



# Tenants Union of Washington State

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## Stepped Rent Increase Fact Sheet

**Background:** Housing is affordable when rent is no more than 30% of your income. The Seattle Housing Authority is proposing a major reform of the rent structure for all of its housing programs, including Section 8 Housing Choice Vouchers, Section 8 Project Based Contracts, and Public Housing. Called “Stepping Forward”, the proposal will decouple income from rent, so regardless of a tenant’s current income rent is increased over 5-6 years. The proposal applies to more than 7,000 “work-able” adults between 24 and 61 years old.

### Key Concerns

#### **Policy Relies on Post-Recession Job Market<sup>1</sup>:**

Step	Employment Levels Needed to Support Sample 2 and 3 Bedroom Unit Rents
<b>C: Years 4&amp;5</b>	Full Time at \$11-12/hr
<b>D: Years 6-?</b>	Full-Time at \$16-19/hr
<b>?:Years ?-?</b>	Up to Full-Time at \$22-26/hr

*Even with a fully implemented municipal \$15 dollar minimum wage this proposal will make public housing unaffordable for fulltime minimum wage workers.* There is a lack of fulltime high paying jobs in our post-recession economy; in one report from the National Employment Law Project it found that since the recession there are nearly 2 million fewer jobs in mid and higher wage industries while there are 1.85 million more jobs in lower wage industries. The largest growth is in lower paying service sector jobs that pay below what is affordable under the Stepping Forward proposal. It improbably assumes that all participants will eventually earn almost \$20 per hour.

**Work Support Programs Do Not Create High Wage Opportunities:** SHA has proposed partnerships with outside work support programs to secure high wage jobs for tenants – except they report that the highest wage achieved by tenants enrolled in these programs was at most \$15/hour. That means *in a best case scenario* tenants will become rent-burdened after the 5<sup>th</sup> year, assuming most people succeed at finding higher wage employment. The proposal does not take into account true barriers to higher employment, such as lack of child care, language barriers and education. Increasing a tenant’s rent burden means they will have to work longer hours and detract from their ability to seek better education for higher wage employment.

**Displacement and Eviction:** In many cases if tenants cannot raise their income by almost 50% they will be evicted or forced to move out of Seattle. If evicted, the tenant will have a permanent court record that will forever be a barrier to get back into housing. In many cases it will be private and non-profit landlords responsible for eviction, shifting the liability and cost burden on them to enforce the policy. The proposal describes a “hardship” exception; however having a low-wage job is not considered a hardship.

**Shifts Limited Resources to People with Higher Incomes:** There are many other work force housing programs; tax credits, Multi Family Tax Exemption program, etc. HUD subsidies are the **only** deep subsidy for our lowest income residents. Over time this program will “cream” tenants with the least barriers to employment, and evict or displace tenants with the most barriers, whether it is a language barrier, lack of childcare, or lack of formal education.

<sup>1</sup> Information provided from SHA’s Summer 2014 Stepping Forward proposal.

**Disparate Impact on Families, Women, and Immigrants & Refugees:** This policy will have a disparate impact on women, families and the immigrant and refugee community, forcing many to move outside the city. 70% of households live in 2 or 3 unit households, and 51% are single parent households. 25% of all impacted households are immigrants and refugees. For the immigrant and refugee community this will severely harm newcomers who rely on community networks and familial support to succeed in a new country. Women in Seattle earn 73 cents for every dollar paid to men in the area, a yearly wage gap of over \$16,000.

**Fair Housing Impact Assessment Never Conducted:** Every housing authority must comply with the Fair Housing Act and affirmatively further fair housing. That means that any policy must have a rigorous assessment to make sure it does not have a segregative effect or disparate impact on any protected class or specific community. SHA has conducted **no analysis** on what potential negative impacts may occur if this policy is implemented.

### Myths

**Lack of Resources Required this Change:** SHA has claimed current budget cuts have forced this change, except they have had positive assets every year as far back as 2007; with an increase of 27.7 million from 2012 to 2013. Housing Authorities across the country have been underfunded by Congress. SHA is no different; however it is the only agency to propose a system that fundamentally restructures its rent policy across all programs. The King County Housing Authority, which is the next largest housing authority after SHA, went through a similar analysis recently and arrived at different conclusions that did not abandon the basic definition of affordability by decoupling rent from income. SHA's proposal does not represent a shift in resources, but a shift in thinking on who deserves housing subsidies and who does not.

**Stepping Forward Will Serve More People:** SHA states this change is to address the more than 30,000 people on their waitlists. However this would only result in serving 600 more households who would then be in the same unstable position as the other 7,000 people who are having their rents raised. The intention of emptying a shelter bed is good, but not if it means another family is evicted who then seek the same shelter bed recently emptied. This is not a solution; it is a revolving door of poverty.

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