



July 9, 2020

Greetings,

We appreciate the opportunity to comment on the Commerce Department's proposed rental assistance program that will use funds from the CARES Act. This program is exactly the right approach to preventing housing instability created by COVID-19 response at the state and local level. From the very beginning, we've said that COVID-19 housing impacts were and continue to be on household income, not eviction.

Quantifying the Need

Seattle For Growth contracted with Commercial Analytics (CA) who surveyed nearly 22,000 units across King, Snohomish, Kitsap, and Pierce Counties (and King County submarkets, Seattle, Eastside, and Southend) to determine how many units had not paid their full rent amount as of May 15, 2020 due to the COVID-19 crisis.

The survey methods included collecting data directly from management companies, phone survey, and online survey. There were 866 units that had not paid, or not yet fully paid, as of that date. The survey counted only units that would correlate to a property, a unit type, and a rent amount. Then, the number of no or late-payment units were divided by the number of units surveyed to determine a possible non-payment factor. **Please note that the survey included non-payment regardless of income or unit price.**

Next, CA multiplied this Non-Payment Factor by the total apartment inventory of market-rate apartments in each submarket to determine the number of units possibly impacted. We relied on our own dataset to conclude market size by apartment unit. To determine a possible financial impact we relied on our March 2020 Rent and Vacancy survey average rent amount and multiplied that by the possible number of units impacted.

According to this model, nearly 8,000 units' ability to pay rent (7,992), were likely affected in May 2020, representing \$14,624,649.

May 2020 Non- or Partial-Payment Impact Study							
	Surveyed Units	Unpaid	Non-Payment Factor	Total Apartment Inventory	Average Rent	Possible Units Affected	Total Amount
King County - Eastside	3,073	100	1.9%	55,372	\$2,228	1,052	\$2,344,008
King County - Seattle	3,655	237	2.5%	109,479	\$2,162	2,737	\$5,917,340
King County - Southend	4,358	205	2.9%	51,312	\$1,590	1,488	\$2,365,996
Kitsap County	673	28	1.9%	9,754	\$1,404	185	\$260,198
Pierce County	8,448	251	3.3%	42,232	\$1,417	1,394	\$1,974,811
Snohomish County	1,787	45	3.0%	37,873	\$1,551	1,136	\$1,762,297
Grand Total	21,994	866	3.9%	306,022	\$1,858	7,992	\$14,624,649

 **COMMERCIAL ANALYTICS** As of July 7, 2020.

For questions about this research, please contact Judah Travis, Executive Director - Research & Analytics, at judah@commercial-analytics.com



SEATTLE FOR GROWTH

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It is worth noting that the vast majority of resident and housing provider relationships are in tact. In spite of efforts to persuade them to make an ideological point with a “rent strike” and apparent forbearance from local and state government through eviction bans, people fulfilled their obligations. The vast majority that did not pay faced real hardships and housing providers worked with those residents through the difficult time. Still, for housing providers serving residents who earn less money or in hard hit industries, the non-payment has had a more significant impact.

Comments on the Proposed Program

- **Efficiency is compassionate** – Seattle For Growth has long supported using resources otherwise programed for expensive construction projects to be used to help pay rent for cost burdened households. In general, the proposal is aiming at the goal, offering direct relief for households impacted by COVID-19 response, but our concern is that as it is currently organized, it will require more effort and more time to generate the desired outcome. **In general, we think the money should skip any third parties and go directly to distressed households and housing providers.**
- **Set No Income limits** – While we agree with the intent of, “targeting limited resources to those with the greatest needs while working to distribute funds equitably,” we don’t think income limits will facilitate that. There are many households that earn upwards of 60 percent of Area Median Income (AMI) who suffered serious income loss and now face substantial burdens in unpaid rent. **Every dollar of unpaid rent should be considered equally harmful to the overall economy.**
- **Organizational grants** – A grant process to distribute these needed funds will bog the relief down in process and create costs that will consume the funds with overhead rather than paying rent. We urge the Commerce Department to design the program so residents and housing providers can apply directly to the department with simple proof of hardship, including a layoff notice and a rent receipt or rent roll. **Please allow housing providers to seek this relief on behalf of their residents.**
- **Full payment** – The impacts of COVID-19 have been felt widely, and because the need is manageable, we would ask that there be no distribution based on income or Fair Market Rent standards. As we pointed out above, a dollar or unpaid rent has the same effect on the housing economy for residents and providers: unpaid debt, credit damage, inability to pay property taxes and vendors etc. **The program should pay all unpaid rent across the entire housing economy to reduce the risk of future investment in housing creation and do this without strings attached.**



- **Pay rent for future and ongoing COVID-19 impacts** – We strongly support the idea that this program should “prevent evictions by paying past due *and future rent.*” Eviction bans are a terrible idea, giving many people and households a rational basis to withhold their rent; a program that is easy to access and provides quick rent payments will reduce the need for local governments and the state to make legal evictions impossible. **Providing for future COVID-19 impacts on income means less stress and impact on residents worried about next months rent and will reduce risk and allow housing providers to remain financially sound.**
- **Please consider changes** – If the Commerce Department resolves to keep the general structure of this program, we would request that you create a \$20 million set aside to parallel this program. This parallel program would,
 - Allow direct application for relief by residents and providers or would allow joint applications;
 - Eliminate any income requirements and distribute relief based on demonstrated COVID-19 impacts and unpaid rent;
 - Pay all rent owed minus late fees or penalties with no collection action taken on paid amounts;
 - Make full payments within 7 days of approval of assistance; and
 - Include rigorous evaluation to compare the efficiency of both programs and their impact on reducing unpaid rent.

Finally, it is important to emphasize that even a small overall non-payment rate can dramatically impact people who manage and own rental property. A effective doubling of a 4 percent vacancy rate, for example, month over month, can affect loan coverage and solvency. Addressing unpaid rent now will ensure many housing providers can continue to serve their customers.

Again, thank you for this opportunity and we trust that our concerns and ideas will be taken seriously. I am always available to discuss further and Judah Travis from Commercial Analytics can address survey issues as well. We look forward to refining this important program. **We hope that the guiding principle will be to make residents and housing providers whole quickly with as little process as possible.**

Sincerely,

Roger Valdez
Director
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