



Planning and Economic Development Committee Agenda

June 23, 2022
4:00 pm–5:30 pm
Hybrid Meeting

As the City transitions to a hybrid format, please be patient. We are trying our best to make everything work as seamlessly as possible, but that requires many people, technologies, and systems to work together. Thank you.

This meeting will be conducted in a hybrid format with in-person and remote options for public participation. The meeting will be broadcast on SeaTV Government Access Comcast Channel 21 and live-streamed on the City’s website <https://www.seatacwa.gov/seatvlive> and click play.

A quorum of the Council may be present.

Committee Members: Councilmember Mohammed Egal, Chair
Councilmember Peter Kwon
Mayor Jake Simpson

Staff Coordinator: Evan Maxim, CED Director

ITEM	TOPIC	PROCESS	WHO	TIME
1	Call to Order		Chair	4:00
2	<p>PUBLIC COMMENTS: The committee will hear in-person public comments and is also providing remote oral and written public comment opportunities. All comments shall be respectful in tone and content. Providing written comments and registering for oral comments must be done by 2:00 pm the day of the meeting. Registration is required for remote comments and encouraged for in-person comments. Any requests to speak or provide written public comments which are not submitted following the instructions provided or by the deadline will not be included as part of the record.</p> <ul style="list-style-type: none"> • Instructions for registering to providing oral public comments are located at the following link: Registration for Oral Public Comments - Council Committees and Citizen Advisory Committees • Submit email/text public comments to pedpubliccomment@seatacwa.gov. The comment will be mentioned by name and subject and then placed in the committee handout packet posted to the website. 		Chair	4:00 (2 min)
3	Minutes of May 26, 2022 PED meeting	Review and approve	Committee	4:02 (2 min)
4	ARPA Proposals: Overview and Briefing	Informational Briefing	Aleksandr Yeremeyev /	4:04 (40 min)

			Tanja Carter	
5	Affordable Housing: CED Workplan	Informational Briefing	Jenn Kester / Kate Kaehny	4:44 (40 min)
6	Adjourn		Chair	5:24



Planning & Economic Development Committee Minutes

Thursday May 26, 2022

4:00 PM – 5:30 PM

* Virtual Meeting *

Members: Present: Commence: 4:00 PM
Adjourn: 5:39 PM

Mohamed Egal, Chair X
 Jake Simpson, Mayor X
 Peter Kwon, Councilmember X

Other Councilmembers:

Staff & Presenters: Gwen Voepel, *Deputy City Manager*; Evan Maxim, *CED Director*; Jenn Kester, *Planning Manager*; Aleksandr Yeremeyev, *Economic Development Manager*; Tanja Carter, *Economic Development Strategist*; Barb Mailo, *Admin 3*; Damiana Merryweather, *PC Member*; SeaTV

1. Call to Order	Chair Egal called the meeting to order at 4:00 pm.
2. Public Comments	<p>Written public comments were submitted on 5/26/22 by Ron Loos, Mike West, Brady Hagar, MariLyn Yim, Rebecca Iwai, and Kabannon.</p> <p>Public oral comment was received from Kay Fontaine in tonight's meeting regarding <i>Small Landlord representation for housing affordability</i>.</p>
3. Minutes of 03/24/2022 regular meeting	<p>Review and approve</p> <p>Mayor Simpson approved the minutes. Second by Councilmember Kwon.</p>
4. CRF2022-01: Planning Commission Membership and Scope of Work	<p>Review and direction</p> <p>Presented by Planning Manager Jenn Kester. The purpose of the presentation was to guide the PED Committee through a series of questions to give staff direction in order to draft changes to the municipal code related to Planning Commission membership and scope of work.</p> <p>Committee Action Requested: Provide direction to staff on the desired changes to the Planning Commission membership requirements and scope of work to incorporate renters and renter issues.</p>

	<p>The presentation included the following topics. After each topic, the Committee members shared their opinions on the questions and consideration in the presentation</p> <ul style="list-style-type: none">• Overview• Planning Commission Membership Options:<ol style="list-style-type: none">1) How many business interest positions should be on the Commission?2) How many renters should be on the Commission?3) Any other specific terms desired for the Planning Commission positions?• Planning Commission Scope of Work:<ol style="list-style-type: none">4) What renter-specific topics should be reviewed the Planning Commission? <p>5:10 pm: <i>CED Director Evan Maxim indicated that meeting may go into overtime to complete Planning Manager Kester's presentation and include 15 minutes he will need for his presentation. CM Kwon motioned to extend the meeting time to 5:45 pm. Motion second by Mayor Simpson. Unanimous approval to extend meeting time to 5:45 pm.</i></p> <ul style="list-style-type: none">• Options for Implementing Commission Position Changes <p>Ms. Kester indicated her next step was to take the conversation heard at the meeting and present options for Planning Commission membership and scope of work code changes at a future PED meeting.</p>
<p>5. Work Release Facilities: 6-month Moratorium Extension</p>	<p>Review and recommendation</p> <p>Presented by CED Director Maxim.</p> <p>The purpose of the presentation was to seek PED Committee guidance on the 6-month extension of Ordinance No. 21-1027, establishing a moratorium on Halfway Houses, Work Release Facilities, and similar use.</p> <p>The presentation included the following:</p> <ul style="list-style-type: none">• Background• Moratorium Extension• Original Work Plan / Schedule• Proposed Work Plan <p>Committee Action Requested: Staff are seeking</p> <ul style="list-style-type: none">• The PED Committee's recommendation to the City Council to extend the moratorium established by Ordinance No. 21-1027 for an additional 6 months; OR

	<ul style="list-style-type: none">• The PED Committee's direction to take no action to extend the moratorium. The current moratorium, if not extended, will end on August 31, 2022. <p>Staff Recommendation: Staff recommends extending the moratorium for an additional 6 months.</p> <p>CM Kwon motioned to extend the moratorium for an additional 6 months as recommended by staff. Second by Mayor Simpson. Unanimous vote by committee members.</p>
6. Adjourn	Chair Egal adjourned meeting at 5:39 pm.

MEMORANDUM PLANNING & ECONOMIC DEVELOPMENT COMMITTEE

Date: June 23, 2022
To: Planning and Economic Development Committee (PED)
CC: Evan Maxim, Director, Community & Economic Development
Aleksandr Yeremeyev, Economic Development Manager
From: Tanja Carter, Economic Development Strategist
Subject: **ARPA Funding Proposals**

The purpose of this memo is to provide an overview of the ARPA funding programs that the Economic Development Division Staff (EcDev) proposes based on the effects of the COVID global pandemic on SeaTac businesses. Staff seeks to provide the PED Committee an overview of the background information on three small business support programs. At the CSS on 5/10 the Council gave the City Manager direction to proceed with developing the discussed programs and preparing the necessary budget amendment approval requests. This serves as an informational update.

Program Background

One of the six practice areas in economic development is Business Retention & Expansion – BRE. The other areas are: Business Attraction, Real Estate Development/Reuse, Workforce, Neighborhood Development, and Tourism.

Due to the significant job and tax revenue impact of business retention and expansion (BRE) as it relates to the overall health and prosperity of the city; it is important to monitor business sentiment and needs over time. Business sentiment in the 2021 EcDev annual business survey indicated that the main concerns and areas where businesses desire support were in Covid-related loss of business, various workforce issues, business marketing and consumption (consumer demand). Businesses further indicated that barriers to recovery included childcare, support in ecommerce (digital literacy and new customers), and new business opportunities. Limited access to business capital and loans is also a challenge for many small businesses. As reported to the PED committee in February 2022, the EcDev team has now taken this business feedback and, through the use of ARPA funding, proposes multiple programs to support resolution of these challenges over the next several years. Due to the interconnected nature of business, each program is structured in a way to address multiple overlapping issues to wholistically support SeaTac business recovery. A summary of data and research is also provided below and in the presentation, to provide context to the proposed solutions.

Childcare as a BRE Solution

There are three key financial impacts to businesses and workers when childcare is not available:

- 1) household income losses (parents work less so have limited earning potential),
- 2) business productivity (due to fewer employees working less hours) and
- 3) less tax revenue (due to lower household & business income).

District 9 – which SeaTac resides in – estimates that there is annually approximately \$400m lost in

revenue due to the fact that the District is in an identified “childcare desert.” This correlation of childcare and general loss of business and workforce is also seen in King County with 34% of children not having access to childcare (estimated \$1.5bn impact) and overall in Washington state with up to 63% of the population living in a childcare desert. Finally, a key reason why EcDev landed on childcare as a solution to identified business issues is reflected in the 2021 adopted three-county (King, Pierce, Snohomish) and 200-person task force economic recovery plan which highlights childcare expansion as one of ten programs all cities and economic development divisions committed to develop based on the known needs. The business proposal for childcare is also attached to this memo for context.

