

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
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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

- 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 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 that will result in net proceeds of \$11,000,000.

Of that amount, \$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, \$5,500,000 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.

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.

Details on these programs can be found in the companion Resolution to this legislation.

Finally, \$1,070,000 will be used to identify and acquire a property in South Lake Union and Denny Triangle neighborhoods for a new Marine Emergency Response facility for a freshwater and land-based fire apparatus. Due to recent population growth in these neighborhoods, there is an ever increasing need to site a new facility.

Table 1 below summarizes this information and displays the Comm Shop sales proceeds anticipated to be available to fund policy priorities on a one-time basis. The developer has agreed to make a \$2,000,000 pre-payment of Mandatory Housing Affordability

(MHA) fees into the Low-Income Housing Fund, upon the completion of the sale. Total MHA fees due from the developer are estimated to be \$7,700,000 for the Comm Shop property and for an adjacent parcel already owned by the same developer, The remainder of this amount (\$5,700,000) will be due when the Certificate of Occupancy is issued for the jointly developed properties. Table 2 shows the intended use of the net sales proceeds from the Comm Shop sale.

**Table 1: Sale Price, Fees and City Expenses Associated with Comm Shop Sale
 (Figures are rounded)**

MHA prepayment by developer	The developer has committed to pre-paying \$2,000,000 of anticipated 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 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
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 three candidate sites that are available to lease, and it expects to recommend its preferred site by late January 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 the full five-year lease cost.	\$430,000
Funding Available for Policy Priorities	Table 2 below describes the intended use of the non-MHA funds after covering the costs of Comm Shop relocation and rent.	\$8,570,000

**Table 2: Intended Use of Net Sales Proceeds
 (Figures are rounded)**

\$5,250,000	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
\$2,000,000	Support for Seattle Rental Housing Assistance Program, which aims to prevent households from falling into homelessness while on waitlists for longer-term assistance
\$250,000	Policy development costs for the new Innovative Housing Strategies Subcabinet and Bridge Housing Investment Strategy program in the Office of Housing.

\$1,070,000	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.
\$8,570,000	TOTAL

* Table 2 does not include the developer's prepayment of \$2,000,000 in MHA fees as those funds are already dedicated

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		\$2,000,000	
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?
 The proceeds from the 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	Department of Finance and	Facilities Services (BO-FA-	\$2,000,000	\$0

(00100)	Administrative Services	FACILITY)		
General Fund (00100)	Department of Finance and Administrative Services	Facilities Services (BO-FA-FACILITY)	\$430,000	\$0
General Fund (00100)	Finance General	Reserves (2QD00)	\$5,250,000	\$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)	Department of Finance and Administrative Services	Public Safety Facilities – Fire (BO-FA-PSFACFIRE)	\$1,070,000	\$0
Low-Income Housing Fund (16400)	Office of Housing	Multifamily Housing (BO-HU-3000)	\$2,000,000	\$0
TOTAL			\$13,000,000	\$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 was 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?

Information on the Race and Social Justice implications of the Housing strategies can be found in the companion Resolution.

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 companion Resolution.

List attachments/exhibits below: