

'Canceling' rent doesn't solve a problem — it compounds economic pain | Opinion

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All of us are in this together. We're dealing with a life-threatening pandemic and an economic and unemployment crisis at the same time. But in the face of this financial insecurity, a chorus of voices have started to champion the notion that rent should be "canceled" — that those facing potential loss of income shouldn't have to pay rent for the next 90 days.

As a slogan, it shares the same revolutionary language as other policies like "cancel student debt." But there's a critical difference. While most proposals "cancel" student debt by having the federal government restructure and pay it off, local advocates are proposing to cancel rent and pay for it — with nothing.

A more accurate term for the policy would be a rent holiday. But it would be no holiday for those of us who will have to pay the expenses to make these homes clean, safe, and secure during this public health emergency.

Here's what life is really like for landlords right now.

On the one hand, the coronavirus pandemic has made the work of keeping the homes that so many rely on safe, secure, and clean even harder. Most of us have one or more employees who are working round-the-clock to clean common areas and surfaces to keep our residents healthy. It's harder than ever to procure cleaning supplies, and we're going through them much faster. Many more people are working from home, which has led to a surge in the use of electricity and heat, driving up utility bills. And who knows how many repairs we'll need to conduct to keep our buildings safe, clean, and functioning through this crisis.

On the other, the economic outlook is truly frightening. We're worried about our tenants — yes, you read that right, our tenants. Good tenants who are reliable, responsible, and not a nuisance to their neighbors are worth their weight in gold. Some of our members might have a single apartment building passed down through the family, and many have had the same tenants for years or even decades. Many of us are in discussions about payment plans or other flexible arrangements to help out and hold onto them. We know some of them live paycheck to paycheck, and others were out of work even before the coronavirus arrived.

At the same time, we're also worried about keeping what is in every sense of the word a small business open without taking on debt that we might never recover from.

Gov. Andrew Cuomo arranged for a grace period for some mortgages, but no one has

“canceled” our mortgages. Our utility bills are still due. Our employees still need to get paid, particularly at a time when they’re risking their health just by showing up to work. Our insurance still needs to get paid, all the more so in such a dangerous time. Westchester County just mailed out our property tax bills, and no one is “canceling” the highest property taxes in the nation, particularly while county and local governments are about to face their own loss of revenue.

Few of our members are large corporations, well positioned to absorb losses, shift our lines of business, or secure lines of credit or other means to weather this precarious economic time. If you cancel their income for three months, there’s only one place for his finances to go – deep into the red.

What do other small businesses do in rough economic times? They take out loans. But rent-stabilized multi-family buildings have already seen their loan markets begin to tighten in reaction to the passage of last year’s Housing Stability and Tenant Protection Act. It’s hard to imagine the current circumstance will make us seem like better investments for the commercial lenders.

We agree that those living paycheck to paycheck need help, and fast. Those who have lost their jobs or face the specter of prolonged unemployment will need help paying all of their bills, including their rent.

But the short-sighted calls to simply “cancel” rent don’t just ignore the basic arithmetic of the rental housing market. They risk compounding the economic damage and putting other jobs at risk.

Jeremiah Houlihan is the chair of the Apartment Owners Advisory Council, part of The Building & Realty Institute of Westchester.

<https://www.lohud.com/story/opinion/2020/04/01/canceling-ny-rent-doesnt-solve-problem-compounds-economic-pain/5104819002/>