Ecommerce & Digital Literacy as a BRE Solution

The second program proposed is also a solution that addresses workforce issues, revenue generation and business retention & expansion. Deloitte and several other consultancies conducted surveys on small businesses and their success at various levels of digital literacy/engagement. The results year over year have shown that improving the digital footprint of a business generates twice as much revenue per employee, four times as much revenue growth and six times as much employment growth as non-digital businesses (up to 35% employment growth within 12 months for some businesses). In addition – these digitally present businesses had more new product innovation, more diversified customer base and increased inquiries on their products across all of their sales channels. The customer base of digital businesses also shifted from 28% interstate & overseas to 43% - with a much more diversified customer base.

The digital literacy of small businesses that EcDev proposes to focus on with an ecommerce and digital literacy program are labelled “basic or intermediate” businesses. More than 90% of small businesses in the “basic” category did not have a website and 85% no social media. In the intermediate category a large portion of businesses have websites – however only 10% are mobile responsive (i.e. work well on a smart phone or tablet). These same trends were directly observed with SeaTac’s small businesses during the Covid-19 related closures, where tradition business customer behaviors were hindered by health safety concerns and related restrictions. The businesses that did not have a strong online presence were impacted more negatively than those that did. The Small Business Development Center advisers at Highline who serve more than 150 area businesses per year, also confirmed the same observations.

The proposed program will address the top three reasons why small businesses traditionally have hesitated to engage in adoption to digital platforms (thinking it’s not relevant, effective for business, and having security concerns). The percentages of businesses who still have these concerns have been significantly reduced during covid, indicating a much higher desire for businesses to become digitally present to access a broader customer base. The business proposal for ecommerce & digital literacy is also attached to this memo for context.

SeaTac Business Capital Access Fund Program

Since the initial proposal of participating in or creating a Revolving Loan Fund (RLF), there have been positive developments on the availability of capital for relatively low-cost loans to small businesses through the Small Business Flex Fund and other state-wide programs in the works.

At least five (5) SeaTac small businesses have already qualified for loans (\$300,000+ in total borrowed funds) from the Washington State Department of Commerce supported lending program which is fully capitalized now at over \$100M and is built in partnership with community financing development institutions (CDFIs) and their wraparound lending services.

However, local outreach, regional and national data indicate that access to business capital is a top priority for small business recovery, stabilization and growth. Additional research indicates the need to increase awareness about the Small Business Flex Fund and other available sources of business capital along with providing additional technical assistance capacity to serve SeaTac small businesses in this area. The attached updated SeaTac Business Capital Access Fund program description provides additional details on the framework.

Conclusion

The three described programs are informed by both broader and SeaTac-specific research. The programs will also undergo further refinement in the development process to ensure they are best fitted to serve the intended stakeholder audiences and fulfil the stated objectives.

(Please see the attached ARPA Proposals for program overviews)

Updated Proposal for ARPA Funds for SeaTac Business Capital Access Fund Program

Program Background/Update

Since the initial proposal of participating in or creating a Revolving Loan Fund (RLF), there have been positive developments on the availability of capital for relatively low-cost loans to small businesses through the Small Business Flex Fund and other state-wide programs in the works.

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Small Business Flex Fund Update from Washington Economic Development Association:

“ The Washington State Small Business Flex Fund opened almost a year ago, on June 30, 2021 and it has been extremely well-received! This new fund, supported by the Washington State Department of Commerce, **is a simple, low-interest, and flexible loans for Washington’s smallest businesses and nonprofits.** *The Flex Fund has now topped \$469 million in matched applications, and over \$50 million in 590 funded loans!* As of June 14, 590 loans have been funded totaling \$50,381,469; and 4,902 pre-applications have been matched with CDFI lenders, totaling \$469,855,904. Of the application pool, WMBE ownership is still above 66%. There is at least one application from every county in the state. The Flex Fund has now surpassed its goals, with **over \$100 million** in funding.”

The Small Business Flex Fund and programs being considered as part of the [State Small Business Credit Initiative \(SSBCI\) 2.0](#) are providing unprecedented access to small business loan capital. These programs are intended to build upon the temporary relief programs provided by previous forgivable loans/grants. Additionally, these CDFI provided loans fill a lending gap not serviced by traditional banks.

The **biggest challenges** for SeaTac businesses in accessing business loans are still the:

1. lack of broad availability/access to lenders in the community who make smaller business loans with more flexible underwriting and terms than traditional banks,
2. need for technical and language assistance to support business’ credit readiness to learn about, qualify, actually borrow and use the monies in the

course of business productively, and subsequently repay the loaned amount, while growing the business.

Modified Program Structure Use of Funds Proposal

To ensure that every interested SeaTac small business has knowledge of and potential access to business capital, it is proposed to establish the SeaTac Business Capital Access Fund Program.

The program's **three** components are:

1. Promoting and publicizing expanded access to information about available small business loan products to increase small business awareness
2. Arranging and organizing the necessary technical assistance to prepare businesses to apply
(includes promotion of Flex Fund, and other lending support services, also in foreign languages)
3. Funds set aside to either reduce the cost of borrowing or increase the productivity of borrowed funds through flexibility of terms.

Phase 1 (Q3-4 of 2022) will promote the Small Business Flex Fund to all small businesses in SeaTac and inform/train the various business support organizations and community-based organizations about the Flex Fund and other resources and how to best prepare prospective business applicants (includes direct outreach, workshops and technical assistance)

Phase 2 (Q4 of 2022 – Q4 2023) will proactively solicit applications for business loans, the process for which will include business planning assistance to evaluate ability to borrow, use funds productively in business and subsequently repay the borrowed monies.

Phase 3 (2022 – 2025) will assist those SeaTac businesses that qualify for the loans and begin using funds in their business operations to recover and grow. This phase would likely deplete the remaining ARPA funds allocation for this program.

The above is modified and adjusted based on the below previously explored concepts

ARPA Funding Project : RLF

Initiative Name:	SeaTac City Revolving Loan Fund (RLF) or Other Fund Structure
Project Owner	SeaTac Economic Development Division
Contact Name:	Aleksandr Yeremeyev
Contact Phone:	206 973 4843
Contact Email:	ayeremeyev@seatacwa.gov
Website URL:	www.seatacwa.gov
Date Submitted:	3/29/22
Project Description (includes funding ask)	
<p><i>A large number of SeaTac and South King County businesses suffered a substantial reduction in revenues while incurring ongoing operational expenses for an extended period of time caused by the global Covid-19 pandemic and related restrictions and closures. The majority of businesses in SeaTac survived/endured through the pandemic, but many were unable to pay off previous debt, incurred new debt, used up savings and/or delayed doing maintenance/making investments in the businesses that would have occurred during normal circumstances. Traditionally underserved business communities experienced these impacts at a similar and more intensive scale. The situation increases the need for flexible and non-traditional funding/financing options to bridge the capital and operational capital gaps for business and allow for a rebuilding/building up of financial strength of the SeaTac businesses.</i></p> <p><i>Participating in a revolving loan fund (RLF) using \$1.5M ARPA dollars is proposed as a solution. This fund can be incorporated into the Washington State-wide Small Business Flex Fund program (recommended), with the SeaTac contributed pool of funds specifically dedicated for supporting lending/granting to SeaTac based businesses.</i></p> <p><i>SeaTac's allocated ARPA funds would be leveraged to access other capital in the fund which increases/multiplies the lending capacity (smallbusinessflexfund.org – Small Business Flex Fund). The Flex Fund provides working capital loans of up to \$150,000 to qualified businesses with a 5 year term.</i></p> <p><i>Alternatively, funds can establish an independent SeaTac specific revolving loan fund administered by a third party community development financial institution (CDFI) similar to how CARES Act funds were distributed in 2020-21. It is an option, but due to higher cost and increased risks, this approach is not recommended. (Not an optimal cost structure model compared to the existing Flex Fund model)</i></p>	

- 1) **Start**: The City of SeaTac establishes a relationship and becomes a participant of the Flex Fund program. The allocated funding from the America Rescue Plan Act (ARPA) federal dollars support SeaTac’s small businesses to prepare for and apply for loans from the Flex Fund. Loans are available to previously defined qualifying businesses for qualifying business expenses (working capital for businesses or otherwise. A portion of the initial ARPA funds are used for promotion of the Flex Fund and technical assistance to SeaTac small businesses. There is opportunity to designate SeaTac’s contribution of ARPA funds to provide additional programs/benefits to SeaTac businesses who qualify for loans: Interest buy down, grants on top of loans, different additional loans, (possible partially forgivable loans/grant-type structure). The existing Flex Fund program has a good user interface in different languages and matches the business applicants with the best fit of multiple local CDFI lenders. The requirement of committing ARPA funds by end of 2024 and expending by end of 2026 would be met. The future repayment of loans would replenish the Flex Fund and allow for an ongoing future loan program.

- 2) **Sustain/Grow**: The nature of the RLF is such that once issued loans are repaid, the funds can be used for future loans in perpetuity. The fees/interest revenue pays for the ongoing operation and administration of the fund. Allowable fund uses may be adjusted based on future business needs.

