

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
City Budget Office/LEG	Alan Lee / 386-9107	Ann Gorman / 615-0190

** 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

1. **Legislation Title:** AN ORDINANCE amending Ordinance 125475, which adopted the 2018 Budget; changing appropriations to various departments and budget control levels; all by a 3/4 vote of the City Council.

2. **Summary and background of the Legislation:**

A companion bill (CB 119195) gives the director of the Department of Finance and Administrative Services authorization for a negotiated sale of the Seattle Information Technology Department's (Seattle IT) Communication Shop (Comm Shop) at 1933 Minor Avenue for \$11,000,000 plus \$2,000,000 which would be deposited in the City's Low-Income Housing Fund that would serve as a pre-paid credit towards the buyer's future Mandatory Housing Affordability (MHA) fees if any.

This ordinance (introduced as CB 119196) appropriates revenues from the Comm Shop sale and REET I, and identifies intended uses. Of the revenue from the Comm Shop sale, \$2,430,000 will be designated for the cost of a five-year lease and relocation of the Communication Shop functions. The Department of Finance and Administrative Services (FAS) is working with Seattle IT to identify a new, leased facility that will meet the needs of the Comm Shop and its clients.

Of the remaining \$8,570,000 in proceeds, \$5,320,000 will be used by an Innovative Housing Strategy Subcabinet, which will be initially tasked with developing a Bridge Housing Investment Strategy, identifying bridge housing for individuals experiencing homelessness while the City continues to make long-term investments in permanent housing. Further, \$250,000 is directed to the Office of Housing for Bridge Housing Investment Strategy policy development to support the effort.

An additional \$2,000,000 will go to the Human Services Department for the Seattle Rental Housing Assistance Pilot program which is designed to prevent households from falling into homelessness while awaiting longer-term assistance from the Seattle Housing Authority.

Finally, \$1,000,000 of the sale proceeds will go towards augmenting emergency shelter and hygiene services.

This ordinance also includes \$1,000,000 funded by Real Estate Excise Tax (REET) revenue that will be used for evaluation of a site for a new Marine Emergency Response facility for a freshwater and land-based fire apparatus in the vicinity of the South Lake Union and Denny Triangle neighborhoods. Due to recent population growth in these neighborhoods, there is an ever-increasing need to site a new facility.

Table 1 displays the Comm Shop sales proceeds and REET revenue anticipated to be available to fund policy priorities on a one-time basis. Table 2 shows the intended use of funds appropriated by this ordinance.

Table 1: Revenue Sources

MHA prepayment by developer	The developer has committed to pre-paying \$2,000,000 of possible future MHA fees upon completion of the sale.	\$2,000,000
Sale Price excluding MHA prepayment	This amount represents the net available to the City after the MHA pre-payment is made. This amount includes \$370,000 to be held in escrow for any remediation of hazardous substances that is required in connection with project construction. If some or all of this amount is not required, it will revert to the City.	\$11,000,000
REET I	This amount represents 2017 Real Estate Excise Tax receipts that have exceeded the forecasted revenue and are available to evaluate a site for a new Marine Emergency Response facility.	\$1,000,000

Table 2: Intended Uses of Revenue

Comm Shop Relocation	A portion of the sale proceeds will support the Comm Shop’s relocation to new lease space. This figure is an estimate. FAS and CBO will monitor actual expenses out of the General Fund (00100).	\$2,000,000
Rent for new Comm Shop Facility	FAS has identified candidate sites that are available to lease, and it expects to recommend its preferred site after consultation with Seattle IT. FAS anticipates returning to Council in 2018 with legislation seeking authorization to execute a new lease on a five-year term. This cost represents five-year lease costs.	\$430,000

Bridge Housing Investment Strategy	Support for the Innovative Housing Strategies Subcabinet and Bridge Housing Investment Strategy, which aims to address the immediate needs of people living unsheltered by providing interim shelter and housing options that are cost effective and rapidly deployable and that maximize the capacity of safe alternatives	\$5,320,000
Bridge Housing Investment Strategy development	Policy development costs for the new Innovative Housing Strategies Subcabinet and Bridge Housing Investment Strategy program in the Office of Housing.	\$250,000
Seattle Rental Housing Assistance Program	Support for Seattle Rental Housing Assistance Program, which aims to prevent households from falling into homelessness while on waitlists for longer-term assistance	\$2,000,000
Shelter and Hygiene	Funding is provided for bridge funding for emergency shelter and hygiene services.	\$1,000,000
Low-Income Housing Fund	Comm Shop sale consideration includes pre-payment of possible MHA fees, which would be available for the City's investments in affordable housing.	\$2,000,000
Marine Response Facility	Costs and cash needs associated with the City's acquisition of a parcel and/or design and pre-planning costs for a new SFD facility, funded by REET revenue.	\$1,000,000
	TOTAL	\$14,000,000

2. CAPITAL IMPROVEMENT PROGRAM

a. Does this legislation create, fund, or amend a CIP Project? ___ Yes ___ X No

3. SUMMARY OF FINANCIAL IMPLICATIONS

a. Does this legislation amend the Adopted Budget? X Yes ___ No

Budget program(s) affected:				
Appropriation change (\$):	General Fund \$		Other \$	
	2018	2019	2018	2019
	\$11,000,000		\$3,000,000	
Estimated Revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2018	2019	2018	2019

Positions affected:	No. of Positions		Total FTE Change	
	2018	2019	2018	2019

b. 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?
No.

c. Is there financial cost or other impacts of *not* implementing the legislation?
Available revenues, including proceeds from the Comm Shop sale, will go unappropriated, missing out on opportunities for investment.

3.d. Appropriations

X This legislation adds, changes, or deletes appropriations.

Fund Name and number	Dept	Budget Summary Level Name/#*	2018 Appropriation Change	2019 Estimated Appropriation Change
General Fund (00100)	Department of Finance and Administrative Services	Facilities Services (BO-FA-FACILITY)	\$2,000,000	\$0
General Fund (00100)	Department of Finance and Administrative Services	Facilities Services (BO-FA-FACILITY)	\$430,000	\$0
General Fund (00100)	Finance General	Reserves (2QD00)	\$5,320,000	\$0
General Fund (00100)	Office of Housing	Leadership and Administration (BO-HU-1000)	\$250,000	\$0
General Fund (00100)	Human Services Department	Addressing Homelessness (B-HS-H3000)	\$2,000,000	\$0
General Fund (00100)	Human Services Department	Addressing Homelessness (B-HS-H3000)	\$1,000,000	\$0
Low-Income Housing Fund (16400)	Office of Housing	Multifamily Housing (BO-HU-3000)	\$2,000,000	\$0
REET I	Department of	Public Safety	\$1,000,000	\$0

Capital Projects Fund (30010)	Finance and Administrative Services	Facilities – Fire (BO-FA-PSFACFIRE)		
TOTAL			\$14,000,000	\$0

Appropriations Notes: Proceeds from the sale of the Comm Shop are one-time.

3.e. Revenues/Reimbursements

_____ This legislation adds, changes, or deletes revenues or reimbursements.

3.f. Positions

_____ This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

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

The Department of Finance and Administrative Services, the Office of Housing, the Human Services Department and the Seattle Fire Department.

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. The property referenced is disposed in companion legislation.

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?

The number of residents experiencing homelessness in both sheltered and unsheltered living arrangements has grown dramatically. Homelessness can disproportionately affect those with economic, health, and other barriers, including people of color.

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).

Information on the programmatic goals of the Housing strategies can be found in the ordinance.

List attachments/exhibits below: