Community Wealth Investments – Mtg #6

January 8, 2021

Equitable Communities Initiative Task Force

City of Seattle

Agenda

- Welcome and Check In – 10 minutes
- Group updates – 10 minutes
- Recap on budget timeline – 10 minutes
- City of Seattle Community Wealth Presentation – 80 minutes
- Discussion – 10 minutes
- Adjourn

Reflection / Check-In

Pastor Willis

Group Updates

- Facilitator update - Profitable Nonprofit
- Paid Participation Status
- Steering Committee

Budget Timeline

June
Changes to 2021 Budget (Q2 Supplemental) sent to Council

July-August
Mayor's Office reviews department budget proposals for 2022

August
Mayor makes final decisions on 2022 budget

September
Mayor sends proposed 2022 budget to City Council

September-October
Council reviews budget and develops potential changes for review

November
Council Budget Committee Vote

November 22, 2021
2022 Budget Adopted by Council

Potential Task Force Timeline

Jan-Feb	Feb-March	April	May-June	July-August	September
Department presentations	Identify priority areas	Submit multi-year Recommendations to Mayor Durkan	Submit 2021 Recommendations to Council through 2nd Quarter Supplemental or stand-alone legislation (Must be sent to Council to lift proviso)	RFP	Contract Execution
Data Deep Dive	Feasibility review				Mayor Submits 2022 Budget
Idea Generation					

Department Presentations

Community Wealth Disparities & Current Investments

City of Seattle

Community Wealth Topics

1. Homeownership

2. Small Businesses

3. Community Organizations

Homeownership

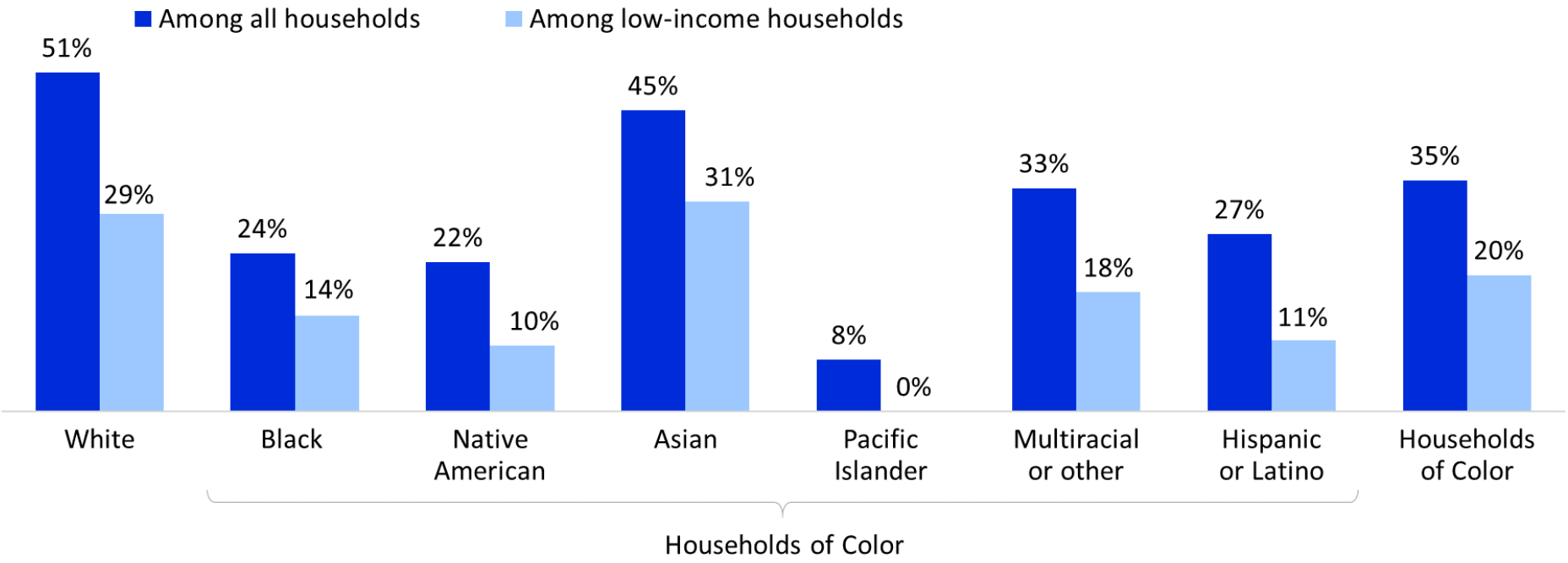
Disparities & Current Investments

Emily Alvarado, Office of Housing

City of Seattle

1 Homeownership Disparities

Gap: In Seattle, 1/3 of households of color own their home compared to 1/2 of White households