(Note: Revenues from loan fees/interest rate revenues can grow the fund, additional funds can be infused into the fund. Uses of Flex Fund are restricted to working capital. For SeaTac, exploring use of funds for business real estate acquisition support/displacement prevention or other business needs can be researched further)

Funding is being requested to: 1) Raise awareness of small businesses on available loan programs and provide technical assistance for credit readiness 2) Support actual application process for loans by eligible business applicants, 3) Expand access to technical assistance for loan recipients to manage growing business operations and repay loans 4) Potentially allocate funds to either reduce the cost of borrowing or increase the productivity of borrowed funds through flexibility of terms

Included in the appendix are background details on scope/schedule/budget and structure.

Overview and Outcomes (see appendix for background)	
Amount of SeaTac ARPA monies requested	\$1.5M – some \$ for promotion and technical assistance (approx. 1/3 and 2/3 for cost reduction/optimization of terms)
Cost of setting up/participating in fund	Free to promote Flex Fund To; otherwise, to be determined based on amount. % of total fund amount (approx. 0.5 - 3%) and staff time 80-120 hours;
Ongoing cost of managing fund	Administrative expenses of third party fund manager (usually percentage of managed funds or annual fee). Should be self-sufficient through fund operations
Ongoing investment by SeaTac	Some staff time each year for reporting and high level oversight, potential audit related work.

Number loans to businesses in SeaTac over three years	10-30 annually, 30-90 over 3 years (depending on size of fund and loan amounts)
End of Executive Summary	

Appendix

Project Scope / Budget

The scope of this project can vary based on chosen approach:

Fund Creation Options

1. Participate in Flex Fund but specific to SeaTac businesses – less management and less control
2. Create independent SeaTac specific revolving loan fund administered by third-party CDFI – more costly, more management and more control, more exposure/risk **NOT RECOMMENDED** / Likely not feasible due to limited availability/capacity of CDFI partners as they are participating in the Flex Fun already.

Funding Amounts:

A recommended amount is \$1.5 million with a possible minimum of \$1.0 million. This allows for leveraging opportunities to add other funding sources at scale.

Resources Require:

Approx. 80-120 hours of staff time (economic development staff with support from Finance Department staff). Plus ongoing annual program management/monitoring/oversight.

Project Schedule

Project Funding Approved SeaTac Partnership(s) Established (Flex Fund or otherwise)	July 2022 July - August 2022
SeaTac Specific Promotion of Fund/ Lending Program Support Established	August / September 2022
Lending Occurs Periodic Program Updates Program Review/Audit / Adjustment	September 2022 - December 2023 2022-2024 2023-2024+

Considerations:

- Complexity of establishing, managing, reporting, and maintaining compliance.
- Evaluation of SeaTac specific business funding needs to inform the formulation of fund and eligibility/lending criteria.
- Other uses for ARPA funds based on business community needs/broader community needs/city priorities.

Related resources and background information

Small Business Flex Fund

<https://smallbusinessflexfund.org/>

NDC Announces Participation in New Loan Program in Washington State

<https://ndconline.org/2021/06/30/ndc-announces-participation-in-new-loan-program-in-washington-state/>

MRSC info on: American Rescue Plan Act (ARPA), and specifically the Local Fiscal Recovery Fund (LFRF)

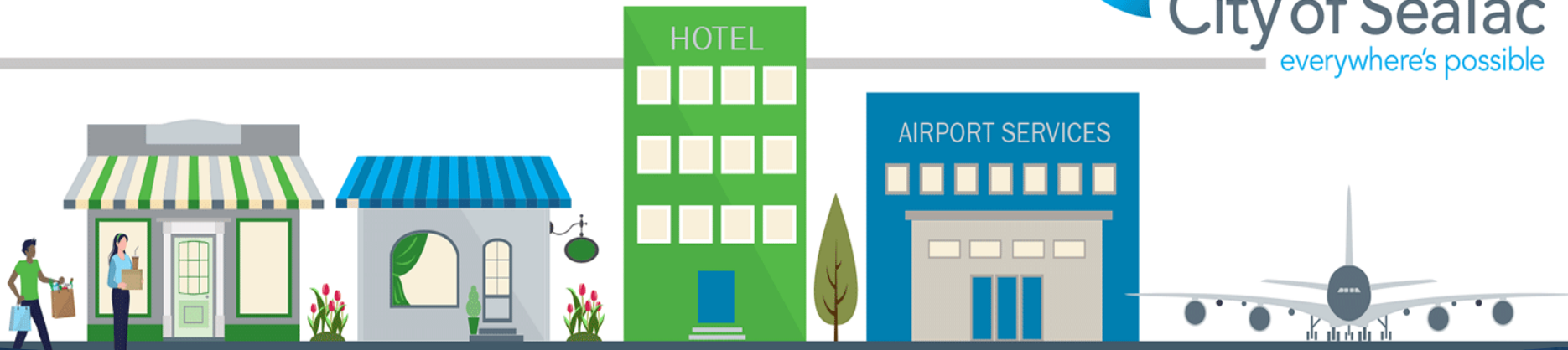
<https://mrsc.org/Home/Explore-Topics/Finance/Revenues/American-Rescue-Plan-Act.aspx>

Calvert Impact Capital NDC Summary Presentation

Washington State Department of Commerce Business Recovery Materials

Economic Development ARPA Funding Proposals

June 23, 2022 – PED Committee



PRESENTATION OVERVIEW

PURPOSE OF PRESENTATION

To provide an overview of the ARPA funding programs economic development proposes based on the effects of the COVID global pandemic on SeaTac businesses. Council provided direction to proceed at the 5/10 CSS.

WHY IS THIS ISSUE IMPORTANT?

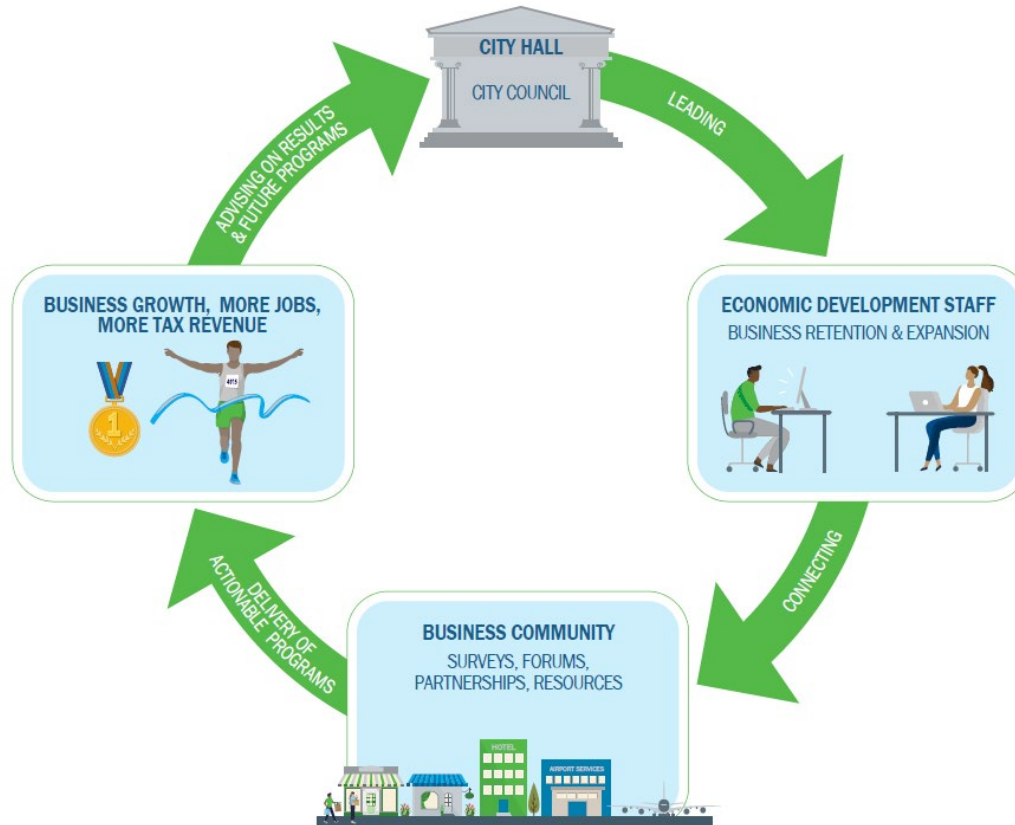
The business closures, sharp decrease in customers and great resignation caused by the COVID pandemic significantly affected SeaTac businesses. Businesses surveyed locally and regionally indicated that barriers to recovery included childcare, support in ecommerce (digital literacy and new customers), and new business opportunities, as well as access to capital.



