



APRIL 17, 2020

WRITTEN STATEMENT OF THE APARTMENT AND OFFICE BUILDING ASSOCIATION OF METROPOLITAN WASHINGTON FOR THE APRIL 21, 2020 PUBLIC HEARING ON EXPEDITED BILL 18-20, LANDLORD-TENANT RELATIONS - RENT STABILIZATION DURING EMERGENCIES

The Apartment and Office Building Association of Metropolitan Washington (AOBA) is a non-profit trade association representing more than 133,000 apartment units and over 23 million square feet of office space in suburban Maryland. Here, in the County, AOBA members own/manage over 60,000 of the [County's estimated 83,769 rental units](#) and 20,00,000 square feet of office space. *AOBA is pleased to submit this statement on B18-20.*

AOBA members are deeply committed to working with the many residents impacted by COVID-19 as we work together to get through this crisis. Already, our data shows that a significant percentage of residents across our Maryland member portfolio are unable to pay their rent, numbers we sadly expect to increase significantly beginning in May. Data from the National Multifamily Housing Council also demonstrates that housing providers are facing alarming numbers with regards to the number of tenants affected by this crisis. [Nearly a Third of U.S. Apartment Renters Didn't Pay April Rent.](#)

How are AOBA members responding to this crisis? Importantly, **Borger Management, Bozzuto, E&G Group, Equity Residential, Foulger-Pratt, Grady Management, Inc., Kay Management, Southern Management Corporation, and many more member companies** collectively representing a majority of the Montgomery County rental housing stock have already proactively and voluntarily committed to their residents that they are:

- **Suspending rent increases;**
- **Creating** payment plans for residents who are unable to pay their rent because of the outbreak and **waiving late fees** for those residents;

- **Suspending initiating eviction proceedings:** While we understand the state and courts have suspended evictions, housing providers are mindful of how filing an action could cause additional stress for the many residents and families who reside in our communities; and
- **Encouraging residents to contact their property manager if they are unable to pay rent or are in need of a payment plan.**

Together, we are also working to identify government resources to further assist those residents financially impacted by COVID-19. Most recently, after a request to the County Executive, AOBA received information on food sources for those residents in need. See [Montgomery Co. Food Council - Local Food System Resources](#) and [Montgomery County Food Council-Food Assistance Resource Map](#). Our ongoing partnership and communication with the County is critical to us working together to support our residents, communities and economy during these challenging times.

As noted in our April 1 letter, the ability of housing providers to collect and residents to pay rent remains *uncertain* for the indefinite *future*. Housing providers are struggling to keep their own employees and maintain and operate their communities while facing steep declines in rents, their primary source of income, for the foreseeable future. Housing providers' financial obligations include, for example, mortgage payments, rising utility costs (including from the spike in usage by residents), insurance expenses, and other operating costs all while also facing *new costs* associated with protecting their communities from COVID-19. While utilities will not disconnect service and are waiving late fees, customers, including AOBA members, must still pay their utility bills. Notably, as our residents stay at home in response to health directives, many properties are experiencing a staggering spike in water bills. Thankfully, WSSC has a payment plan that is available to residential and commercial customers and AOBA is encouraging water and sewer authorities in neighboring jurisdictions to also make such relief available to building owners.

Despite an uncertain future, we know than ever, we are one community and AOBA and its members will continue actively working with our public sector partners to get through this unprecedented crisis.

COMMENTS ON BILL 18-20

- **Relief from rent increases:** The bill reflects action by most housing providers to suspend rent increases to help ease the burden on our residents, your constituents, of the financial impact of this unprecedented crisis. AOBA recommends the following language which reflects our collective intent that this measure is in response to the Governor's March 5, 2020 state of emergency declaration in response to the COVID-19 public health

emergency. The measure both protects residents from rent increases and clarifies the effective date of any increase following expiration of the emergency.

