



SEATTLE CITY COUNCIL

April 13, 2016

Brian Surratt
Director, Office of Economic Development
700 Fifth Avenue, Suite 5752
PO Box 94708
Seattle, WA 98124-4708

RE: Executive Response to Commercial Rent Control SLI 149-1-A-3

Dear Director Surratt:

As you are aware, on November 23, 2015, Council passed Statement of Legislative Intent (SLI) 149-1-A-3. The SLI requested that the Mayor's Office and the Office of Economic Development (OED) "convene a taskforce of small businesses to make proposals for reasonable regulations on the rents of commercial property in Seattle" to form a basis for future regulations. The SLI requested delivery of these recommendations to the committee succeeding the Committee on Housing Affordability, Human Services, and Economic Resiliency by April 1, 2016.

SLI Response

On March 29, 2016, you transmitted the Executive's response to the Chair and members of the Committee on Civil Rights, Economic Development & Arts Committee (CRUEDA). The SLI response anticipated engaging an advisory committee, provided examples of potential recommendations, and set out the following timeline:

- 2nd Quarter of 2016: Form the Commercial Affordability Advisory Committee
- 3rd Quarter of 2016: Develop a framework for a commercial affordability strategy
- 4th Quarter of 2016: Provide commercial affordability recommendations.

This response fails to substantively address Council's request to convene a taskforce of small businesses and propose reasonable regulations on commercial property rents.

Instead, OED's response (a) unilaterally extends the deadline for delivering recommendations and (b) broadens the scope of the original request.

OED's memo states that it will provide commercial affordability recommendations to Council sometime during the fourth quarter of 2016 (which may or may not coincide with Council's budget deliberations). However, OED did not follow the process set out in guidance provided by the City Budget Office (CBO) to request extensions from Council. If OED was not prepared to provide taskforce recommendations by the April 1, 2016 due date, it should have followed this process to provide a written request for an extension to the CBO Director, OED's CBO analyst, and the CBO legislation coordinator, at least three weeks before the deadline date, so that CBO could request an extension from Council. In addition, the guidance directed CBO to coordinate with and provide a draft to Central Staff early in the SLI response process, as appropriate, to help define the scope of the SLI response. This situation, in which the Executive changed the scope and deadline for a SLI response from Council's original intent, would have been an appropriate time to consult with Central Staff.

In addition, OED's memo states that the Executive intends to form a Commercial Affordability Advisory Committee to recommend "comprehensive affordability strategies" and to develop a framework for a commercial affordability strategy. However, the SLI specifically requested proposals from small businesses on commercial rent control, not a framework from OED regarding a wider discussion of commercial affordability. Though this may be an important conversation and OED's approach to exploring a range of potential strategies regarding high commercial rent, it is not clear whether the advisory committee's recommendations will explicitly address commercial rent control.

Next Steps

Please provide a written response to the CRUEDA committee addressing whether the Executive plans to explicitly include commercial rent control recommendations in whatever commercial affordability framework it is proposing by April 20, 2016.

If the Executive does plan to explore commercial rent control, please include in the response a specific date on which OED plans to transmit its recommendations. Note that it would be helpful for OED to submit any such recommendations to the CRUEDA committee no later than October 15, 2016 to inform Council's budget process. OED should also propose a schedule for periodic reporting to the CRUEDA committee chair and Council

Central Staff on the Executive's efforts to convene the advisory committee and the status of the meetings.

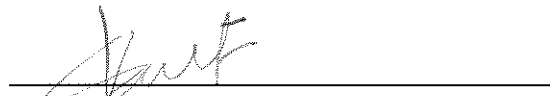
If the Executive does not plan on exploring commercial rent control, please include in the response an explanation for the public. Also, please let the CRUEDA committee know the Executive's intentions so that Council can consider whether to independently commission research to inform commercial rent control proposals alongside the small businesses who participated in the Progressive Small Business Summit held on March 30.

Sincerely,



Councilmember Lisa Herbold

Chair, Committee on Civil Rights, Utilities, Economic Development & Arts



Councilmember Kshama Sawant

Vice-Chair, Committee on Civil Rights, Utilities, Economic Development & Arts



Councilmember Mike O'Brien

Member, Committee on Civil Rights, Utilities, Economic Development & Arts