BRE: CORNERSTONE OF ECONOMIC DEVELOPMENT(EcDev)



BUSINESS RETENTION AND EXPANTION TAKING CARE OF SEATAC BUSINESSES

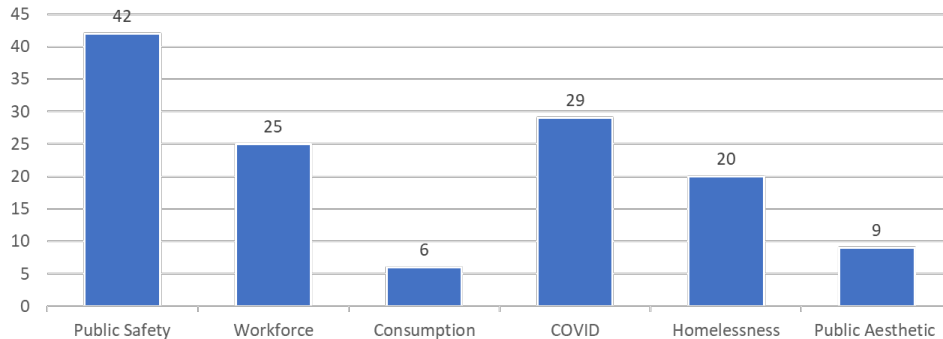


COVID EFFECTS ON BRE

Top SeaTac Business Issues on Annual SeaTac Survey:

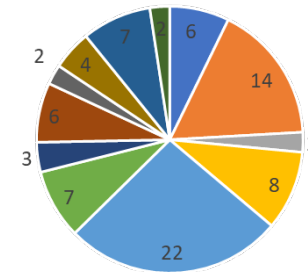
Covid (Loss of Business), Workforce Issues, Business Marketing/Consumption

Main Areas of Concern from the SeaTac Business Community
Total: 131



In which of the following areas can the City of SeaTac or Seattle Southside Chamber IMPROVE to better help your business?

Total: 83



- Permitting
- Staff Development
- Tax/Regulation
- Access to Capital
- Infrastructure Safety
- Marketing
- Public Works Notice
- Commercial Affordability
- Community Events
- Public Waste Removal
- Supply Chain Connection
- Relocation/Expansion



COVID EFFECTS ON BRE

Since BRE is a cornerstone of EcDev, staff is addressing business issues that both businesses & the economic development industry (government, nonprofit, think tanks) identified are necessary to maintain business resilience.

Our goal is to create programs that address multiple issues at once.



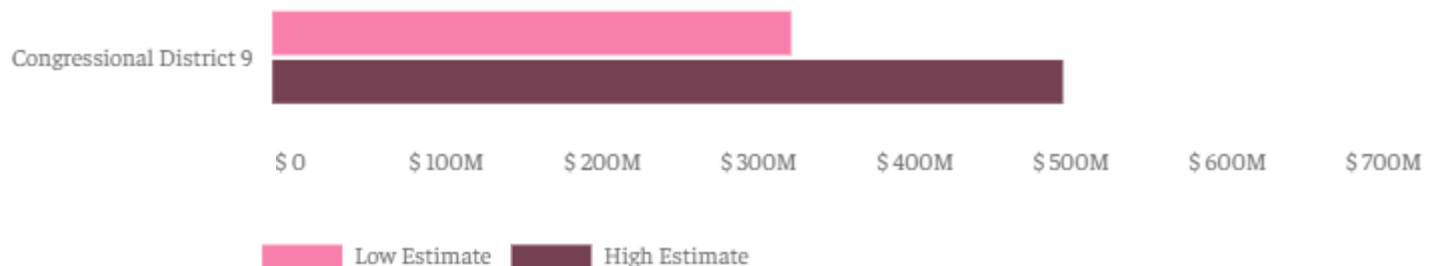
CHILDCARE AS BRE SOLUTION

Top Local Issue: Economic Impact Per No Childcare for Workers

-Household Impacts: income losses parents incur from having to reduce their work hours or leave the labor force entirely, as well as future lost earnings from delayed opportunities for promotions, reduced work experience, and reentering the workforce at a lower station.

-Business Impacts: direct productivity losses such as hours of foregone worker productivity and continual pay and benefits paid to employees when they are not working, as well as future lost earnings from turnover costs and the delayed ability to capitalize on growth opportunities.

-Tax Revenue Impacts: the proportion of lost household and business income that would have contributed to government revenues, as well as future lost tax revenues from future lost household and business earnings.

