



The paradox of renter protections: Misguided - Seattle Times, The: Web Edition Articles (WA) - July 23, 2021
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A recent Op-Ed I wrote argued that legislative attempts at renter-protection policies are counterproductive to the stated goal of helping resolve our region's **housing** issues ["The unintended consequences of rent controls and eviction moratoriums," June 7, Opinion]. In the weeks that followed, my work was questioned in public city council meetings and in a three-part series published by Crosscut that suggested — erroneously — that I did not provide "a shred of evidence" to support my claims. Let me be more specific.

Many of the policy goals billed as "renter protection" draw primarily from anecdote, speculation and, worst of all, ideologically driven narrative. Such goals are effective in swaying voter bases and work well as reelection campaign slogans. The policies, however, exacerbate our **housing** shortage, as reflected in a recent report by the Turner Center for **Housing** Innovation at UC Berkeley.

Much of the rental **housing** in and around Greater Seattle comes in the form of single-family homes, commonly provided by "mom-and-pop" landlords. These almost exclusively are the clients of my property management firm. These homes are the only practical choice for many renters in our community who come from all walks of life, some choosing to rent for convenience and others out of necessity.

Here are three criticisms and what they fail to address:

The false narrative: There is no data behind the claim that mom-and-pop providers are selling their rentals and thereby depleting the rental-**housing** supply. If some are, the number is negligible, and Seattle has added rentals over the past 50 years.

The numbers: In addition to the statistics that I cited in June, I gathered data from a dozen other property managers covering 10 counties across Washington state. Last year, their clients collectively sold off 229 rental homes. Midway through 2021, their clients have sold 159 homes, on pace for a 38% increase by year's end.

In Seattle, the availability of three-plus bedroom rentals on the Northwest Multiple Listing Service (NWMLS) so far this year is down 7.5% from the previous five-year average. Even using the most minimal estimation of rental homes selling due to legal changes, more than 350 single-family renter households are displaced annually in Seattle due to rental protections. Other reports estimate it could be 2,500 or more. How do these displaced households feel about such policies? In February,

the **Housing** Justice Project provided me a chart documenting thousands of new rental units added to the Seattle market since 1970. At the time, I asked how it compared to overall population growth and for the mix of new apartments compared to new houses. The answers must not be very convenient to the narrative, because I have yet to receive them. This is a particular problem because, though the COVID-19 pandemic is temporary, legislators are using it to craft permanent changes to fundamental contract laws that are eroding the **housing** supply. If anything is certain going forward, the work-from-home trend will continue to draw people away from in-city apartments and toward suburban single-family homes.

The false narrative: Greedy landlords are jacking up rents. Evictions are the leading cause of homelessness. Government intervention is necessary.

The numbers: July apartment rents in Seattle are down 3.9% from this time last year and down further still compared to early 2020 pre-pandemic levels. The argument for rent control assumes that **housing** materializes spontaneously and costs nothing to maintain. In the real world, it has been widely reported that 91% of rent collected goes toward operating costs. Policies masquerading as "stability measures" not only diminish an already limited **housing** supply but also discourage future investment.

A popular study by Dr. Tim Thomas at the University of Washington correlates a dramatic rise in the state's homeless population with a loss of affordable **housing** and a decline in evictions. As the group Challenge Seattle recently reported, Seattle-King County saw a 42% annual increase in its homeless population despite a statewide eviction moratorium. Some legislators do understand all of this, but it is frustrating to watch others fail to grasp the most basic **housing** concepts, not to mention existing state law. A Seattle City Council staffer recently explained "the need for government to get involved in the (lease) transaction" in support of a rent-control proposal. This line of thinking reminds me of another ominous number — "1984."

Regarding evictions, it should be noted that government **housing** projects have a reputation for a reason: King County **Housing** Authority is the No. 1 evictor in the state, with Seattle's not far behind, according to a 2019 report by the King County Bar Association.

The false narrative: A mortgage is 30-year rent control for a homeowner.

The numbers: Cute analogy. Whoever came up with it must have never seen a property-tax bill. **Housing** providers are financially responsible for maintenance (and utilities if unpaid by a tenant). Halfway through 2021, the average three-bedroom rental in Seattle offered through NWMLS was \$3,371 a month. Meanwhile the purchase of the average three-bedroom home in Seattle would cost \$3,598 a month on a 30-year fixed mortgage at 3.25% interest and 10% down payment, plus

ever-increasing tax, insurance and maintenance. Relatively speaking, the affordable family **housing** in modern-day Seattle is provided by mom-and-pop house rentals.

Marilyn Yim is a fellow Rental **Housing** Association member and co-founder of Seattle Grassroots Landlords, a group dedicated to bringing these issues forward with elected officials. She helped me gather data and is also one of many small mom-and-pop property owners affected by recent legislation. Experiencing this all firsthand, she views the policies as more "anti-landlord" than "pro-tenant." So much so that she, like a growing number of others, has chosen to leave her rental vacant for the time being due to dramatically increased risk. She would be bankrolling someone to occupy her property if they failed to pay not only the rent, but also their utility consumption. In talking with other Rental **Housing** Association members, she laments that every small landlord she knows "has an exit strategy." Yim, who resides in the triplex with her rental unit, is currently prohibited from the following in her own home:

- Running a criminal-background check on a prospective tenant.
- Denying tenancy to anyone who claims a "relationship" with an existing tenant, including violent ex-boyfriends.
- Enforcing lease terms such as behavior and payment.

"Renter protection" has been a hot topic, but are these policies even legal? In July 2020, the city council in St. Paul, Minnesota, passed similar laws, which a federal judge overturned in April. This seems a predictable outcome for the recent legislation passed by the Seattle City Council, despite receiving legal advice that the bills were unlikely to withstand legal challenge.

The byproduct of all this policy is that mom-and-pop **housing** providers have been largely cast aside. They cannot absorb the risk or lost rental income. In my 10-plus years representing them, I have seen time again how tenant relationships are developed and valued. I have seen how our clients provide vital rental-**housing** options. I have seen them cover utilities and waive rents for struggling tenants. Renters ultimately lose when corporations and government **housing** replace these mom-and-pop providers. **Housing** stability is a high priority, and believe me, tenant turnover can often be a tedious and expensive process that we'd just as soon avoid. These owners are small-business operators — don't drive them away. Once they sell, it's a virtual guarantee the home will never be offered as a rental again.

How does all this affect you? Do you aspire to grow your household someday and move into a larger residence? If you rent a house in the Seattle area, what would you do if it were sold in the coming year? Are there suitable options available in your neighborhood at a comparable price?

Have you applied for rental **housing** recently, only to find that the market is competitive, and you lost out? Election season is coming up — where does your candidate stand on a **housing**-stability policy that works for you, now and in the future?

There are renters who need help and ways to help them, like financial assistance. The help should be targeted toward those in need, not a broad stroke that negatively impacts the majority of **housing** providers and renters alike. There are also ways to preserve and expand future supply through zoning, rather than penalizing current supply.

Thomas' study concludes that 1.8% of the adult population in Washington state has experienced eviction. When coupled with a 2019 King County Bar Association study, we can surmise that many were evicted from government **housing** and/or low-income corporate apartments. Does this warrant the crippling of our region's single-family rental **housing** supply?

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