

2022 Seattle City Council Statement of Legislative Intent

Council Budget Action: Agenda

Tab	Action	Option	Version
OH	004	A	002

Budget Action Title: Request that OH and SDCI report on the Notice of Intent to Sell policy and program development

Ongoing: Yes Has Attachment: No

Primary Sponsor: Teresa Mosqueda

Council Members: Lisa Herbold, Debora Juarez, Lorena González

Staff Analyst: Traci Ratzliff

Date		Total	LH	TM	KS	AP	DJ	DS	AL	BC	LG
	Yes	0									
	No	0									
	Abstain	0									
	Absent	0									

Statement of Legislative Intent:

This Statement of Legislative Intent (SLI) would request that the Office of Housing (OH) and the Seattle Department of Construction and Inspections (SDCI) work with community housing representatives and report to the Council on the City's Notice of Intent to Sell policy.

The City's Notice of Intent to Sell (NOIS) ordinance requires building owners with 2 or more units to notify tenants and the City about their intention to sell residential rental property if at least one unit is rented at 80% of Area Median Income (AMI) or below. The City disseminates this information to non-profit affordable housing providers who may wish to purchase the buildings. The ordinance establishes a timeline and process for interested tenants, tenant groups, or non-profit housing organizations to indicate interest and to submit proposed offers to purchase buildings. OH's existing Acquisition and Preservation program allows short term loans to be used to purchase buildings identified through the NOIS ordinance. However, owners are not currently required to accept such offers. There is also no right of first refusal provision in the current NOIS. At the time that the NOIS was last updated in 2019, constitutional law prevented the City from incorporating such a provision in the NOIS ordinance. In November 2019, the Washington State Supreme Court issued a ruling paving the way for the City to consider the imposition of a right of first refusal provision in the NOIS. In addition, the City's Housing Funding Policies were modified in 2019 to allow OH's Acquisition and Preservation program to provide short term loans to purchase buildings identified through Seattle's Notice of Intent to Sell ordinance. In August 2021, the City Auditor's report on NOIS implementation was released with recommendations including: strengthening enforcement, and providing technical assistance to tenants to support potential purchases of buildings. Based on these recent events, the City Council intends to update the NOIS ordinance after further policy and program development work (described below) is completed. This work is anticipated to be completed no later than April 29, 2022.

This Statement of Legislative Intent would request OH and SDCI to work with community housing representatives and the City Council to address the following key policy questions:

- Should enforcement of NOIS be modified? If so, how?
- Should a new, separate fund be created to support acquisitions of buildings or should additional flexibility

2022 Seattle City Council Statement of Legislative Intent

Council Budget Action: Agenda

Tab	Action	Option	Version
OH	004	A	002

be provided to allow the City's existing acquisition programs to facilitate such purchases?

- Is technical and capacity support needed for tenants or community organizations who purchase buildings to assist them in owning and operating buildings after purchase?
- Should a mandatory right of first offer and/or right of first refusal be imposed?
- Are there potential incentives that could be implemented to encourage building owners to sell to tenants or non-profits?
- What are the types of buildings that have sold over last 2 to 3 years, i.e. the size, location, age, sales prices - and how would this inform priorities for purchasing available buildings?
- Are there opportunities for OH and SDCI to increase information and education to: tenants about their rights and opportunities under NOIS; landlords about their obligations under NOIS; and housing providers about NOIS notifications?

The City Council requests OH and SDCI to submit recommendations for modifications to the NOIS ordinance and other programmatic changes to the Finance & Housing Committee, or successor, and the Central Staff Director no later than April 29, 2022.

Responsible Council Committee(s):

Finance & Housing

Date Due to Council:

April 29, 2021