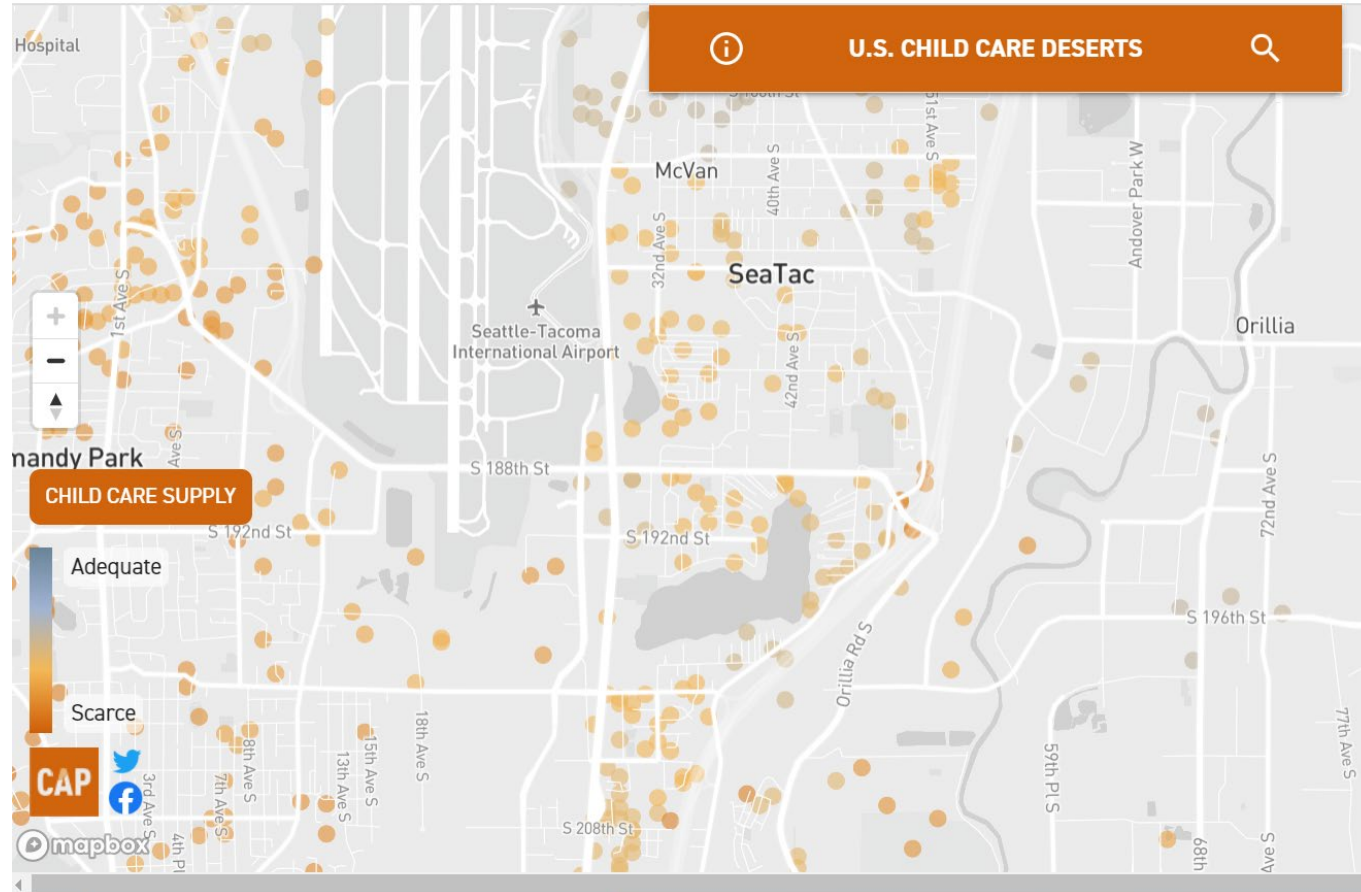


Source: Childcaresdeserts.org,
childcaregap.org



CHILDCARE AS A BRE SOLUTION

Top Local Issue: Low Business Expansion Per No Childcare for Workers



Source: Childcaredeserts.org



CHILDCARE AS BRE SOLUTION

Top Regional Issue: Workforce & Childcare for Workers

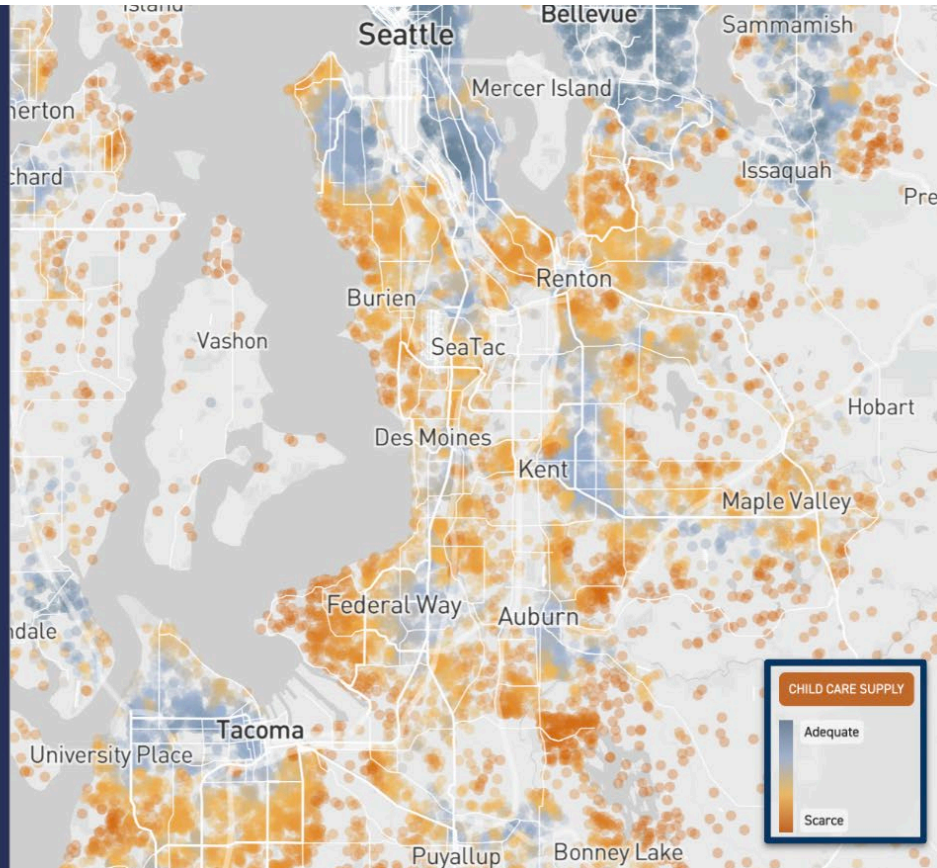
King County Child Care Supply

92,280 children
need access to child care

64,060 child care slots
are currently available

31,210 children (34%)
are unable to access care

\$1.5 billion
\$16,066 / slot
\$96,296 / program
financial impact



Source: wonderschool



CHILDCARE AS BRE SOLUTION

Top Statewide Issue: Economic Impact Per No Childcare for Workers

The current situation

Child care and early learning opportunities enrich child development, support working families, and strengthen the overall economy. But Washington’s insufficient supply of affordable, quality child care leaves parents with few options and child care providers earning poverty wages. With sustained federal investment and strong local implementation, Washington could make affordable, high-quality child care and preschool a reality for families while ensuring fair compensation for early educators.

Number of children under the age of 6 ¹	546,746
Number of infants and toddlers ²	263,703
Percentage of children under the age of 6 with all available parents in the workforce ³	60.6%
Average price of child care for two children based on market rate surveys by Child Care Aware ⁴	\$25,260
Percentage of income a typical family spends on child care based on families’ self-reported household expenses ⁵	10.6%
Percentage of population that lives in a child care desert where there are not enough child care options ⁶	63%
Number of parents making career sacrifices due to issues with child care ⁷	51,384

SourceCAP 2021 WA. Factsheet



CHILDCARE AS BRE SOLUTION

Top Regional Issue: Workforce & Childcare for Workers

	Initiative	Initiative	Initiative
1 Job Creation and Business Growth	Minority Business Accelerator \$10M ✓	Equity Loan Fund for Scale-Up Firms \$15M (loan)	Business Attraction for Emerging Industry Clusters \$1M
2 Talent Development	Shared Supportive Services for Earn and Learn Programs \$10M + \$2M loan	Expand Pre-Apprenticeship Training \$4M	
3 Business Practices	Corporate Racial Equity Coalitions \$6M	Apprenticeship Development for Mid-Sized Firms \$2.5M	Evidence Based Hiring Academy \$3.5M
4 Access to Opportunity	Job Hubs \$0.4M + \$8M loan ✓	Childcare Expansion \$7.5M ✓	

Regional Recovery - Created by 200 leaders in KC, SC, PC



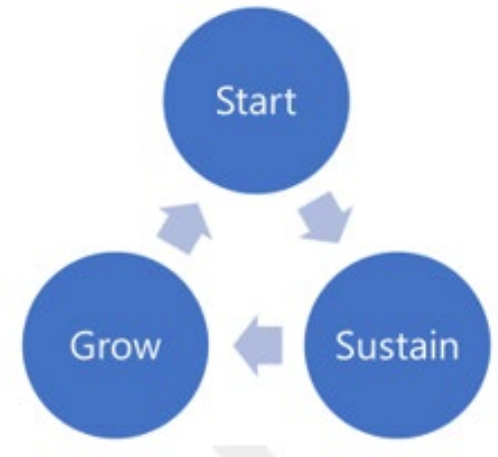
CHILDCARE INITIATIVE

Purpose:

1. Easy Access
2. Fast Scale Up & Regional Buy In
3. Job Creation

Results:

1. Bigger Employee Pool
2. More Entrepreneur Jobs
3. Higher Business Revenues

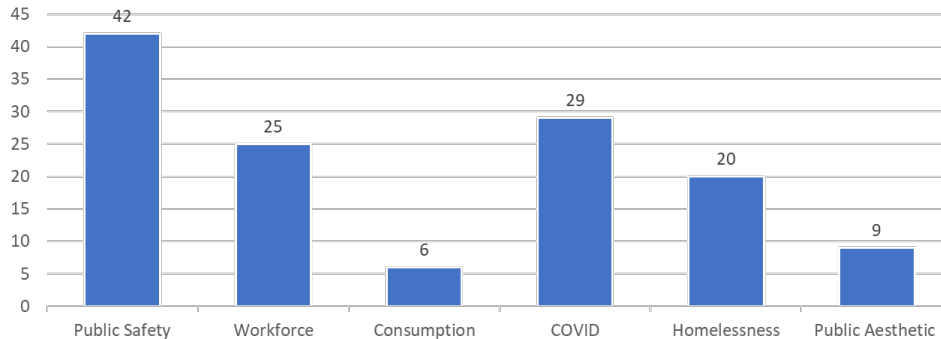


COVID EFFECTS ON BRE

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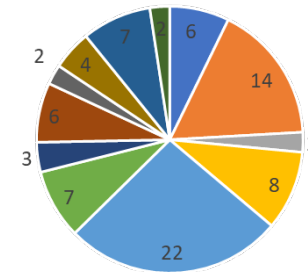
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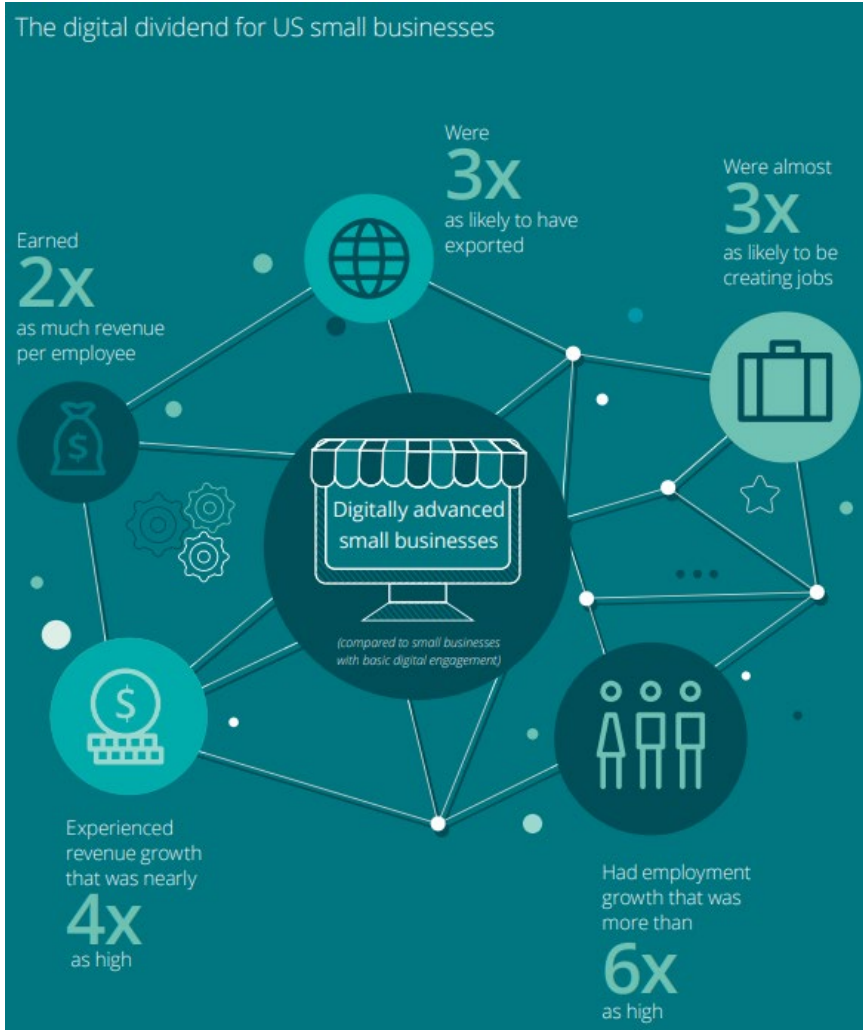
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- Relocation/Expansion



ECOMMERCE & DIGITAL LITERACY AS BRE SOLUTION



Small businesses with higher digital engagement also:

