

## We Need You: Making an Investment in the Future of Housing

Greetings,
It has been a tough year. I wish that I could say things look brighter ahead but that simply isn't true.
Earlier this year I wrote a cautionary post at Forbes about the future of rental housing. At that time I warned that we faced a slow but steady take over of private rental housing by federal, state, and local government in the name of housing being a "right."

The Covid-19 crisis has sped up this take over. Instead of happening by the end of the decade, the take over is happening right now with endless eviction bans, rent freezes, and weak and inefficient housing relief measures.

You can help stop this by contributing to the Center for Housing Economics. There are millions of people like you in this country who work hard every day for your customers, to pay back your investors, and manage your projects to be sure to cover costs like utilities and taxes. Isn't it time to come together? Imagine if everyone gave to an effort simply to say, "Enough! Here's the truth about what I do."

Sincerely,


[^0]Director

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## "We always come out looking like the bad guys."

## THE CENTER FOR HOUSING ECONOMICS

Over the last 18 months we've heard these and other comments over and over again by property owners, developers, builders, and housing providers.

That's why Seattle For Growth has created the Center for Housing Economics. The Center is intended to be a clearing house for accurate information about the economics of the housing market, the practical financial realities that drive housing production and management, and a counter to disinformation and, let's face it, outright falsehoods about housing.

Housing providers don't make lots of money from late fees. And no, you don't go into the housing business to evict people. People who work managing housing aren't racist or greedy. Almost every real estate endeavor from building 500 apartment units to flipping a house are marginal in nature - sometimes they create a return, sometimes they don't.

We need your support to make this Center a reality, a functioning and effective organization that will be busy defending your business while you run it. You work hard every day, and you don't have time to pour over eviction data, or try to counter stories in the newspaper or online. The Center is here to do that work for you. Please take a look at this prospectus and make a contribution.


## MISSION

The Center for Housing Economics conducts research, communications, and creates projects and products that support an abundance of housing options for everyone.

## FOUNDED

The idea for the Center came out of efforts to respond to misleading and deceptive data about eviction. In 2019 the media and activists picked up on a book called Evicted, and numerous stories emerged at the national and local level that were just plain wrong. We decided to do something about it.

## PROPOSED ANNUAL BUDGET

The proposed budget for the Center is modest for the first year, just $\$ 350,000$. It is important to note that anti-rental housing activists have dozens of organizations with even more organizers and lawyers pushing for bad housing policy. Because the facts are on our side, we think this budget will give us a good start at fighting back.

## WHAT'S THE ROLE OF SEATTLE FOR GROWTH?

Seattle For Growth is the incubator for the Center. Seattle For Growth has a long track record of defending housing at the national, state, and local level. It is also a 501@4 organization that can act as a fiscal agent for the Center as it grows.

## PRINCIPLES

The free market isn't an ideological talking point; it's the basis of our economy and our way of life. The concept of people freely exchanging value for mutual benefit is under attack in the United States, especially in the housing sector. Seattle For Growth has strong principles we stand on and bring to every policy discussion about housing.

- Each human being has unique value, and benefits most from that value when able to exchange it with others in a mutually beneficial way;
- Free exchange of value allows people to meet their own needs with other people's strengths;
- Free exchange of value isn't just the essence of a free market but is the basis of civilization;
- Rules are just when they make value exchange more predictable;
- However, when rules limit production and interfere with value exchange, it leads to scarcity and higher prices;
- Rule generated inflation limits opportunity and innovation, and disproportionately consumes the savings and wages of the poor, and these rules are unjust and unfair;
- We should never subsidize rule generated inflation with exactions (fees, fines, taxes) that increases costs that get passed on to consumers; and
- We believe that compassion between people is best when it is direct and as efficient as possible.




## LEADERSHIP PROFILE

## Roger Valdez, Director

The Seattle Times has called Roger, "more brazen and erudite than others in his camp," something that agitates both opponents and allies. Roger has an almost 30 year history in local politics ranging back to his first job out of graduate school, managing a legislative campaign in Federal Way.

Since then Roger has managed campaigns for Seattle Mayor and City Council, worked for a State Senator, been a lobbyist for a statewide education organization, served as a community liaison and regional health officer for county public health departments, and served under Mayor Paul Schell as a Neighborhood Development manager. He also was a Democratic Candidate for the legislature himself in 2002. Roger is currently a contributor at Forbes and a visiting fellow at the Foundation for Equal Opportunity (FREOPP), a national free market think tank.

At a meeting of real estate investors in late 2019 Roger warned that the swarm of anti-housing provider legislation would eventually produce bans on eviction along with more limits on screening of tenants. He was right. Since 2013 Roger has always called it like he sees it gaining a national reputation for being a relentless supporter of people who make a living producing and operating housing in the United States.