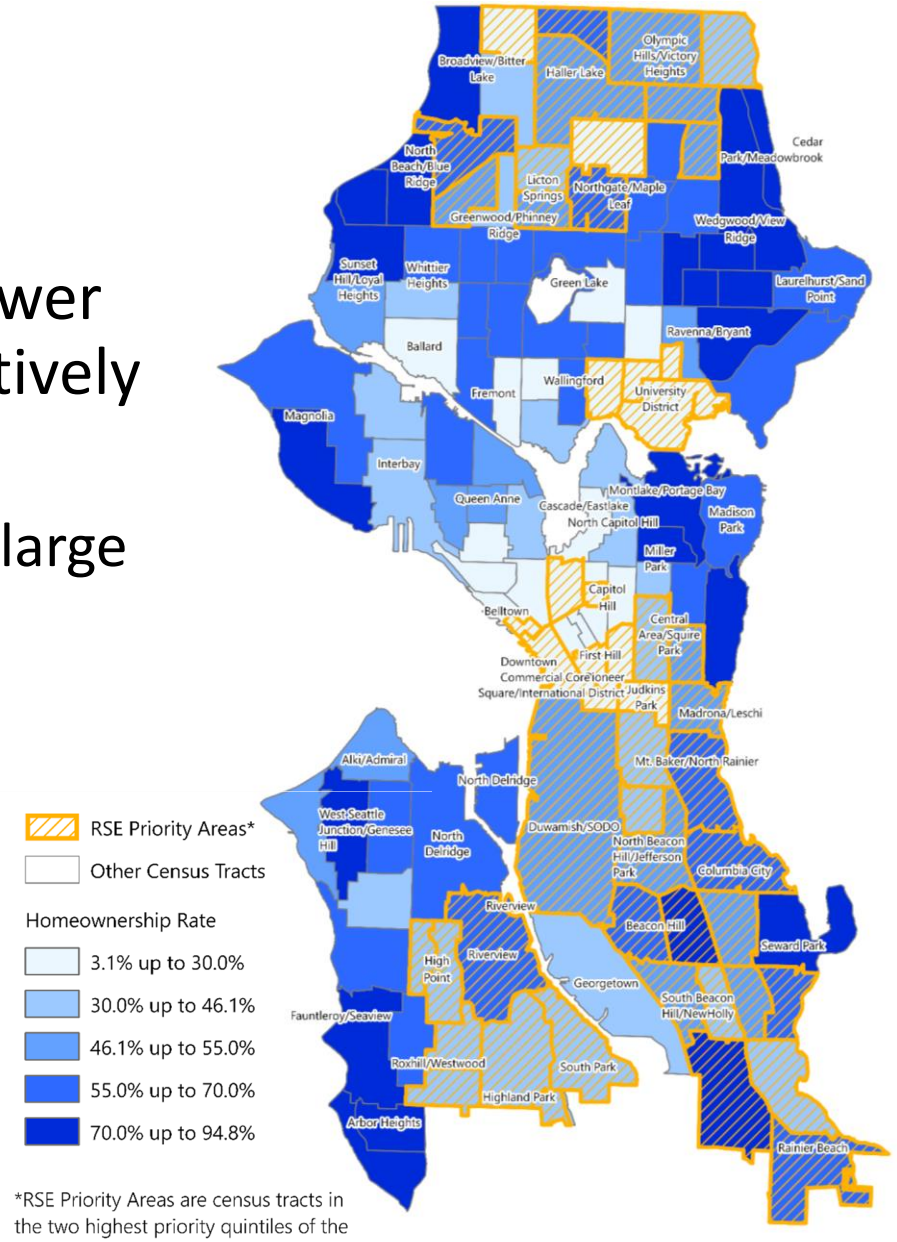


1 Homeownership Disparities

Within Seattle, homeownership rates are generally lower in areas where RSJI priority populations make up relatively large proportions of residents.

