

DRAFT LETTER on Use of Surplus Utility Properties support of affordable housing

Sent Via email

Honorable Mayor Durkan, and

Council President Harrell and Members, Seattle City Council

Dear Mayor Durkan and President Harrell:

The City Light Review Panel is charged to provide our advice and input into City Light's rates, financial policies and strategic plan. Our primary concern in recent years has focused on the rate of growth in electric rates, particularly now that City Light has entered a new period of ongoing decline in retail demand. We write now to urge much more transparency by the City in its proposed use of surplus City Light properties in support of non-utility functions. To the extent that choices are being made by the Mayor and Council that will directly impact electricity rates and finances in order to fund the City's homelessness response, we think that at a minimum, ratepayers should be clearly informed of this.

Last year, we wrote Mayor Durkan to strongly support the sale of City Light's 8th and Roy property. Council authorized the sale of this property in **_____, 2017**. With an expected sale price upwards of \$35 million, we noted at the time that sale the 8th and Roy property would be a substantial financial benefit to the Utility and its ratepayers, sufficient to remove the current 1.5% surcharge all ratepayers are now paying to replenish City Light's Rate Stabilization Account.

The 8th and Roy property was pulled from the market at the direction of the Mayor earlier this year, and is now being considered to be leased for use as a site for "tiny homes" for homeless individuals; lease rental is expected to be greatly below that which the Utility could reasonably be expected to secure in a commercial lease of the property. Recently, the City Council adopted **Resolution ____** which, pursuant to a 2018 change in state law the constitutionality of which has been openly questioned, allows the sale or lease of City Light assets for less than fair market value for support of affordable housing. A lease of the 8th and Roy property for homeless housing seems likely to be the first application of this resolution.

No one living in our City can fail to understand that homelessness is a crisis that is rightfully a priority for City government response. We do not offer any views with respect to the advisability of the specific project proposed for 8th and Roy. Our focus is instead on the use of City Light properties and funds. As a billion-dollar per-year operation, City Light is no doubt a tempting source of funds. That said, as an advisory body to the Mayor and Council on City Light rates and strategic planning, we cannot but be concerned with the prospect of how this policy shift could impact the utility and its ratepayers.

As individual Panel members, we are frankly divided on whether the City should utilize the new state law to apply utility properties and funds to support affordable housing—or should continue to maintain a clear distinction between the City's general fund and enterprise funds, and preserving ratepayer dollars for utility functions. We are unanimous, however, in our belief that this type of action needs more visibility to the ratepayers.

Sincerely,

Patrick Jablonski
Chair, City Light Review Panel

Gail Labanara
Vice-Chair, City Light Review Panel