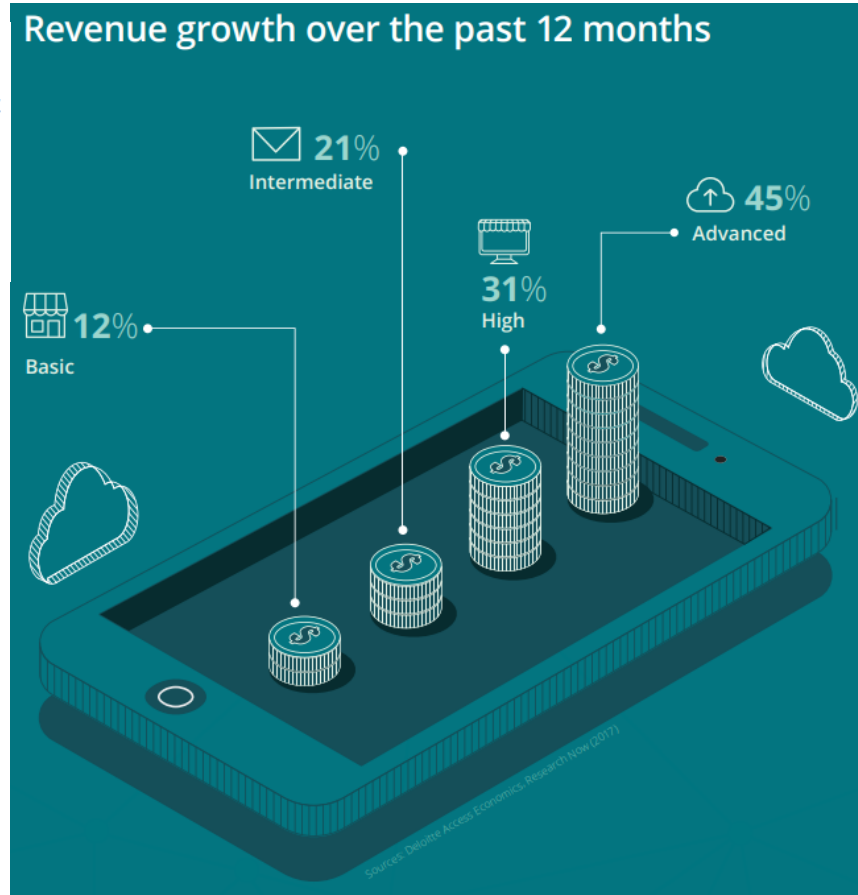
- Were more likely to **innovate** through new product offerings
- Had a more **diversified** national and international customer base
- Experienced increased inquiries and customers across the **sales funnel**

<https://www2.deloitte.com/content/dam/Deloitte/us/Documents/technology-media-telecommunications/us-tmt-connected-small-businesses-Dec2017.pdf>



ECOMMERCE & DIGITAL LITERACY AS BRE SOLUTION

Basic businesses represented 20% of the sample. More than 90% of small businesses in the basic category did not have a website, and 85% had no social media presence. Almost none engaged in online forms of marketing such as ad banners on websites or search-related advertising.



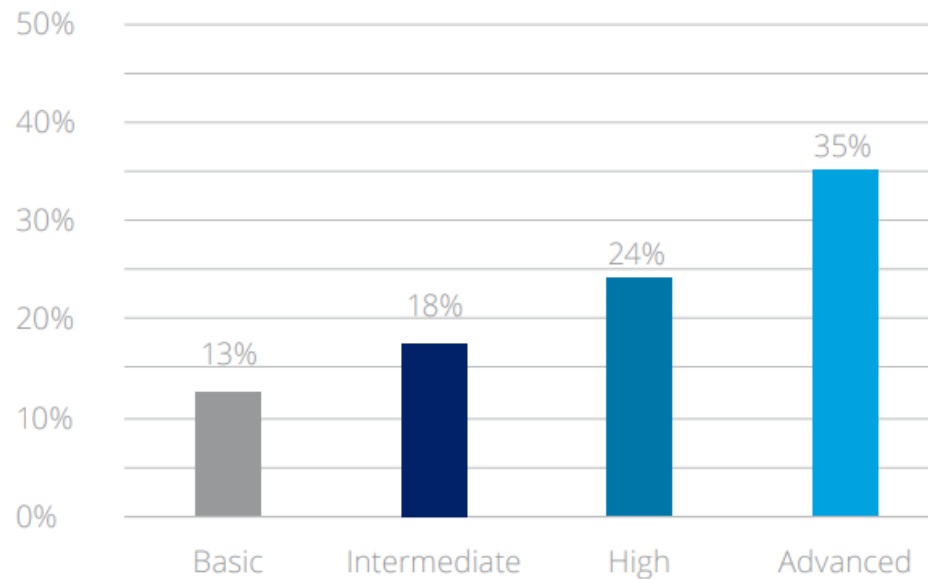
Businesses with **intermediate** levels of digital engagement represented 30% of the sample. 70% of businesses in the intermediate category had a website, but only 10% of intermediate small businesses had a mobile-responsive website. 51% of small businesses in this category had some presence on social media.

<https://www2.deloitte.com/content/dam/Deloitte/us/Documents/technology-media-telecommunications/us-tmt-connected-small-businesses-Dec2017.pdf>



ECOMMERCE & DIGITAL LITERACY AS BRE SOLUTION

Chart 5: Likelihood of employment growth over the next 12 months



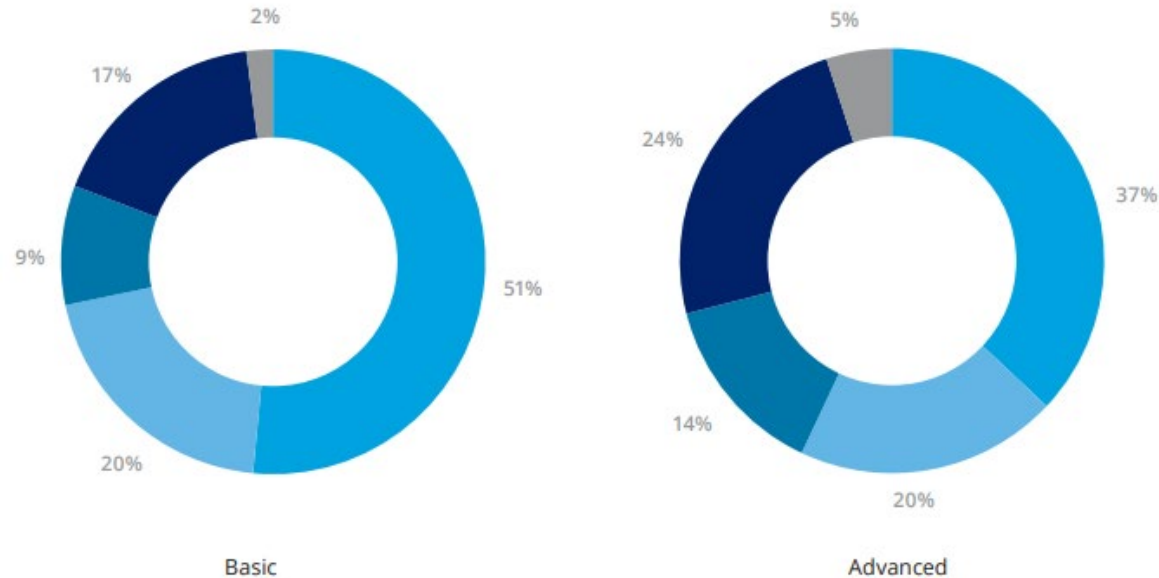
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ECOMMERCE & DIGITAL LITERACY AS BRE SOLUTION

Chart 8: Distribution of customer base by location

Our research finds that digital tools enable small businesses to reach a wider customer base, outside of those that are located directly within the neighborhood or city that the business itself is situated in. The survey results indicate that small businesses with a basic level of digital engagement predominantly sell to their local area, with more than half of their customers coming from within their business' local neighborhood, and only 28% from interstate or overseas customers (Chart 8). In contrast, digitally advanced small businesses are able to source 43% of their customer base from either interstate or overseas.



