning housing fees

January 2025

Overview and Methodology:

At the request of the City of Bellingham (COB), the WDRC entered into a contract with COB to conduct a series of three stakeholder Listening Sessions regarding proposed ordinances regulating housing fees, and to provide a Summary Report of the input. The City conducted all communications, selection, and invitation of participants. The session questions were jointly agreed upon through discussion and collaboration with City staff, and the WDRC developed and facilitated the meeting process. In order to create as impartial and focused an environment as possible for people to provide input, neither City Staff nor Council members attended the sessions, held at the WDRC office in downtown Bellingham. Occurring successively, each distinct stakeholder group met on a different day for 90 minutes: Large landlords/non-profit housing providers on January 22nd; Small landlords on January 23rd; and Tenants/Community organizations on January 28th.

Group input process:

All of the listening sessions focused on the same four questions and followed a similar reflection and discussion process. Averaging 18 people per session, the participants had the opportunity to reflect individually, in small groups of 4, and as a whole group on each of the questions. Participants wrote down their own individual responses as well as ideas discussed during their tabletop conversations or the full group exchange. In addition to collecting these written statements, WDRC recorded and later transcribed what participants shared verbally, and also took notes during the session as people spoke.

Input Compilation:

After compiling and integrating the wide array of input for each question, WDRC staff then endeavored to capture a variety of input examples that represented the breadth of concerns and perspectives for each question. In general, all groups had a high level of accord during their sessions. As such, points may occur repeatedly in the report, coming up again in different questions, or with slightly different angles or emphasis. These were left in intentionally to provide additional context or texture for oft-echoed concerns. Other times, if the input was virtually identical, repetitive comments were omitted in the report for the sake of brevity. As such, it is important to not equate repeated points with import, frequency, or vehemence of the concern.

Similarly, to honor each person's contributions and their desires to be heard, WDRC purposely minimized the interpretation and distillation of qualitative data any further than creating thematic headings and highlighting some of the most prevalent topics from each session. This

report is not intended as an analysis nor a weighted ranking – rather it is an effort to present the input people shared during the Listening Sessions as faithfully as possible to all views presented. WDRC did not prioritize nor do quantitative thematic analyses. People may have been speaking as an individual or representing group interests. Attempts at identifying key takeaways and organizing content into topic headings are just that – best efforts to highlight some of the points that kept resurfacing. That being said, virtually all of the included content enjoyed some level of resonance across that stakeholder group.

One message that came across repeatedly was the strong desire by all participants to have City Council hear their perspectives directly. Having an intermediary, such as the WDRC, filter and further condense the input would be antithetical to their wishes and the goals of these sessions. While doing so might make it a more digestible report, it would remove the richness and nuance of the variety of perspectives and experiences each participant contributed to the conversations. Each session, people graciously dedicated their time and expertise and showed up with collaborative and community-minded energy. It was an honor to serve as facilitators and bear witness to all the important ideas and thoughts shared during these sessions.

Content Summary:

The following pages include the synthesized input from each of the three sessions. While everyone shared a common commitment to wanting Bellingham to thrive, as the following pages reveal, landlords and tenants held different opinions on what role the City should or shouldn't have in regulating the housing industry in service of that goal. Yet within the spectrums of perspectives, it is worth noting some places of overlap across all three groups:

1. Housing is a critical element of a thriving community.
2. Housing is currently an expensive proposition, both for tenants trying to rent units, and for landlords trying to purchase, maintain, and rent them out.
3. Full upfront disclosure of any and all fees is important and helpful.
4. Helping tenants better understand lease terms would be valuable.
5. Affordable and accessible legal resources are scarce.
6. Enforcement feels difficult for both landlords and for tenants.
7. City Council should create opportunities to listen to input directly.

Section 1: Tenants – Key Takeaways

Recurrent topics that emerged from participant input

Power imbalance: The significant power differential between tenants and landlords, leaves tenants with little bargaining power and vulnerable to excessive fees and unfair practices. Landlords frequently take advantage of this. The City should work to balance power by providing enforcement, legal and financial support, clear information about tenant rights, and more.

Undue financial burden: Tenants are already facing extremely high rental costs in Bellingham, and the excessive fees (especially for corporate-owned and property-managed units) add to an already intense financial burden.

Housing insecurity: People are being priced out of rentals and the added fees make moving to something more affordable (if you're lucky enough to find it) very difficult, if not impossible. Council needs to protect vulnerable populations.

Unfair and punitive practices: Fees are often hidden, added mid-lease, unsubstantiated, excessive, or may be part of an automatic opt-in service that was not disclosed. Fines, and the speed with which they grow are overly punitive.

People before profits: Housing is a fundamental human need - keeping people housed is more important than maximizing profits for landlords and property management companies.

Full transparency is vital: Total costs need to be fully transparent. Landlords must provide clear explanations for all fees, including what the fees are for, why they cost what they do, when they will be charged; what penalties exist, and no automatic opt-in fees. Fees must be based on the actual costs of goods and services and no one should be allowed to profit from them. Accurate and detailed accounting should be provided.

Remove fees: Fees should be removed entirely, capped, or limited to actual costs incurred with receipts and evidence.

Legal support is unavailable, in practicable terms: There is an extreme lack of legal resources for tenants and no actual legal remedies outside of eviction; no lawyers who take cases and lack of enforcement.

Enforcement is critical: The City needs to enforce existing rules and regulations and hold landlords accountable to fair and reasonable practices. In practicality, there is no accountability for landlords at present, leaving tenants constantly vulnerable.

Tenant resources: The City needs to actively support tenants with more resources including free and available legal assistance for all matters, a dedicated website, and a Renter's Resource Center.