- Except in Southeast Seattle where there is a relatively large number of lower income homeowners.

Seattle's ***Race and Social Equity Index*** combines data on race & ethnicity, socioeconomic disadvantage, and health disadvantage. Yellow areas identify priority neighborhoods with marginalized populations.



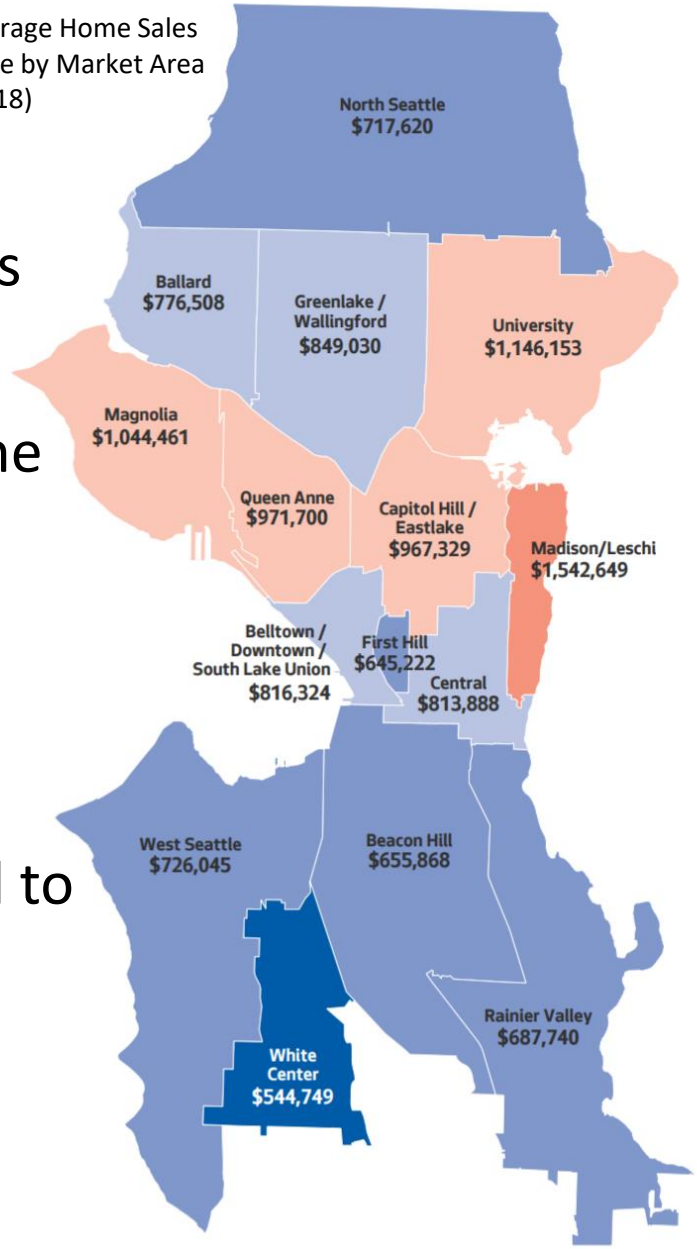
1 Homeownership Disparities

- Only 6% of homes sold in 2018 were affordable to households earning the median income of $112k/year (for a household of 3)
- A household of three must earn twice the area median income to afford an average detached home in Seattle in 2018

	Detached House	Townhouse	Condo / Co-op
Median 2018 sales price	$795,000	$730,000	$520,000
Necessary annual income	$198,000	$182,000	$139,000

- The median for sale home price in King County has continued to increase, up nearly 12% over the past year. (Nov 2019 – Nov 2020)

Average Home Sales Price by Market Area (2018)



1 City of Seattle Homeownership Investments

- Permanently affordable homes for first-time buyers
- “Down payment” Purchase Assistance
- Home repair loans & grants, weatherization, foreclosure prevention

1 Permanently affordable homes for first-time buyers

Policy Goals:

- Increase stock of affordable homes
- Respond to community calls for anti-displacement and community ownership strategies
- Increase individual household, neighborhood and community stability

Investments:

- $2.44 million in 2019 to fund 26 new homes on City donated land and to acquire and rehabilitate 3 other homes to ensure permanent affordability.
- $2.58 million in 2020 to fund 30 new homes and 3 more homes to ensure permanent affordability.