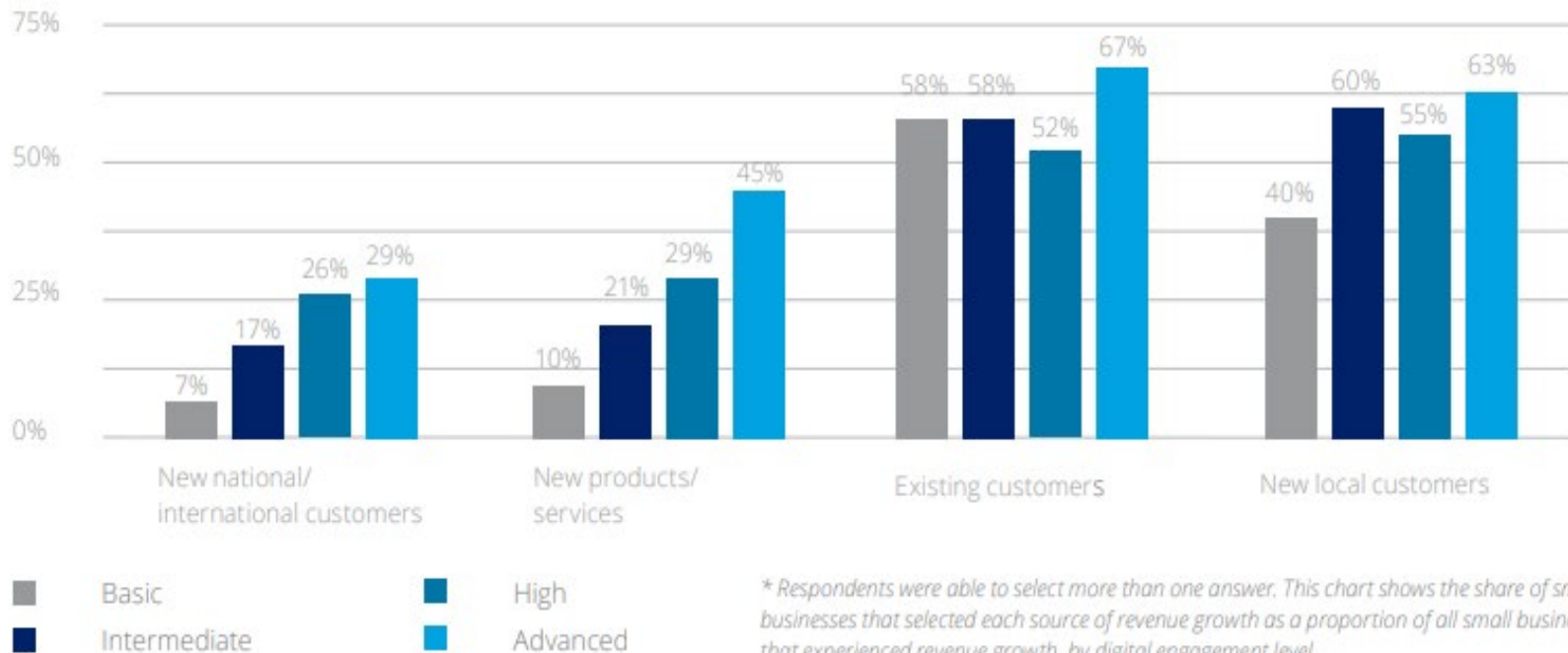
- Within the same local neighborhood or city as my business
- Within the rest of my State
- Within the rest of my broader region
- Within the rest of the US
- Overseas

<https://www2.deloitte.com/content/dam/Deloitte/us/Documents/technology-media-telecommunications/us-tmt-connected-small-businesses-Dec2017.pdf>



ECOMMERCE & DIGITAL LITERACY AS BRE SOLUTION

Chart 9: Sources of revenue growth over the past 12 months



<https://www2.deloitte.com/content/dam/Deloitte/us/Documents/technology-media-telecommunications/us-tmt-connected-small-businesses-Dec2017.pdf>



ECOMMERCE & DIGITAL LITERACY AS BRE SOLUTION

Chart 12: Likelihood of experiencing increased initial interest over the past 12 months

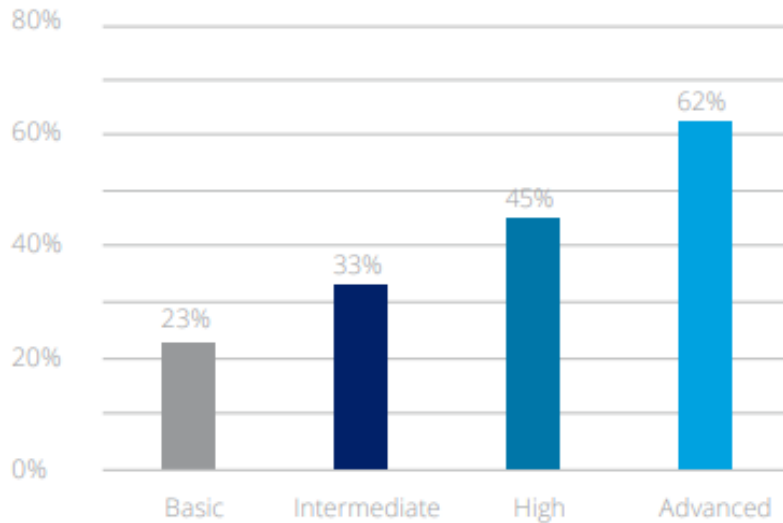
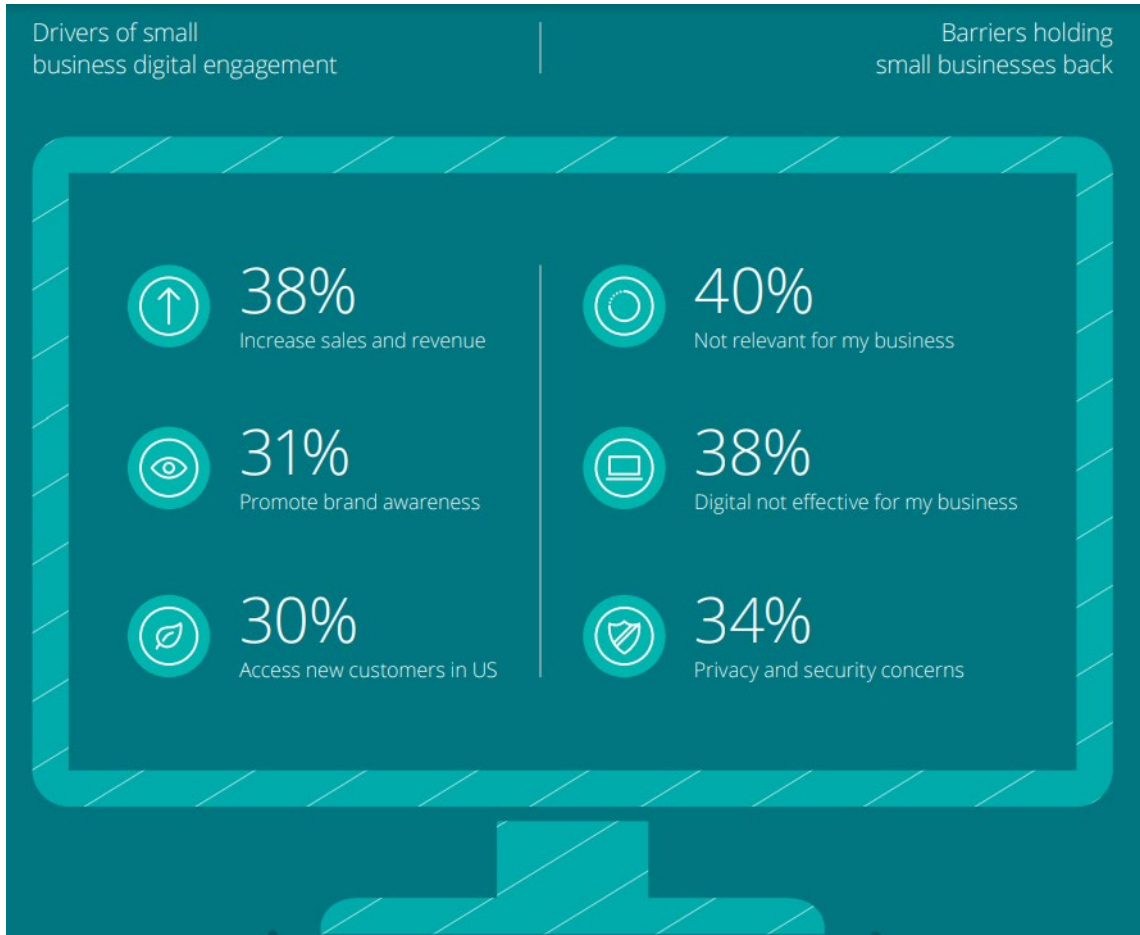


Figure 2: Different levels in the sales funnel



ECOMMERCE & DIGITAL LITERACY AS BRE SOLUTION



Reasons businesses want to learn

Reasons businesses don't learn - pre-Covid, which has shifted now

Source: us-tmt-connected-small-businesses-Jan2018.pdf



E Commerce & Digital Literacy as BRE Solution #1

Key takeaways

Digital tools can provide significant benefits for small businesses, including increased growth, job creation, exports and organizational gains, such as improved employee collaboration and satisfaction. However, our research in this series has found that **80% of US small businesses aren't taking full advantage of digital tools**, and have significant growth potential that could be realized through greater digital engagement.

Policymakers can support the small business community by facilitating appropriate training, information sharing and mentoring initiatives that enable small businesses to improve their awareness on digital opportunities, and develop the skills required to implement these.

Improving the digital engagement of 80% of US small businesses is not a task that can be completed overnight. But the joint efforts of policymakers and small businesses can enable less digitally engaged small businesses to seize new digital opportunities over time. This will be critical in achieving future small business growth as the consumer and business landscape becomes increasingly digital.

