



SEATTLE CITY COUNCIL | DISTRICT 3

COUNCILMEMBER KSHAMA SAWANT

Why Seattle Needs Rent Control Frequently Asked Questions May 2021

The unaffordable cost of housing in Seattle has been a disaster for working-class families. Half of Seattle residents are now renters. Rapid rent increases continue to drive tens of thousands of working people from their homes, neighborhoods, the City, and even into homelessness. The housing unaffordability crisis falls especially hard on Seattle's Black community and other communities of color. As rents rise, thousands more become homeless every year. This must end.

*In 2019 Oregon, community members passed a statewide rent control law, and New York renters organized to expand rent control statewide, while also successfully closing major loopholes in existing rent control policies. **In Seattle, we need to build a fighting movement to win citywide rent control without corporate loopholes.***

Seattle's rental crisis is bad, and getting worse.

Even before COVID, Seattle's rental crisis was bad:

- [More than half of minimum wage workers say they have to work more than one job to make ends meet.](#)
- [Nearly 3 in 4 workers say they are in debt today - more than half think they will always be.](#)
- [Nearly 3 in 5 renters could not come up with \\$400 in an emergency.](#)

Locally, before COVID:

- [46 percent of Seattle renters were officially "rent burdened," paying more than 30 percent of their income in rent,](#) and more than one out of every five renters was "severely rent burdened," paying more than half of the income in monthly rent.

- [More than half of Seattle renters hit with eviction notices owed one month's rent or less.](#)
- [Nearly 9 out of every 10 tenants who are evicted wind up homeless.](#)
- [Evictions fall disproportionately on women and people of color.](#)

While rents dropped temporarily in 2020 due to the pandemic and the capitalist recession (which of course fell hardest on low- and moderate-income households), Seattle faces an affordable housing and homelessness crisis as rising rents have forced thousands of Seattle renters out of their homes, neighborhoods, and the city.

Between 2010 and 2018 average rent in the Seattle area rose three and one-half times the rate of inflation! [Rents rose 69%](#) while inflation in the Seattle area rose only 20.3%.

Largely due to high rents, [Seattle is the 5th most expensive US city to live in.](#)

The soaring cost of housing is destroying the social fabric of communities through gentrification, driving working people away from their friends and family, faith communities, small businesses, and neighborhoods, as exemplified by the fact that [the number of Black residents in Seattle's Central District has plunged from 70 percent in the 1970s to under 20 percent today.](#)

As Seattle emerges from the COVID health crisis, big landlords are wasting no time in resuming hefty rent hikes.

As Seattle residents begin to recover from the pandemic and recession, they are experiencing landlords once again raising rates well above the rate of inflation. The industry analysis firm ApartmentList.Com found that [Seattle rents increased an astounding 3.5% just between March and April 2021, the fifth largest month-over-month increase among the nation's 100 largest cities](#), and that this upward trend is expected to continue, as “the days of plummeting rents in pricey coastal markets are officially behind us.”

The [data also show that between January and April 2021, rents across the board in Seattle for apartments of all sizes increased by 9 percent](#), an annualized rate of more than 40 percent, putting rents on track to more than rebound in a very few months from the temporary 2020 drop, and to continue soaring at pre-pandemic crisis levels.

Real estate investors and corporate landlords are making big profits in Seattle.

The real estate investment consulting firm Mashvisor notes for the landlords in 2021, [“Seattle real estate investors are continuing to enjoy a good return on investment on](#)

[rental properties. . . .Although affordability continues to be an issue for local residents, it does have a positive aspect for Seattle real estate investors. Owning a rental property in Seattle does mean high demand which translates into good occupancy rates and cash flow.”](#)

Major area landlords made big profits - even through the worst months of the pandemic. Essex Property Management, a West Coast company with nearly 12,000 apartments in the Seattle area, and which is one of the most-evicting landlords in Seattle/King County, reported [staggering profits of \\$473 million](#) for the first nine months of 2020. Equity Apartments, which controls more than 9,400 apartments in the Seattle area and nearly 79,000 nationwide, reported [nearly \\$700 million in profits](#) during the same period.

Dominated by corporate landlords, the for-profit market is failing working people and our communities, simply because the goal of big landlords is to make profits by exploiting working-class renters, not provide quality, affordable housing to all.

The private, for-profit market has failed working people, and public investments have been woefully inadequate.