1 Examples

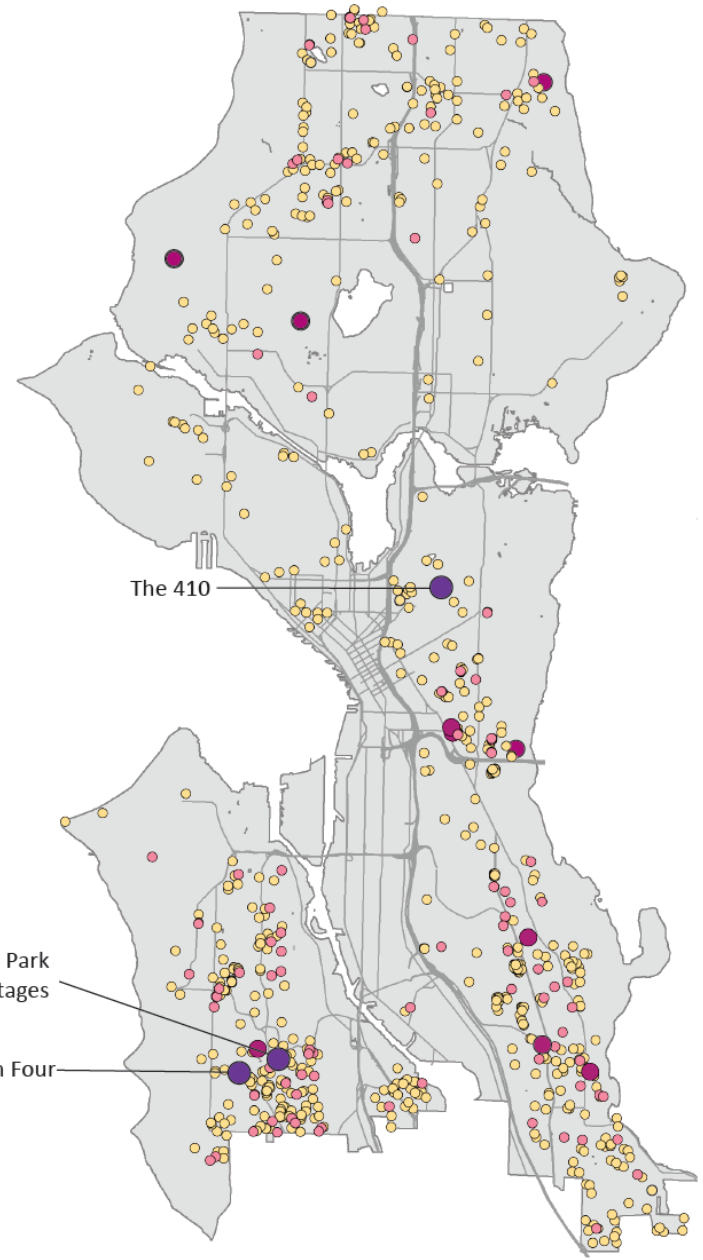
7 Townhomes in Loyal Heights - Habitat for Humanity

10 Townhomes in Judkins Park – Homestead Community Land Trust and Edge Developers

1 "Down payment" Purchase Assistance

Policy Goal: Assist first-time low-income homebuyers to purchase a home anywhere in Seattle

Investment: $855,000 loaned to 17 homebuyer households in 2019/2020



City-Funded Affordable Homeownership

- 2020 Permanently Affordable Multi-Unit Homeownership Projects
- Previously Funded Permanently Affordable Multi-Unit Homeownership Projects
- Previously Funded Permanently Affordable Single-Family Homes or Individual Condo Units
- Downpayment Assistance Loans for Single-Family Homes or Individual Condo Units

Source: Office of Housing (2020)

1 Home repair loans & grants, weatherization, foreclosure prevention

Policy Goal: Sustain ownership, helping low-income homeowners remain in their homes and communities

Investment:

- Home Repair: $740,000 to assist 67 homeowners with critical repairs in 2019
- Weatherization: $1.55 million for energy upgrades in 97 single family homes
- Foreclosure Prevention: $114,000 to assist 5 current homeowners to become current on housing payments in order to avoid foreclosure. (2016-2019)