Disempowerment: Interactions with landlords are often complicated and confusing. Too often, landlords take advantage of the knowledge gap and leverage the complicated regulatory framework against the tenant to disempower them of their rights.

Legalese: Leases are long and filled with technical, legal language that is hard to understand. The City should provide a Uniform Rental Agreement.

Universal background checks: Tenants should only have to pay for one background check, receive a copy, and be able to use it for multiple properties if it is still current. They should also be reciprocal - landlords should have to undergo a background check as well and provide it to tenants.

Language access: The City should require landlords to provide a multilingual renter's packet with up-to-date rights and responsibilities in an easy to understand manner.

Disproportionate impacts: If not part of rent, costs/fees are not covered by housing subsidies. Not including fees or costs in rent creates an extra burden for anyone who lives on a fixed income and receives a rental subsidy.

Section 1: Small LLs – Key Takeaways

Recurrent topics that emerged from participant input

Fees are too low: The fees are inadequate and will not allow landlords to cover costs or cover risk (especially security deposits, pet fees, and late fees). Fees should be structured to cover reasonable costs (inclusive of the time spent) and protect both the tenant and the landlord.

Disclosure is important: Upfront disclosure and clear communication about fees and costs is very important and helps to reduce later issues.

Unintended consequences: The ordinances will lead to higher rents, reduced access to housing for folks on the margins, and more small landlords leaving the business due to excessive business costs.

Acknowledgement: Small landlords actively contribute to the wellbeing of this town and its residents. Most landlords are good people trying to do things the right way and facing lots of challenges/costs/risks. Please stop using language at Council meetings, and in the ordinances that make landlords sound like the “bad guys”.

More support and protections for small landlords: There is already far less support and protection for small landlords than tenants and these will make that worse. Landlords need more City support such as a dedicated webpage, free legal advice, and uniform lease templates.

Will lead to higher rents: Increasing regulations will drive up rents, ultimately making the housing situation worse.

Exodus of small landlords: The more limits put in place, the more difficult it is to be a small landlord. These restrictions will drive more local landlords away from renting, leading to fewer units available and/or more corporate takeovers of rental properties.

Disproportionate impact for low-income renters: Because landlords will end up increasing rents and/or reducing risk by selecting only well-credentialed tenants, those on the margins will suffer most – exactly what the City is trying to prevent.

Sowing conflict: The City's approach is creating an adversarial relationship between landlords and tenants. Stop using language that demonizes landlords and pits them against tenants.

Tenant accountability: Too often, tenants don't actually read the leases and/or fail to comply with its terms. Landlords need effective ways to motivate compliance and recoup damages when people violate the terms of the leases.

Target bad actors: Regulations should target bad actors/offenders rather than make everyone pay for the outliers. The ordinances are making all suffer the consequences, even though most are doing the right thing.

Double standard: The City is applying a double standard, charging landlords high fees and raising taxes at levels higher than what they will allow landlords to recoup (e.g. City late fees for rental registrations)

Incorporate landlord input: The City should pay more attention to landlord experiences. Please provide more opportunities for landlords (especially small landlords) to be heard by the City Council.

Section 1: Large LLs - Key Takeaways

Recurrent topics that emerged from participant input

Overreach: The proposed ordinances are an intrusion on private business. The City is micro-managing an industry and unfairly singling out landlords (e.g. the City is not dictating the rates banks charge for mortgage late fees, nor what grocery stores charge for food). More regulation leads to more costs to the customer, which will only make matters worse for renters and the community.

Transparency and disclosure are helpful: Clear upfront communication about fees and costs is very important and full disclosure is necessary. To facilitate this, the City could mandate a one-page sheet that goes on the front of each lease that lists all fees.

Fees are far too low: The fees are overly restrictive and the caps do not reflect the reality of what it costs to operate a rental business. They are essentially mandating that a business run at a loss. Fees should be structured to cover our actual costs, including the cost of the time spent on administering them, collecting fees, notifying tenants, etc.

Tenant accountability: Too often, tenants don't actually read the leases and/or fail to comply with its terms. Landlords need effective ways to motivate compliance and recoup damages when people break the rules.

Will reduce housing units: The ordinances will lead to more landlords leaving the business due to business costs they will be unable to recoup. Limited supply is the core issue and this will only exacerbate that.

Target bad actors: Regulations should target bad actors/offenders rather than make everyone pay for the outliers. The ordinances are making all suffer the consequences, even though most are doing the right thing.

Corporate consolidation: This will force rental businesses to operate with high levels of financial risk and bigger losses, leading to local companies folding and further consolidation of the industry to large corporations that have more risk capacity.

Higher rents and/or reduced maintenance: The loss in income from the restrictions will, by necessity, either be passed on to renters, or compensated for by cutbacks in service and care for properties, leading to reduced housing options and/or worsening housing conditions.

Disproportionate impact for low-income renters: Because landlords will end up increasing rents and/or reducing risk by selecting only well-credentialed tenants, those on the margins will suffer most – exactly what the City is trying to prevent.

Over-regulation: The ordinances are not well-researched. The industry is already highly-regulated and the City’s proposals further confound the existing array of complex local, state and federal law/regulations. People are leaving the business due to over-regulation.

Incorporate landlord input: The City should pay more attention to landlord experiences and not pit them against tenants. City Council should listen to our input and concerns directly - we are experts in the field.

Double standard: The City is applying a double standard, charging landlords high fees and raising taxes at levels higher than what they will allow landlords to recoup.

Unintended Consequences: The ordinances will have a plethora of unintended negative consequences for renters and the community. They will increase rent, reduce supply, and limit access to housing. Though intended by Council as a way to help renters with high housing costs, they will do just the opposite.

Acknowledgement: Landlords are providing an important service for our community - these ordinances unfairly penalize landlords and further add to an imbalance of support for tenants.