

**SUMMARY and FISCAL NOTE\***

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*\* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

**1. BILL SUMMARY**

**Legislation Title:** AN ORDINANCE relating to affordable housing; authorizing a loan of up to \$1,000,000 in General Fund funds to Community Roots Housing, a Washington public corporation, to mitigate the financial impacts of COVID-19; and authorizing certain new agreements to be developed relating to the lending of General Fund funds to Community Roots Housing.

**Summary and background of the Legislation:** This legislation authorizes the Mayor and the Director of the Office of Housing (OH) to execute a loan agreement with Community Roots Housing (CRH), formerly Capitol Hill Housing Improvement Program (CHHIP), in an amount up to \$1 million using General Fund funds appropriated to Finance General in the City’s Fourth Quarter Supplemental. The COVID-19 pandemic has impaired Community Roots Housing’s collection of revenues, including commercial and residential tenant rents, resulting in a loss of operating income of approximately \$3.2 million in 2020. CRH has taken actions to mitigate this loss, however a shortfall of approximately \$1 million remains. As a public development authority (PDA) of the City, CRH is not eligible to apply for COVID-19 federal assistance such as the Payroll Protection Program (PPP) authorized by the CARES Act, which would have helped address the current year shortfall. See Attachment 1 for the Term Sheet for the proposed loan.

**2. CAPITAL IMPROVEMENT PROGRAM**

**Does this legislation create, fund, or amend a CIP Project?** \_\_\_ Yes  No

**3. SUMMARY OF FINANCIAL IMPLICATIONS**

**Does this legislation amend the Adopted Budget?** \_\_\_ Yes  No

**Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**

The City will provide a General Fund loan to Community Roots Housing with \$1 million in appropriation to Finance General included in the City’s Fourth Quarter Supplemental that amends the 2020 Adopted Budget. The Loan shall bear interest at the rate of the City’s internal rate of borrowing; however, the interest expense shall be borne by the City and shall not be payable by Community Roots Housing. This will be reflected in the promissory note and loan agreement executed with Community Roots Housing.

**Is there financial cost or other impacts of *not* implementing the legislation?**

As a PDA, CRH is a chartered entity of the City. Not implementing this legislation could disrupt CRH’s ability to continue to deliver its core mission to provide services and maintain and develop affordable housing at this critical time.

**4. OTHER IMPLICATIONS**

**a. Does this legislation affect any departments besides the originating department?**

The City Finance Division in the Department of Finance and Administrative Services (FAS) works with the City’s PDAs. Given that Community Roots Housing is a PDA, OH, and FAS have been working together to evaluate the financial needs of Community Roots Housing. FAS will provide support for developing the promissory note and loan agreement with Community Roots Housing.

**b. Is a public hearing required for this legislation?**

No.

**c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**

No.

**d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No.

**e. Does this legislation affect a piece of property?**

No.

**f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**

As a Public Development Authority (PDA) of The City of Seattle, CRH is an independent legal entity. CRH provides critical services to low-income and underserved populations in the City including affordable housing and resident services for low-income households. CRH owns and operates 41 affordable housing projects that contain 1,335 income and rent-restricted units, with the majority of these units being income and rent restricted for households between 40% and 60% of area median income (AMI). CRH also acts as the financial guarantor for many BIPOC-led smaller community-based organizations on community development projects. This legislation will help to ensure that the CRH mission can continue to be delivered, and diverse households and organizations supported by CRH are not negatively impacted during this time.

- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**

No.

**List attachments/exhibits below:**

**Attachment 1 CRH Term Sheet**