Small Business Ownership

Disparities & Current Investments

Bobby Lee, Office of Economic Development

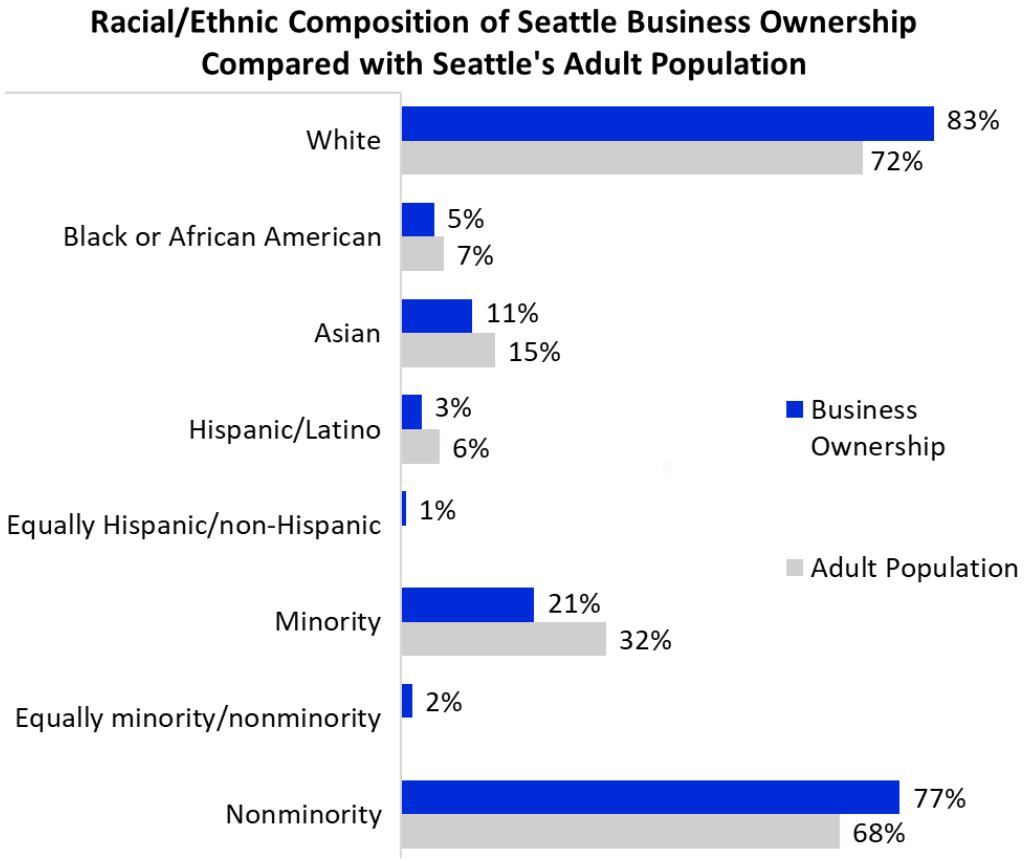
City of Seattle

2 Businesses Ownership Disparities

Gap: People of color own a disproportionately small share of businesses in Seattle

- People of color are 32% of the adult population, but only own 21% of businesses.
- The deepest disparities are for the subset of firms that have employees.
  - Both Latinx and Blacks are under-represented as owners of employer firms.
  - Blacks are 7% of Seattle's adult population, but only 1.5% of employer firms are Black-owned.

Nationwide, only 1% of funded startup founders were Black



2 Businesses Ownership Disparities

Gap: Nationwide, there are racial disparities in wealth and access to capital

- 1% of Black business owners obtained loans in their founding year, compared to 7% of white business owners
- Black entrepreneurs are denied or given lower bank loans at more than twice the rate of their white peers: 53% to 25%
- People of color pay higher interest rates on average than white credit recipients: 7.8% to 6.4%

2 City of Seattle Small Business Investments

- Small Business Stabilization Fund
- “Only In Seattle” grants for strategic activities by business districts
- Tenant Improvement Fund Pilot

2 Small Business Stabilization Fund

Policy Goal: Support small businesses facing rising commercial rents, displacement, and destabilizing events

Investment: $200,000 in 2019 to fund 8 small businesses

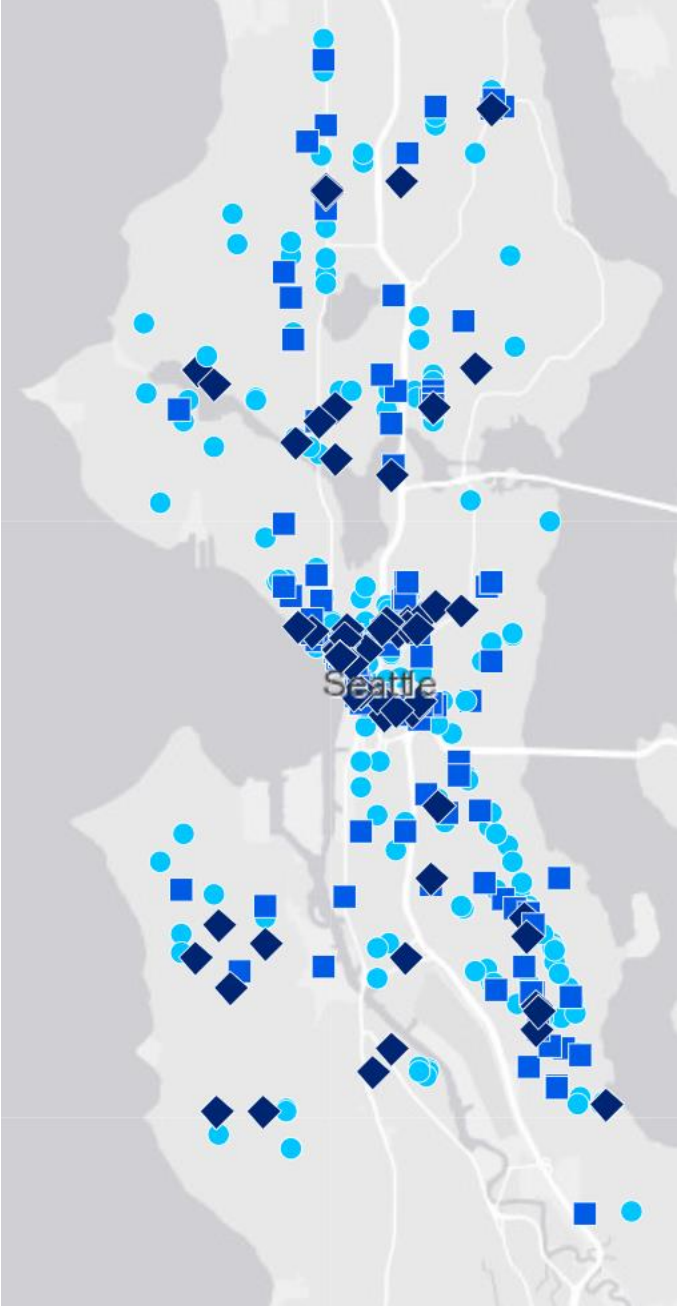
→ Increased to $8.6m in 2020 to fund more than 469 small businesses and nonprofits impacted by COVID-19

Examples:

Dayspring & Fitch Funeral Home

Beacon Hill Drycleaners

Yu Tang Ceramics Studio



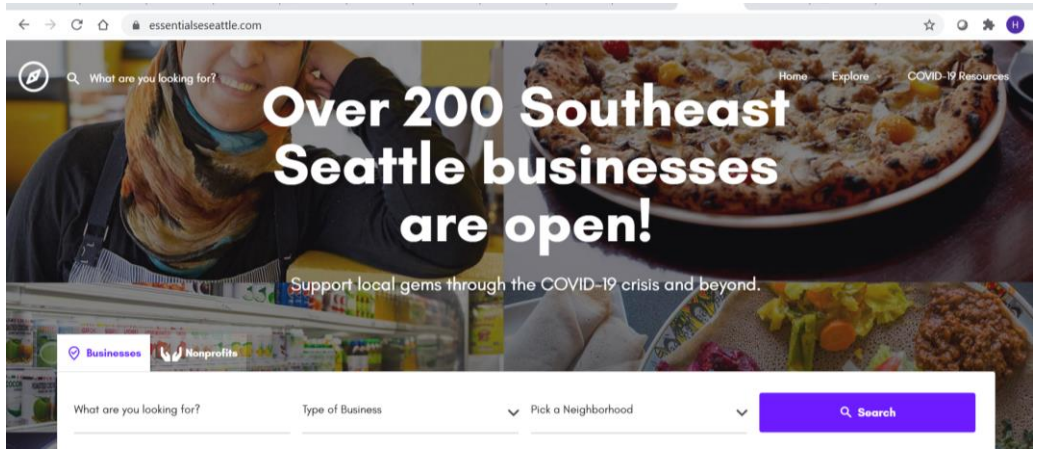
2 "Only In Seattle" Grants by Business District

