

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 the Tenant Relocation Assistance Ordinance; clarifying that a tenant relocation license is required before the removal of a rent or income restriction; and amending Sections 22.210.020, 22.210.030, 22.210.040, 22.210.050, 22.210.070, 22.210.080, 22.210.090, 22.210.100, 22.210.110, 22.210.120, 22.210.130, 22.210.136, 22.210.140, and 22.210.160 of the Seattle Municipal Code

Summary and background of the Legislation: Tenant Relocation Assistance Ordinance (TRAO) provides relocation assistance to tenants with household incomes at or below 50% AMI when they are displaced from their rental unit because of development. Per RCW 59.18.440, the City pays half of the relocation assistance and the other half is paid by the property owner. TRAO also provides additional protections to tenants facing displacement, including ensuring that tenants receive critical advance notice and time to safely rehouse.

When affordability restrictions end, property owners may increase rent for units occupied by low-income households to market-rate levels. To date, affordability restrictions have not ended for many restricted units in Seattle, but this will begin to change in late 2021 when several buildings that opted to participate in MFTE reach the end of their 12-year agreement.

Based on language in the existing TRAO code, the City has enforced TRAO requirements in units for which affordability restrictions ended, such as the Multifamily Tax Exemption (MFTE). However, after a property owner with an expiring MFTE agreement argued that TRAO did not apply, SDCI began work to clarify the TRAO code for properties with expiring affordability requirements.

Following the advice of the CAO, OH and SDCI recommend amending the TRAO ordinance so that TRAO provisions clearly apply to units where affordability restrictions are ending to ensure that low-income households who need to move are eligible for relocation assistance.

The legislation also removes an exception for dwelling units owned by the Seattle Housing Authority. This requirement is duplicative. In addition, technical edits were incorporated to standardize the ordinance with current drafting conventions.

2. CAPITAL IMPROVEMENT PROGRAM

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

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes X 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?

TRAO provides \$4,232 of relocation assistance (2021 amount annually adjusted for inflation) to households with incomes at or below 50% AMI. The City of Seattle and the property owner split the cost of the relocation assistance payments. Since SDCI already assumes that TRAO applies to expiring affordability restrictions, this legislation does not directly impact the program’s budget (approximately \$360,000 annually for assistance payments). That said, as MFTE expirations begin to ramp up over the next 5 years, the budget will need to increase. The exact amount is difficult to predict as the number of TRAO-eligible households who will accept relocation assistance and move is uncertain. A rough cumulative five-year cost estimate based on future expiring MFTE restrictions is up to \$550,000 for the City share of relocation assistance. SDCI will monitor these estimates along with development related TRAO and include any needed adjustments to the TRAO budget in the annual budget process.

Year	Expiring MFTE Units	Estimated Households Eligible for TRAO
2021	165	33
2022	185	37
2023	143	29
2024	343	69
2025	405	81

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

Not implementing the legislation has no cost to the City.

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

Yes. Landlords are required to disclose to tenants that affordability restrictions will be expiring. In addition, the TRAO program tenant relocation license process requires that

information is provided to tenants, such as 90-day notice, a tenant relocation package, etc. The tenant relocation package falls within RCW 64.06.080.

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?

Low-income tenants and people experiencing homelessness are disproportionately people of color. Ensuring that TRAO protections are available to very low-income tenants in MFTE and other properties for which affordable housing covenants end will help stabilize these households and mitigate their risk of becoming homeless.

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).

N/A

List attachments/exhibits below: