

**SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Dept. Contact/Phone:</b>	<b>CBO Contact/Phone:</b>
Legislative	Lish Whitson/206-615-1674	N/A

*\* 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 commercial tenancies; temporarily restricting increases in commercial rents; authorizing repayment of late rent in installments for small businesses and nonprofits during the COVID-19 state of emergency; declaring an emergency; and establishing an immediate effective date; all by a 3/4 vote of the City Council.

**Summary and background of the Legislation:**

This legislation responds to the COVID-19 state of emergency by placing a moratorium on increases in commercial rents and provides for a payment plan for late rent for small businesses and nonprofits during the state of emergency. Small businesses and nonprofits are under significant financial pressure due to the effects of the virus on the local economy. This legislation would remove one additional source of financial pressure that could cause small businesses and nonprofits to close.

Under the bill, lessors would not be permitted to increase rents on small businesses (defined as having fewer than 50 employees) and nonprofits (defined as being a 501(c)(3) not-for-profit organization under the United States code). The bill would place a moratorium on increases to month-to-month rent for these organizations during the state of emergency. It would also place a moratorium on increases in rent under a new or renewed lease.

During the state of emergency and for the first six months after the end of the emergency, if a small business or nonprofit is not able to pay its rent on time, the bill provides that the business/nonprofit and landlord shall negotiate a payment plan. The bill requires that the payment plan not require that the 1/3 of the past-due rent be due in any single month. It also requires that the payment plan provide for complete repayment of past due rent within one year.

**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?**

None identified

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

If small businesses and nonprofits are forced to close as a result of the COVID-19 virus, there would be significant impact to the City's economy. These costs are not able to be measured at this time.

#### **4. OTHER IMPLICATIONS**

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

If so, please list the affected department(s) and the nature of the impact (financial, operational, etc.).

None identified

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

If yes, what public hearing(s) have been held to date, and/or what public hearing(s) are planned/required in the future?

No

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

If yes, please describe the measures taken to comply with RCW 64.06.080.

No

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

For example, legislation related to sale of surplus property, condemnation, or certain capital projects with private partners may require publication of notice. If you aren't sure, please check with your lawyer. If publication of notice is required, describe any steps taken to comply with that requirement.

No

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

If yes, and if a map or other visual representation of the property is not already included as an exhibit or attachment to the legislation itself, then you must include a map and/or other visual representation of the property and its location as an attachment to the fiscal note. Place a note on the map attached to the fiscal note that indicates the map is intended for illustrative or informational purposes only and is not intended to modify anything in the legislation.

It affects property leased to small businesses and nonprofits throughout the city, particularly in the city's commercial, industrial, downtown and Seattle mixed zones as shown on attachment 1.

**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?**

If yes, please explain how this legislation may impact vulnerable or historically disadvantaged communities. Using the racial equity toolkit is one way to help determine the legislation's impact on certain communities. If any aspect of the legislation involves communication or outreach to the public, please describe the plan for communicating with non-English speakers.

The proposed legislation is intended to provide protections to small businesses and nonprofits throughout the City of Seattle. City Councilmembers would provide information about these protections to ethnic media throughout their messaging platforms.

**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).**

This answer should highlight measurable outputs and outcomes.

The legislation provides temporary relief to small businesses and nonprofits from rent increases. It is intended to provide temporary relief from rent increases during the civil emergency, reducing economic pressure on those businesses and nonprofits. It will not be in effect long-term.

**List attachments/exhibits below:**

Summary Attachment 1 – Commercial, Industrial, Downtown and Seattle Mixed zones