Policy Goal: Enable business districts to achieve neighborhood economic development priorities

Investment: $1.3 million in 2019 to fund 17 business districts

Example:

MLK/On Board Othello - $140,000



2 Tenant Improvement Fund Pilot

Policy Goal: Help small businesses grow in neighborhoods with high risk of displacement

Investment: $950,000 in 2020 to fund 5 small businesses

Examples:

Communion at Liberty Bank Building

Musang on Beacon Hill

2 Other Small Business Investments

- Legal services and resources including lease amendment toolkit
- Consulting services in accounting, food manufacturing, and business development
- Websites for Black-owned small businesses designed by Youth
- Technical assistance with SBA loans and PPP Forgiveness
- Dedicated staff for advocacy, assistance navigating construction impacts, and support with permit navigation
- Support for early-stage startups
- Commercial affordability tools and resources

Community Organizations

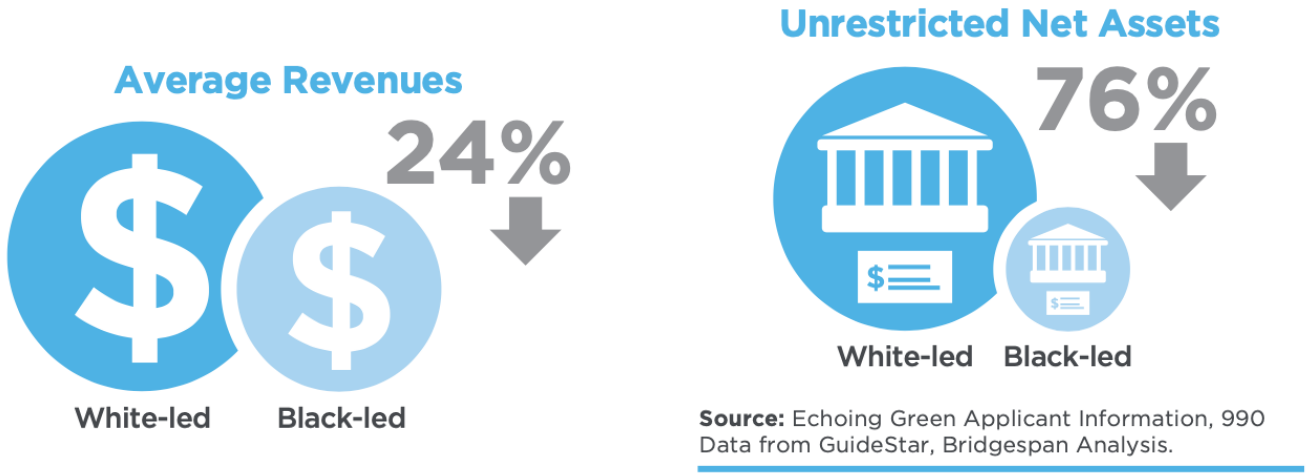
Disparities & Current Investments

Ubax Gardheere, Office of Planning & Community Development
Randy Engstrom, Office of Arts & Culture
Matthew Richter, Office of Arts & Culture

City of Seattle

3 Community Organization Disparities

- Nationwide 2020 study found disparities in revenues and unrestricted assets between White-led and Black-led organizations.



