"Mom-and-pop" Landlords and Regulatory Backlash

Presentation to the Washington State Senate Housing Committee
January 17, 2024

Anna Reosti (American Bar Foundation)
Courtney Allen (University of Washington)
Chris Hess (Kennesaw State University)
Kyle Crowder (University of Washington)

Common rhetoric

- Landlord advocates in many cities claim that regulation of the rental market will force out "mom-and-pop" landlords who provide more affordable housing and make accommodations for vulnerable populations
- Regulations will *reduce* housing access and *increase* rents

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Use Seattle as a case study to interrogate key claims

- Do small landlords, relative to large landlords, have distinct policies and practices that increase access to affordable units?
- Are small landlords likely to be driven out of the market by new regulations?

Do small landlords, relative to large landlords, have distinct **policies and practices** that increase access to affordable units?

Data from the Seattle Rental Housing Study

- Multi-method data collection commissioned by City of Seattle in 2017
- Survey of ≈ 4,000 landlords
- Goal: assess characteristics and practices of Seattle landlords, reactions to recent ordinances (First-in-time, source of income, limits on move-in fees)
- Survey invitation sent to individuals in Seattle's Rental Registry and Inspection Ordinance registry (and encouraged by RHA and WMFHA)

Analysis

- Contrasted small landlords (owning or managing 1-4 units) with large landlords (5+ units)
- Control for average unit size, financial role of units (primary or supplemental income), region of city

Compared to large landlords, **small landlords** are slightly less likely to have:

- rents above fair market value
- raised rent in the recent past
- evicted a tenant

But **small landlords** are less likely to have rented to tenants:

- with incomes below $50k
- with criminal records, housing vouchers, or disability requests

No difference in likelihood of renting to tenants who don't meet standard **requirements**

Are small landlords likely to be driven out of the market by new regulations?

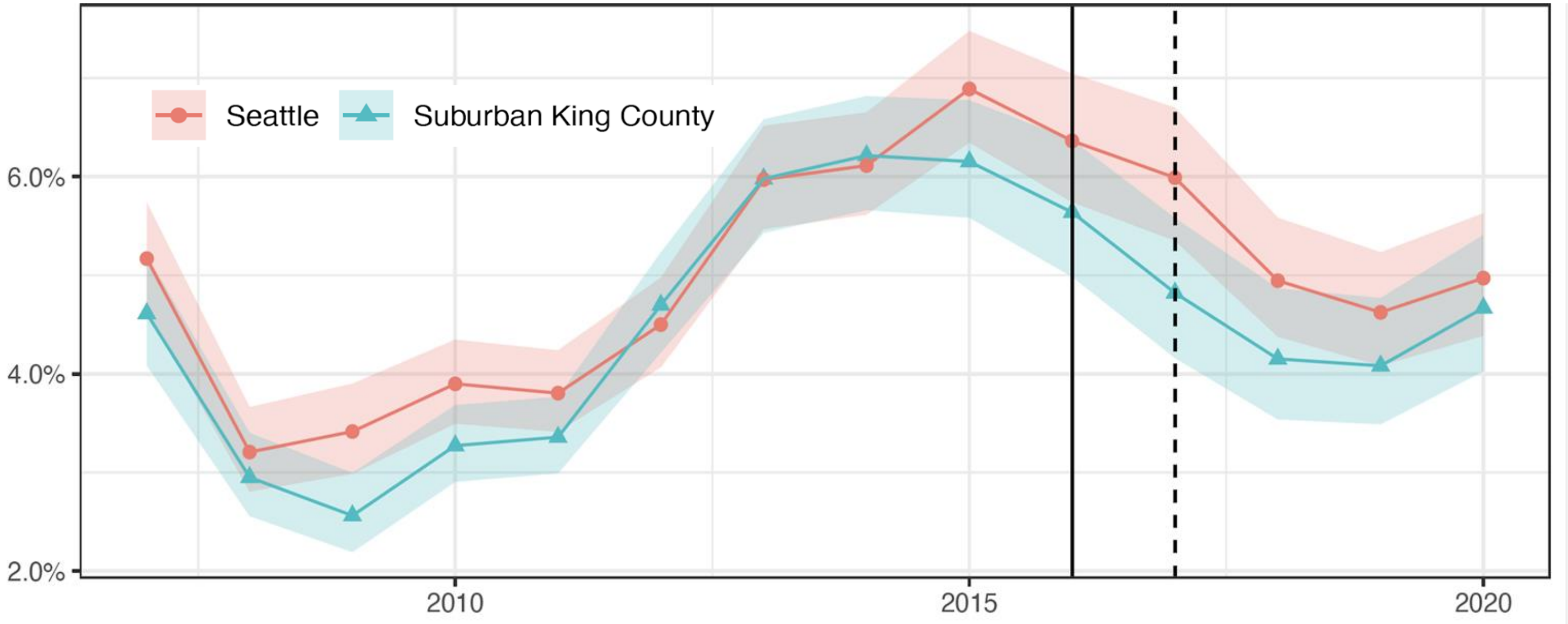
Parcel transaction data to identify **small rental units sold from one year to next**

- County parcel data to identify buildings with 1-4 units
- Aggregated credit-card data (from DataAxle) to identify units likely occupied by a renter

Analysis

- Difference-in-difference approach comparing sales of renter-occupied parcels to renter-occupied parcels in rest of King County (controlling for unit and NH characteristics)
- Did sales increase after page of ordinances (2016-17)?
- Did sale patterns differ from those outside of Seattle where ordinances did not apply?

Probability of sale of 1-4 unit buildings in Seattle and suburban King County, 2006-2020



Key Conclusions

Do small landlords, relative to large landlords, have distinct **policies and practices** that increase access to affordable units?

Weak evidence

Are small landlords likely to be driven out of the market by new regulations?

No evidence

Implications

- Important to scientifically **interrogate** the efficacy of arguments related to potential unintended consequences of policy measures to improve affordability and access.
- Fear of harming small landlords (who control a small and shrinking share of Seattle's rental market) likely not a compelling rationale for **opposing** policy measures.