

City Council

c/o Nicole Floyd, CP&D

Council Members:

I know it is your “essential” mission to serve the needs of investor capital. It does startle me, however, that in the midst of this pandemic crisis, the cratering of downtown businesses, mass unemployment and homelessness, you still present this ordinance and, once again, state your real estate transactions are of no significance. You have argued that the City's tax exempt program has worked and that the City's missing middle ordinance will lead to affordable housing.

Those working full-time, year-round at the newly “generous” wage of \$15/hour would gross only \$31,200. An “affordable” rent for that group would be \$780/month, using the now standard 30% of income as a test for affordability.

None of the four tax exempted buildings that have filed their declaration with the city offer an apartment at that rate. The upper and middle end rents in those apartments would require a \$60,000 to \$80,000 yearly income, using the 30% housing ratio. You have in effect created a downtown “exclusionary zone” of high priced density in a sea of retail vacancies and homeless encampments.

Contrary to your claim, supply and demand does not work. If that were the case, the long standing demand for low cost housing would have been met by a new supply. The market (or capital) responds, however, to the highest rate of profit. Builders look for a return of 15%. With your tax exemption, you boost their return to 18%.

The Selby/Bateman program is simply a needless shift of wealth to four owners paid for by Olympia's tax payers. You have exempted nine high rent downtown buildings from tax assessment worth \$102,108,293. This has meant a tax gift of \$10,013,999 to four individuals over eight years. There are two more Walker John projects headed your way. I'm sure you will grant him more of our tax money, even though you are under no legal obligation to do so.

The State Legislature's Joint Legislative Audit and Review Committee (JLARC) recently reviewed the MFTE program and found that the only clear beneficiary of the "tax exemption" program were the owners of the buildings. For you, in particular, this means Walker John, J. Brent McKinley, Aaron Angelo and Shuo Lou.

The JLARC study also implied that a downside to this MFTE program was the pressure it created to raise rents on existing affordable housing. Even landlords at the recent City sponsored forum acknowledged this pressure to match the market price. This certainly is the case in downtown Olympia. Rent hikes leading to evictions and homelessness is the direct result of your real estate transactions.

Also, contrary to your arguments, the MFTE program didn't "incent" any builder. The program has been available since 2000 and no new downtown market rate housing was built until the market itself changed in 2016 and investors cashed in, with an extra gift from the Selby/Bateman Council. It also seems clear that some investors were simply looking for a "asset holding" device having little to do with providing rental housing or even retail space. For example, only a Seattle chain restaurant has moved into the 123 4th Avenue building. The majority of this tax exempted building's retail space has remained vacant for the past three years, adding to the 100,000sf of vacant retail space already present in the downtown core.

The Selby/Bateman plan to upzone neighborhoods opening them to investors while removing any process for citizen challenge is neither an environmental strategy nor one that will produce affordable housing. It is simply a plan by market fundamentalists to prioritize investors' interests over those citizens interested in livable neighborhoods where kids don't need to live in fear of speeding traffic.

The "missing middle" ordinance you endorse isn't about housing. It's about maintaining a political system that prioritizes investors. This is in line with the national administration elimination of all constraints on capital. The Selby/Bateman regime agrees and has even sought state legislation to silence its own citizens so investors wouldn't meet any local resistance. Similarly, the Selby/Bateman regime has made this ordinance's determination of "Non-Significance" un-appealable." How fearful you must be of your own citizens.

My SW neighborhood has one of the most diverse housing stocks and income levels in Olympia, from HUD and non-profit apartment complexes to duplexes, ADUs, townhouses, luxury apartments and single family homes. The most affordable housing is the existing housing. No private investor does or will match its affordability. The only thing your ordinance will do is raise the price of housing.

That investors don't give a damn about the environment is demonstrated both by all their buildings in the downtown flood zone, as well as their willingness in the midst of global warming to clear cut acres of forest and woodland for single family/two car garage complexes at prices of \$450,000 and above. These prices might seem reasonable to Seattlites fleeing from working class neighborhoods being destroyed by "missing middle" million dollar condos, but they are not affordable for Olympians. In terms of global warming, your clear cuts are simply obscene.

You often state that your work with the voter approved Home Fund justifies the "mix" of high priced apartments downtown. The three precincts that make up my neighborhood voted strongly for the Home Fund. However, few of us would have imagined that Selby/Bateman Council would give \$1.35 million dollars to one individual for a piece of property assessed at \$391,300, even if that property is destined to become a homeless shelter. That type of largess is not what we voted for.

I'm also fairly sure none of us would agree with the Selby/Bateman decision to assign the Home Fund director to manage the Tax Gift program for wealthy owners of the nine tax exempted downtown apartment buildings. Your investor preference has even distorted the Home Fund.

You should withdraw this ordinance and terminate your tax gift program. Prioritize public housing projects like the LIHI project at 2828 Martin Way. You should also ask the LIHI to propose once again their low-income housing project that Mr. Rants took over for his failed million dollar condo fiasco.

Dan Leahy

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