



City of Seattle

Mayor Jenny A. Durkan

October 8, 2021

Monica Martinez Simmons
Seattle City Clerk
600 4th Avenue, 3rd Floor
Seattle, WA 98104

Dear Ms. Martinez Simmons:

Seattle is increasingly becoming a city where a majority of residents are renters. Ownership is out of the reach for most workers, and rental rates have also increased significantly. We need to do two things: preserve existing affordable housing and build significantly more affordable housing. This is why throughout my time as Mayor I have prioritized addressing our affordable housing crisis. Over four years, we have announced nearly \$2 billion to build and retain 6,600 new affordable homes.

At the outset of the pandemic, I was one of the first elected officials in the nation to recognize the catastrophic impacts the pandemic could have on housing security and implemented an eviction moratorium to prevent displaced workers and families from losing their homes. Since that time, I have extended the eviction moratorium six times, and most recently, I extended the moratorium until January 15, 2022, which removes any immediate jeopardy for tenants. Council has passed a number of pieces of legislation to regulate rental terms, including Ordinance 126075, which I signed and provides a defense to evictions for COVID-19 related financial reasons for at least six months after the termination of the formal residential eviction moratorium, which functionally provides tenants protection against eviction until at least July 2022.

To assist tenants and landlords from accumulating debt, Seattle is using federal funds to provide a nearly \$50 million in rental relief. King County estimates it will distribute \$300 million in additional rental relief, much of which has yet to be disbursed. Hopefully that money can get to property owners quickly, so tenants can erase debts and property owners are not left shouldering the economic loss.

Taking steps to keep people in their homes during this pandemic, and not adding to the homelessness crisis, is the right thing to do. It is better for the health and safety of not just stressed families and workers unable to make rent, but of the city as a whole. But in taking these steps, we as a city have placed a burden for these policies on rental property owners without providing enough relief. Many of these owners are small business themselves, and for many, the rental properties represent their life investments or are needed for their own income.

A large portion of these small unit properties are in the hands of small landlords, not large corporations. In fact, the majority of Seattle's rental properties are small-scale operations as data from the RRIO database demonstrates - about 20,000 of Seattle's 30,000 registered properties are single-unit properties with 25,000 of the 30,000 properties less than 4 units. Small owners themselves are facing the economic uncertainties of COVID-19 and the ever-rising costs in Seattle. For example, property taxes increased by 17% in 2020 over 2019 due to school levy increases.

Council Bill 120173 requires landlords – **not the City** - to pay essentially three months rent to the tenant as relocation fees should the owner raise rent by 10% or more, and the tenant determines they cannot afford the increase. This is regardless of whether the property owner faces increased costs, including property taxes. The average/median rent for a one-bedroom apartment in Seattle is \$1740; thus, payments required by this law will often exceed \$5,000.

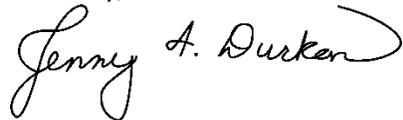
Imposing this ordinance with no carve out for our small-scale property owners will compound the hardships they have been experiencing. It also could reduce the number of affordable rental units as many property owners just will be unable to absorb these losses and many will sell the properties for owner occupied housing (which is also in high demand). Council could and should have used this period, when there is no risk of eviction, to assist small property owners and preserve the availability of important affordable housing. Instead, it chose to layer on more economic hardship.

There are also valid concerns that requiring six months notice for certain rent increases while at the same time setting the 10% threshold for relocation payments create an incentive to include in any lease notice of automatic rent increases of up to 9.99% (thus driving up rents).

Understanding the impacts of these bills on small landlords, I am returning unsigned Council Bills 119585 and 120173 and hope Council will reconsider the impacts on the smallest owners and pass a new law that does not unfairly and maybe illegally burden those owners. I would support such a bill. I will direct SDCI and OPCD to evaluate the impacts associated with both laws on rental rates and the loss of available rental properties in Seattle, including the gain or loss of units to other purposes.

In addition, these laws will cost in excess of \$1 million dollars just to create the software program and staff this program in the first year. This does not include costs of defending any legal challenges. That money would be better spent on rent relief, or affordable housing construction.

Sincerely,

A handwritten signature in black ink that reads "Jenny A. Durkan". The signature is written in a cursive, flowing style.

Jenny A. Durkan
Mayor of Seattle