- **AOBA Amendment – deferral of rent increases:** Any rent increases that would take effect beginning on May 1, 2020, and during the Emergency are deferred and will not take effect until the first (1st) day of the first (1st) calendar month following expiration of the Emergency.
- **AOBA amendment- Required landlord notice of deferral:** Landlords must notify tenants in writing of the deferral and the notice must include:
 - The amount of monthly rent immediately preceding the effective date of the proposed increase (old rent), the amount of monthly rent proposed immediately after the rent increase takes effect (new rent), and the percentage increase of monthly rent; and
 - The applicable rent increase guideline issued under Section 29-53; and
 - A statement regarding the deferral of the effective date of the rent increase which tracks the language of subparagraph (b).
- **DHCA Requirements:**
 - **Posting/Notification/Outreach Requirements:** In addition to posting information about the new requirements, DHCA must also: (1) provide notice to landlords and tenants; and (2) issue public announcements about the requirements.
 - **Outreach to small housing providers:** DHCA must also conduct a public outreach campaign to inform and assist small housing providers with: (1) the requirements of and compliance with this Section; and (2) identifying resources available from Federal, State and County agencies for businesses affected by the COVID-19 public health emergency. **Rationale:** Such outreach is necessary to provide information and resources to small housing providers which in turn benefits their residents and could help stabilize these communities during and after the current public health crisis.
- **Emergency rental assistance for families impacted by COVID-19:** Those residents impacted by COVID-19 need *immediate* rental assistance. **AOBA calls upon the County to significantly increase funding for emergency rental assistance.** AOBA understands that the Montgomery County Housing Partnership has called upon the County to authorize \$20 million for rental assistance. ***Boosting financial assistance to renter households enables individuals and families to overcome temporary financial challenges and help stabilize communities facing low rent collections.*** Rental housing communities play a critical role during this crisis as residents stay at home to slow the spread of COVID-19. Note, that AOBA and its members are actively advocating with our national associations, the National Apartment Association and National Multifamily Housing Council, ***for Congress to fund \$100 billion in direct rental assistance.***

- **AOBA Amendment:** Any freeze on rent increases must be accompanied by meaningful action to address the need for emergency rental assistance. The amendment will require the County Executive to report to the Council on:
 - The specific amount of funds authorized by the Covid-19 Economic Relief Act (Expedited Bill 16-20, Economic Development Fund - Public Health Emergency Grant Program - Established) and the accompanying special appropriations for the County’s Rental Assistance Program for tenants financially affected by the COVID-19 emergency; and
 - plans to further increase available funding for Rental Assistance Program and other financial emergency rental assistance for tenants financially affected by COVID-19.
- **Sunset:** AOBA recommends a 90-day sunset which could also allow the Council review if given health and economic conditions, whether an extension of the effective period is warranted. Similarly, we have seen the Governor extend the current state of emergency based on similar considerations.

ADDITONAL RELIEF

The enormity of the ongoing impact of the COVID-19 on both residents and housing providers requires substantial federal assistance. **AOBA asks you to join us in calling upon Congress to pass additional relief and stimulus legislation. Contact the Maryland congressional delegation and tell them to provide assistance to tenants and housing providers. Congress needs to:**

1. Create an emergency rental assistance program for those residents who are impacted by the COVID-19 crisis and struggle to cover housing expenses.
2. Allow more housing providers access to mortgage forbearance and ensure fairness and flexibility in its terms.
3. Expand the Small Business Administration’s Paycheck Protection Program to include all multifamily businesses. (See [Apartment Industry Urges SBA and Treasury to Amend Paycheck Protection Program to Enable Multifamily Participation](#))

BACKGROUND:

Emergency rental assistance: The Loudoun County Board of Supervisors has reallocated **\$200,000** from its Eastern Loudoun County Home Revitalization Program to form a rental assistance program to ensure housing stability for low-income workers who have been furloughed, become unemployed, or had work hours reduced due to COVID-19. Members with residential properties in Loudoun County are encouraged to refer struggling tenants to the County for assistance.

Tenants who are current in their rent payments as of March 30 may qualify. Assistance of up to

three months' rent is available to households earning up to 70% of the state median income (\$60,332 for a family of 4). Direct payments are made by the County to property management companies on behalf of residents who qualify for the program. Applicants will need to verify income eligibility, conduct a case assessment, verify rent need and job impacts related to COVID-19. Additionally, they will be asked to submit related documents, including a current lease and paperwork showing job loss or reduced income. Click [here](#) for more information on the County's rental assistance program for households impacted by COVID-19.

Mortgage and Financial Forbearance: Call for Congress to provide protection limited to owners with federally backed mortgages, such as those through the Federal Housing Administration (FHA), Fannie Mae and Freddie Mac to all types of mortgages. See [Joint Letter by NAA and NMHC with Phase 4 Requests for Relief](#) and [Real Estate Coalition Letter](#) also signed by our partners at the National Association of Realtors and National Association of Home Builders.

Transportation/child care assistance for employees still working especially essential personnel: With reduced transit options and closed schools, the many dedicated employees who continue working to help maintain and operate rental communities are facing their own challenges commuting to work and accessing and financing available quality child care. AOBA calls upon the County to create or expand existing programs that (1) help eligible working families impacted by COVID-19 pay for child care; and (2) provide transportation reimbursement to employers facing increased rideshare costs for the many employees still needed to work at apartment communities.

- **BEST PRACTICES:** On April 15, 2020 [Governor Ralph Northam announced](#) an additional \$70 million in Child Care and Development Block Grant (CCDBG) funding through the federal CARES Act to further support the provision of child care for essential personnel.