Appealing legislation reducing development capacity in low-rise zones. The Seattle City Council proposed legislation to change density calculations to reduce the number of units possible in low-rise zones. The legislation would have had the effect of forcing bigger, more expensive units in low-rise zones. Seattle For Growth organized a legal challenge that, while unsuccessful, delayed implementation of the legislation that allowed hundreds of units to be entitled under earlier standards allowing more density.

Opposing Mandatory Inclusionary Zoning (MIZ), debating rent control. A few midrise and high-rise developers downtown signed a "Bargain" to buy out of more onerous requirements in other areas of the city. Seattle For Growth opposed this new proposal, pointing out those new requirements to build rent-restricted units would simply increase the costs and thus the price of all housing in Seattle. Seattle For Growth was the only organization to accept a televised debate on rent control with Councilmembers Kshama Sawant and Nick Licata.

Led Successful Legal Challenge Against "Abutting Lot" Legislation. Seattle For Growth was the only organization in the city to challenge a measure that would require full design review for projects that happened to be adjacent to unrelated developments. The law was passed by City Council and would have required a 4 or 6 unit project to count a 6 unit project next door toward the 8 unit threshold for design review. Had this proposal gone unchallenged, many projects would have failed, and those that went ahead would have been much more expensive for buyers.

Budget Proviso in State Budget to Study Housing Production Costs. Seattle For Growth worked in Olympia for passage of a budget item to allocate $\$ 500,000$ for a comprehensive study of housing production costs and a comparative analysis of non-profit and market rate housing. The purpose of this was to establish an objective analysis to begin working collaboratively across party lines and across the sector to reduce costs and bottlenecks in production.

Rent Control, Efficiency, Fairness, and Supply. Seattle For Growth successfully opposed rent control with other organizations, found legislative support for a comprehensive reform of state housing funding, and advocated with the City and the State to reduce onerous regulations that slow housing production and add to costs.

Rent Control, City Elections, MFTE, MHA Challenge, Impact Fees. Seattle For Growth opposed efforts to repeal the state's preemption of local rent control legislation and we have challenged arbitrary limits on MFTE rent increases, citywide imposition of Mandatory Housing Affordability (MHA), and impact fees. We've also raised the issue of long permitting times and additional costs created by rules, fees, regulations, and utility costs.

COVID-19 Eviction Bans and Attacks on Private Rental Housing. Seattle For Growth was first to oppose COVID-19 related eviction bans and propose, instead, broad and direct income support for residents who lost jobs. Seattle For Growth has been advocating at the federal, state, and local level for sensible relief for hard hit families to pay rent and against ill advised and damaging eviction bans


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Solid research and data－Every day inaccurate and unhelpful statements，comments，and headlines make the housing discussion more confusing．We respond with accurate data and reports．

Leading edge proposals for more housing－There are good ideas for increasing housing production and making life better for consumers but don＇t raise prices．We will research and share those．

Changing the narrative－Why do people believe what they do about housing？We need to ask them and learn what would shift their thinking away from worrying about scarcity and toward supporting more housing abundance．

## Commercial Property is Critical for Communities

The future of development is sustainable, mixed use, walkable communities, and hub neighborhoods that support thriving businesses and residents together. The Covid-19 pandemic has accelerated working from home, but people still need to shop, gather, be entertained, and support their local arts community. As we look towards recovery it's important to understand and prepare for how commercial real estate will emerge from the pandemic.

The Center for Housing Economics is working on fielding a national survey to measure the impact of Covid-19 on commercial property, in particular the unpaid rent caused by lockdowns and business closures. A version of this survey has already been completed in Hawaii and provided vital information about how the pandemic is impacting businesses. Commercial property owners nurture, incubate, and help grow a diverse range of businesses. From small startups, to restaurants, to large scale manufacturing ventures, commercial property owners provide homes for all types of businesses.

Together, commercial property owners, multifamily housing providers, and those that do both are the future of our cities and communities. The Center for Housing Economics sees the connections and will advocate for policies and programs that support and enhance the success of commercial real estate as part of a vibrant housing market.


## "All day, every day."

## There are three things the Center for Housing Economics would be doing all day, everyday:

## Telling the truth about housing and correcting the public record;

Offering sensible and smart solutions that would help real people; and
Changing the norms and narratives about housing.

## TODAY

## Data

Produce original reports using the best data possible to support the principles. Effectively respond to use of data that undermines the principles in the public discussion and in the media. Get press coverage for our reports and our data and our stories.

## INTERMEDIATE TERM

## Policy

Produce and advocate for policies (legislation and regulations) that advance the principles; work to eliminate existing polices that don't. Using our data and our communications, defend against proposals that threaten our principles.

