

**SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Dept. Contact/Phone:</b>	<b>CBO Contact/Phone:</b>
Legislative	Lish Whitson/425-390-2431	

*\* 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; amending Ordinance 126066.

**Summary and background of the Legislation:**

This bill would amend Ordinance 126066 to clarify protections for small businesses and not-for-profit organizations during the COVID-19 emergency. Ordinance 126066 placed a moratorium on rent increases for some small business and nonprofit tenants as described in the Moratorium on Rent Increases section, and required lessors to negotiate payment plans for overdue rent for small business and nonprofit tenants. This bill would clarify that rent paid pursuant to a payment plan may not be considered overdue under the terms of a lease. It also clarifies that if a tenant proposes a payment plan, but the landlord and their tenant fail to come to agreement on that payment plan, rent shall not be considered overdue if the tenant or not-for-profit pays late rent within a year of the end of the COVID-19 emergency.

**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?

No

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

No

**4. OTHER IMPLICATIONS**

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

No

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

No

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

No

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

No

**e. 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?**

According to research by J.P. Morgan Chase (<https://jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/institute/pdf/institute-small-business-owner-race-report.pdf>), Black and Hispanic small business owners face additional financial pressures that may make it particularly difficult to pay rent during the COVID-19 civil emergency. In particular, Black and Hispanic-owned businesses are less likely to have external financing, which leads to lower revenues, profit margins and cash liquidity. The lack of cash reserves and external financing make it particularly difficult for Black and Hispanic-owned businesses to survive when forced to close due to the civil emergency. Allowing time for businesses to repay overdue rent can help these businesses to survive after the civil emergency.

According to research by the Small Business Administration, ([cdn.advocacy.sba.gov/wp-content/uploads/2021/03/02112318/COVID-19-Impact-On-Small-Business.pdf](https://cdn.advocacy.sba.gov/wp-content/uploads/2021/03/02112318/COVID-19-Impact-On-Small-Business.pdf)) from April 2019 to April 2020, Asian, Black, and Hispanic people who were self-employed and working declined at a faster rate than the percentage of white people who were self-employed and working. Asians and Black businesses owners were more highly concentrated in industries with larger declines in employment from April 2019 to April 2020, including child care care services, restaurants and other food services, and taxi and limousine services. These businesses are most likely to need support and longer repayment periods.

**f. Climate Change Implications**

**1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**

No.

**2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**

No.

- 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).**

Not applicable.

**List attachments/exhibits below:**