In January, the McKinsey & Company consulting group reported that the region needs 37,000 new homes and additional services, costing [“between \\$450 million and \\$1.1 billion each year for the next ten years” to properly address the homelessness crisis.](#)

The private housing market has failed, and will continue to fail, to meet these basic human needs:

- [Nearly 92 percent of the 31,000 new market-rate apartments that opened in Seattle between 2010 and 2017 were luxury units.](#)
- The profit-seeking private sector has wiped out affordable housing. [In the last decade King County has lost 112,000 affordable homes as landlords increased rents far beyond income growth, and developers demolished affordable homes to make way for more expensive ones.](#)

Publicly-funded affordable housing investments are providing only a tiny fraction of what people need:

- Every affordable housing opportunity that opens up has 10-20 people seeking to fill it. In 2017, nearly [2,100 households applied to a lottery for 108 affordable apartments](#) in a new South Seattle building. In January, [850 people applied to live in a new 74-unit affordable housing building opening at 23rd and Jackson.](#)

- Federal housing vouchers (Section 8) are almost impossible to obtain. The [Seattle Housing Authority reports that it will be “several years” before it can offer any more housing choice vouchers.](#)
- [Waitlists for apartments run by the Seattle Housing Authority start at 2 years and can stretch out as long as 8 or 9 years.](#)
- The Seattle Housing Levy represents a step forward, yet at [\\$41 million/year in housing investments – just over 300 new homes per year](#) - represents a tiny fraction of what is needed.

Housing is a human right, and Seattle urgently needs a bold public policy to massively expand social housing (publicly-owned or controlled housing), where rents are permanently affordable, stable, predictable, and fair.

We need a bold and comprehensive approach to match the scale of the problem, a policy program that puts people over profit. That is why our movement is calling for rent control in Seattle.

In addition, we need to increase the Amazon Tax that our movement won last year, to fund a massive expansion of social housing (publicly-owned, permanently-affordable homes) and to fully fund homeless services. We will fight for these urgently needed priorities as we continue our ongoing fight for a full renters’ bill of rights.

Below are responses to some frequently asked questions regarding rent control, why we need to fight for it, and what other policies are needed to make housing in Seattle affordable for all.

Isn’t it all simply about supply and demand? Won’t rents come down just by building more units?

The trickle-down mythology says we need only rely on the so-called “free market,” in other words, the for-profit market. Let financial speculators and corporate developers determine new construction, let the supply of market-rate rental apartments increase, and at some point rents will come down and create housing affordability.

The reality? The massive pre-pandemic construction boom went hand in hand with skyrocketing rents, an unprecedented affordability crisis and homelessness, and a 10 percent vacancy rate.

Why fight for rent control, when we know the landlord lobby and big business oppose it? Isn't it more effective to bring the corporate real estate lobby, developers, and big banks to the table in a friendly discussion and urge them to bring rents down?

Tenant rights and protections are determined by the relative balance of political power between renters and the corporate landlords. Much the same way that wages (like the \$15/hour minimum wage) and working conditions are a reflection of how much power workers have, including whether or not they have a union, and whether or not they have the organization level and confidence to go on strike if necessary.

In the absence of substantial tenant protections like rent regulation, rents tend to not only increase in a high-demand market, but increase dramatically. This is the price gouging of renters that we are seeing in 2021.

When does this price gouging occur? When corporate developers and landlords can get away with it. This opportunity to jack up rents means that tenants residing in affordable units experience massive rent increases, which lead to economic evictions. After tenants are driven out, the previously affordable units are renovated, sometimes even minimally, and then rented for two or three times the original rents.

Sightline [explains this from the profiteer's standpoint](#): *“The rule is simple: the rent pays for everything [interest to the banks and lenders, land, construction, operations expenses]. Investors and lenders won't put money [unless they get a sizable profit rate, like at least 5.8%]. It follows that the rent [is total] cost multiplied by 5.8 percent.”*

Sightline goes on to point out that **if real estate investors were willing to accept a lower profit margin, like 2 percent, rents could be cut in half!** And they are forced to admit that affordability is not going to come from profit-driven investors: *“Are there people or institutions with billions of dollars to invest who are willing to accept dramatically lower returns? It seems unlikely.”*

As long as housing is a commodity for making eye-popping profits for the capitalists, the housing crisis will never be solved, and will be exacerbated.

Why rent control and what does it mean?

Price gouging is not inevitable. It happens in the absence of a movement that can win real protections for tenants in the form of regulation on rent increases, just like worker exploitation happens in the absence of a legally-mandated minimum wage, sick leave, or workplace protections. That's where rent control comes in.

By rent control, we mean limiting rent increases according to inflation.

Unlike other components of an affordable housing plan, rent control, when broadly applied, can have an immediate impact on the housing market. Berlin, Germany introduced its own version of rent control in 2015, and within one month [the law was already bringing down costs](#).

But rent control was banned by the Washington State Legislature. We can't win rent control anyway, so why even discuss it?

In response to grassroots organizing on rent control in the 1970s, the real estate lobby, helped by both the Democratic and Republican parties, succeeded in passing a statewide ban on rent control in 1981, which stopped cities like Seattle from carrying out rent control.