## LONGER TERM

## Outcome

Complicate the housing narrative so that when problems arise people don't look for villains to blame but demand solutions that efficiently expand housing opportunity, including fewer rules, more direct cash benefits, and efficient collaborative efforts for those in the greatest need.

## CASE STUDY: INDIANAPOLIS

Late in 2019 a breathless news report from Indiana carried the claim that, Indianapolis has "more evictions than Chicago and Los Angeles combined despite having only a third of Chicago's population,"

This is a typical pattern: an unsubstantiated and insupportable claim is made in the media, politicians declare a crisis, and then bad policy ensues. We went to Indianapolis to speak at a conference of real estate investors and presented the facts using simple math.

11,570 Evictions in Indianapolis (2016)

| Units (Eviction Lab) | 159,147 | $7.27 \%$ |
| :--- | :--- | :--- |
| Units (US Census) | 195,210 | $5.93 \%$ |

According to the Eviction Lab's own rankings, Indianapolis is 27th not 14th in evictions.

Even the eviction lab suggests (based on numbers from 4 years ago) that Indianapolis is 14th in evictions. A closer look using data from the United States Census shows that even if we accept their eviction numbers, Indianapolis is 27th.

## CENTER FOR HOUSING ECONOMICS



Why are policy makers being goaded into imposing harmful measures based on numbers from 4 years ago that are doubtful at best and plain wrong at worst? Because there's nobody to respond quickly and forcefully-

## Prediction For 2030: A Government Take Over Of Rental Housing

Roger Valdez Contributor ©<br>Policy<br>Roger Valdez is Director of Seattle For Growth.

"This is where we're heading as a country, a government housing system driven by resentment, entitlement, and political power instead of abundance, opportunity, risk, and reward. Would a system like this make life better for people who need housing? How do we stop this from happening?"

## WHAT ISSUES ARE AHEAD?

## There are going to be three key issues in 2021.

## - Ongoing eviction bans

Making an investment today for 2021 means keeping a strong voice on ending eviction bans as soon as possible and creating a fast and efficient string-free program to pay unpaid rent from COVID-19 and pay future lost rent from further COVID-19 impacts.

## Rent control efforts

The demand by some to impose price controls on housing has only gotten louder because of COVID-19 and, in fact, rent control by executive fiat is already here because of the epidemic. Mayors and Governors have acted to limit increases. Price controls on housing will only make matters worse for housing providers dealing with lost rent revenue and ongoing operating costs.

## More unhelpful and damaging regulation

Bans on credit checks, requirements to allow unscreened roommates on leases, expanded rental inspections, and other unhelpful interventions are already being proposed across the country. Next year will only see more of the same as anti-eviction advocates use media momentum to make their case.

The Center for Housing Economics is here to be your voice and your hands in pushing back on all of these inevitable efforts to make matters worse in our city, region, and country. Investing now is an investment in your future and in turning the tide.

## But what about ?

## Can't we end eviction bans with legal challenges?

There have been numerous legal challenges against COVID-19 legal challenges and none of them have been successful. Keep in mind, legal challenges are expensive, take a long time, and often have uncertain results. Too many times the results, when positive bring very narrow and temporary benefit. Worse, legal challenges only confirm the worst views of housing providers: they're greedy and want to evict their tenants.

## What do my contributions pay for?

When you support the Center for Housing Economics you get an unyielding voice and advocate with decades of experience working in and with government. You get honesty and an accurate picture of the possible options for your issues with government or with government in general. We're here to talk to regulators and the press so you don't have to.

## Is Roger a lobbyist?

Roger is not a lobbyist, he is an advocate; the Center for Housing Economics works to change the underlying reasons for problems in the housing sector. There are many good lobbyists and lawyers, and we work with many of them to make change. The Center doesn't just work for one housing provider but for the idea that financing, building, and operating rental housing is a good thing for the community. We work toward big changes not regulatory arbitrage.

# What should you do to support the Center for Housing Economics? 

CENTER FOR HOUSING ECONOMICS

## MAKE A CONTRIBUTION TODAY!

## The Center for Housing Economics advocates for small and large housing providers on a national basis.

In order to do our work and keep our doors open, we rely on contributions from housing providers like you. If you are a small housing provider, we ask you to consider a one-time-donation of $\$ 100-\$ 1000$. If you are a larger housing provider ( $100+$ units of rental housing), we ask that you consider a significant contribution of $\$ 10$ per door. And in every case, ask us about monthly or quarterly installments for your contributions.

## Invite us to speak

In today's world, travel isn't a problem. Roger Valdez is available to speak to your group about the latest policy trends and the importance of making a contribution to this effort.

## You can give online here

https://secure.anedot.com/seattleforgrowth/center for housing economics


Why do people believe what they do about housing?

We need to ask them and learn what would shift their thinking away from worrying about scarcity and toward supporting more housing abundance.

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## DONATE





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