- Recent survey of Black-led organizations in King county
  - Insufficient funding is primary barrier to accomplishing mission
  - Staff capacity is primary challenge to secure more funding
  - COVID-19 has exacerbated existing systemic inequities
  - Source: https://byrdbarrplace.org/wp-content/uploads/2020/10/Funding.KC_.BLOs_.Final_.pdf

3 City of Seattle Community Organization Investments

- Equitable Development Initiative (EDI)
- 2020 EDI COVID Grants
- Cultural Facilities Fund
- A new Cultural Space Agency public development authority

3 Equitable Development Initiative (EDI)

Policy Goals:

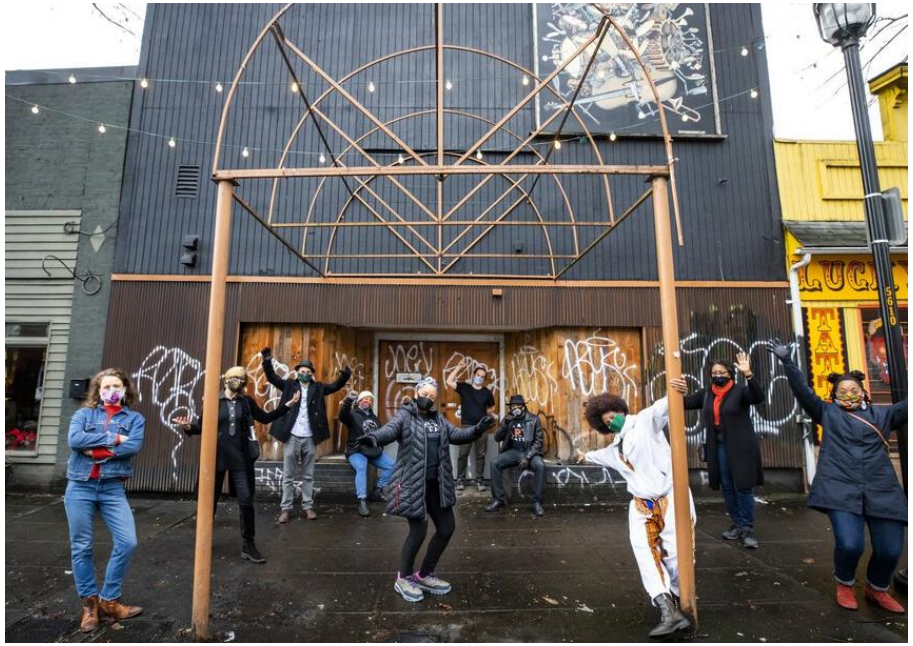
- Advance economic mobility and opportunity
- Prevent residential, commercial, and cultural displacement
- Build on local cultural assets
- Promote transportation mobility and connectivity
- Develop healthy and safe neighborhoods
- Provide equitable access to all neighborhoods

Investment: $8.8m in 2020 funding to 24 EDI cohort organizations

3 Equitable Development Initiative Examples

Black and Tan Hall

- $150k EDI capacity building funding
- $1.19m EDI real estate acquisition funding
- $80k ARTS Cultural Facilities Fund



Refugee and Immigrant Family Center

- $815k EDI real estate acquisition funding
- $612k DEEL preschool program funding

3 2020 EDI COVID Grants

Policy Goal: Help stabilize community-based organizations addressing emergent COVID-19 related community needs

Investment: $1.77m in 2020 for COVID response and relief to 36 additional orgs

Examples:

Nurturing Roots- $50,000

Wa Na Wari- $50,000

Urban Impact- $50,000

3 Cultural Facilities Fund

Policy Goal: Support cultural spaces: Improve, acquire, and build capacity in the spaces and places where community gathers to create and celebrate cultural life.

Investment: $1m in 2019 to fund 23 organizations, including smaller unsolicited "Rainmaker" awards.

Examples:

Chief Seattle Club - $100,000

Provide culturally appropriate sacred space to nurture, affirm, and renew the spirit of Urban Native Peoples, including an art gallery.

Wa Na Wari - $10,000

Improvements and site acquisition costs for Seattle's center for Black arts & culture in the historically redlined Central District.

3 Cultural Space Agency public development authority

Policy Goal: A mission-driven, values-based cultural real estate development company

Investment: 2020-2021 funding for start-up operations only. Funding for capital investments will come from a variety of sources.

Strategies:

- **Leadership**: Overseen by fifty leaders from commercial real estate, arts & culture, philanthropy, finance, design, government, and community development.
- **Property:** Purchase commercial space, offer subleases, acquire existing cultural sites, and develop sites with housing partners.
- **Programming:** Partner with community cultural organizations, small businesses, individual artists and culture-makers.

Discussion

- Does this help inform your thinking?