“No city or town of any class may enact, maintain, or enforce ordinances or other provisions which regulate the amount of rent to be charged” - RCW 32.21.830

The Democratic Party currently has a significant majority in both the State House and Senate, along with the Governor's mansion. Yet, in spite of the stunning housing crisis in Washington and growing national debate on rent control, they did not even discuss lifting the ban on rent control this legislative session. There is nothing blocking the state government from lifting that ban today, except their close ties to real estate interests.

We cannot wait forever for politicians in Olympia to act, while Seattle's Democratic establishment conveniently keeps passing the buck by pointing to the state ban. Building a fighting movement to win rent control in Seattle - effective the moment the state ban is repealed - will put immense pressure on Olympia to finally repeal the ban. Winning an ordinance in Seattle will also clarify what our movement means by “rent control.” But to win we will need to build a serious, fighting movement.

Real estate interests have always viciously opposed rent control. We know from the outset that this will be a big fight!

Won't developers stop building new housing if there is rent control?

No. The claim that rent control reduces the quality and quantity of available housing is a myth perpetuated by the real estate lobby.

New York City's "[two largest building booms took place](#) during times of strict rent controls: the 1920s and the post-war period between 1947 and 1965." More recently, [UC Berkeley researchers have found](#) that "the six cities that had rent control in the Bay Area actually produced more housing units per capita than cities without rent control."

In addition to rent control, our movement also needs to fight for social housing, which would mean annual construction of new publicly-owned, affordable homes, and also public-sector, unionized, living-wage construction and maintenance jobs.

Hasn't rent control caused rents to skyrocket in San Francisco?

Contrary to corporate lies, rent control in San Francisco - or any other city that has had it - has been a veritable lifeline for the many tenants who would have been completely priced out of the city.

The problem facing rent-regulated cities in California is not rent control, but the [destructive statewide Costa-Hawkins Act of 1995](#), named after Democratic Senator Jim Costa and Republican Assemblymember Phil Hawkins, which introduced insidious corporate loopholes and strangled California cities from passing strong rent control laws.

One of the most insidious corporate loopholes introduced by Costa-Hawkins is known as "**vacancy decontrol**." Vacancy decontrol allows landlords to raise rents by unlimited amounts every time a current resident of a rental home moves. This deeply undermines rent control and incentivizes evictions. When rent control is not broadly and consistently applied, corporate landlords exploit loopholes and rental prices overall cannot be kept affordable.

The example of Boston illustrates the vital protection rent controls provide. When Boston's rent control laws were eliminated in 1997, [apartment rates doubled](#) within months.

These examples all show why we need a Seattle rent control law that contains no loopholes, exemptions, or exceptions that allow landlords to weaken the intent of the legislation, which is to provide housing affordability to all.

Wouldn't rent control lower the quality of available housing?

No. Slumlords thrive under capitalism when tenants have limited protections. **The only way to eliminate slumlords and badly-maintained housing units is for renters to empower ourselves through getting organized into a movement, and fighting for bold affordable housing solutions: rent control, social housing funded by taxing big business, a full Tenants' Bill of Rights, and strong enforcement.**

In areas where the vacancy decontrol loophole prevails, landlords might allow housing to fall into disrepair to encourage tenants to move out. So, we need to build a movement strong enough to **win rent control without corporate loopholes**. Slumlords are not a product of rent control, but of low social and political power of renters and working people versus real estate conglomerates and the super-wealthy.

Isn't rent control an outdated concept?

No. Oregon passed a rent control law in 2019! In August 2015, new rent controls [went into effect in Berlin](#), Germany, and rent control was passed in Richmond, California.

In addition, a 2009 400-page [study of the Los Angeles Rent Stabilization Ordinance](#) from the California State University concluded that the law, which covers two-thirds of all rental properties, must be retained.

How can we win rent control?

Winning any of the renters' rights victories, not to mention citywide rent control without corporate loopholes, will require a powerful, fighting movement to defeat the vicious pushback from the corporate real estate lobby. Our movement will also have to overcome the reluctance of some NGO leaders who incorrectly put their faith in insider negotiations with City Hall Democrats. Our movement and our Council office has a tremendous track record of winning victories for working people, including the \$15/hour minimum wage, the Amazon Tax, and a number of renters' rights, such as the

move-in fee cap and payment plan, banning rent increases in rental homes with housing code violations, a ban on winter evictions, and for every renter facing eviction to have the right to a lawyer. None of these victories would have been won without a fighting strategy of working people and renters getting organized and empowered alongside our office. We will need similar determined, mass actions to change the balance of power in favor of renters to win rent control.

Let us begin!