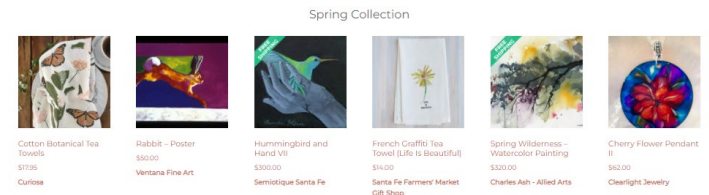
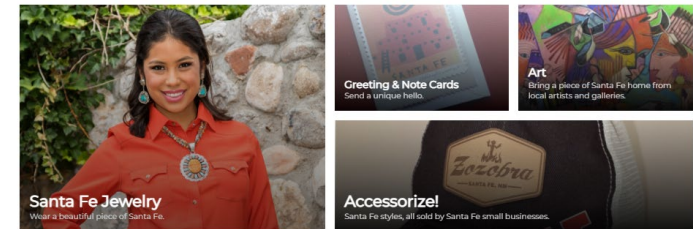
ECOMMERCE & DIGITAL LITERACY INITIATIVE

Purpose:

1. Fast “Plug & Play” Start Up
2. Easy Access
3. Simple Business Acceleration

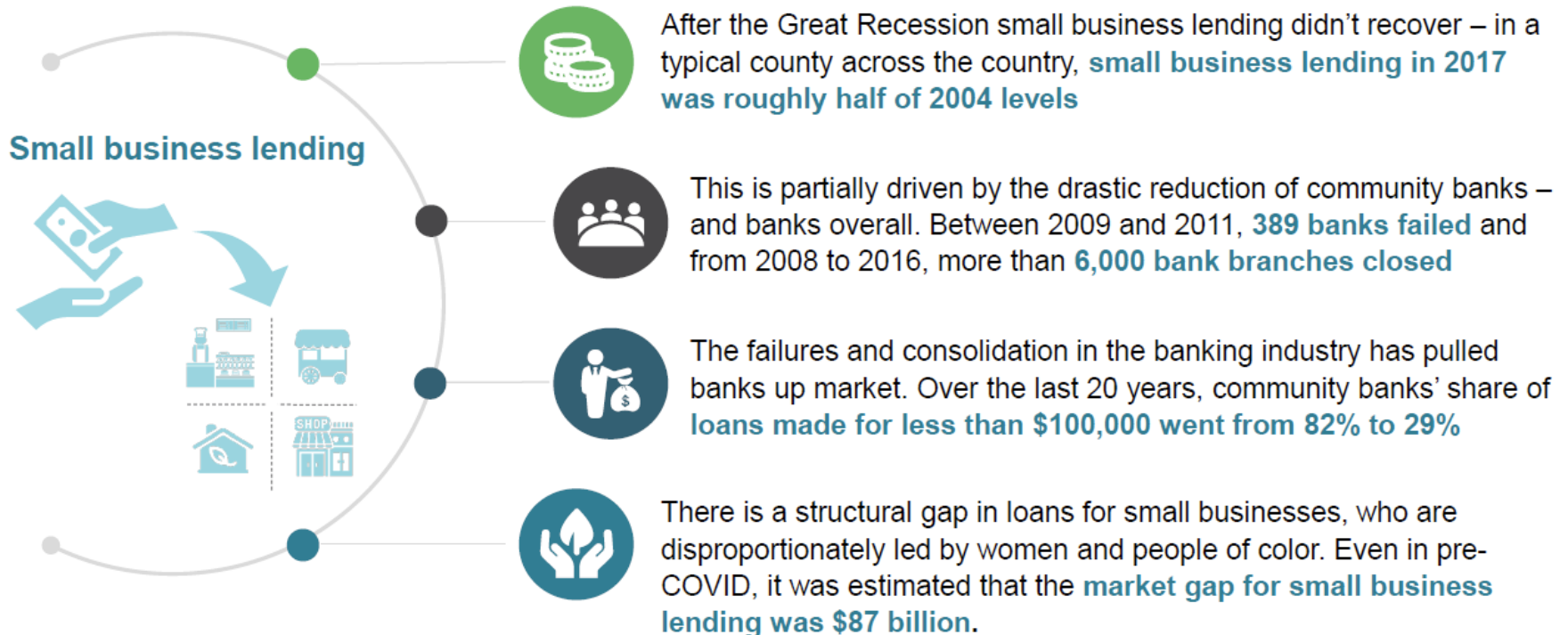
Results:

1. Higher Business Revenues
2. Better Business Retention & Expansion
3. More Entrepreneurs With Digital Platform



Access to Business Capital - Landscape

Prior to COVID, supply of credit for small businesses was drastically declining



Source: CFPB, Chicago Fed, Next Street

Access to Business Capital - Landscape

Small businesses are essential for driving an equitable recovery post-COVID and their credit demand is growing

Demand credit from small businesses is rising...



Reserves have been **depleted**



Businesses need to **invest in working capital**, marketing, and capital expenditures to enable rebuilding



A survey of small business owners who had received PPP loans showed that 59% of white-owned and 76% of Black-owned businesses said **they would need additional capital in the next 6-12 months**

...and we need small businesses to drive economic recovery



There are ~30 million small businesses in the US, which **employ nearly half of the US workforce**



Since the Great Recession, small businesses have **generated 62% of net new private sector jobs**, a trend that has been consistent for over 25 years


SeaTac Business Capital Access Fund Program (Flex Fund - RLF)

Purpose:

1. Increase Awareness of Loan Options
2. Provide Technical Pre-Credit Assistance
3. Technical Assistance to Apply and Use

Results:

1. Business Stability
2. Better Business Retention & Expansion
3. Reinvestment in the Community

A simple, low interest & flexible loan for 's smallest businesses & nonprofits

WASHINGTON'S SMALL BUSINESS FLEX FUND is a new resource to help you grow your business. Supported by the Washington State Department of Commerce, the Fund helps small businesses and nonprofits access the financial support they need to thrive.



POTENTIAL COMMITTEE ACTION

ACTION REQUESTED

None;

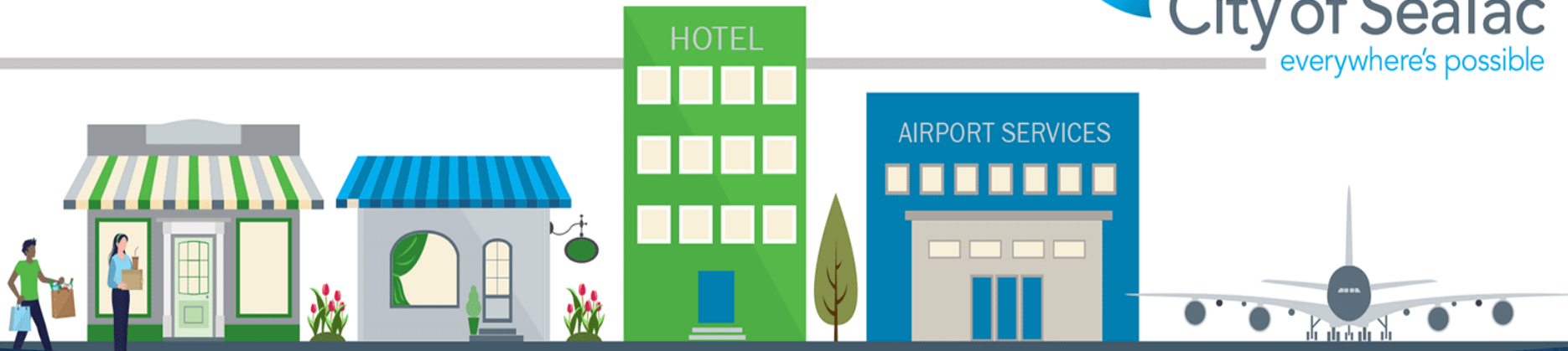
Informational update to Committee

Staff considered in analysis :

1. Focus on creating more job/income opportunities within the City of SeaTac
2. Ensuring employers can find workers & employees can accept work by creating more easy access childcare opportunities in the city
3. Small business expansion through digital education & platforms



THANK YOU





MEMORANDUM COMMUNITY & ECONOMIC DEVELOPMENT

Date: June 17, 2022
To: PED Committee
From: Kate Kaehny, Senior Planner
Subject: June 23 Briefing on SeaTac's Housing Work Plan

BACKGROUND

In light of recent Councilmember requests, CED staff will brief the PED Committee on the City's current housing work plan and related issues at the June 23 meeting.

OVERVIEW OF BRIEFING ITEMS

In order to provide a thorough overview of the work plan, the briefing will address the following:

- **Existing Housing Conditions:** Existing housing conditions will be summarized based on information from the Housing Inventory & Assessment Report, which was created as part of the recently completed Housing Action Plan Project. While that project ended before data from the 2020 decennial Census was available, the majority of its data points are still useful in describing the state of housing in SeaTac, and how the city compares to others in the region. (It should also be noted that many Census-related products for smaller cities, including SeaTac, are still under development.)
- **City's Current Housing Policy Approach:** Staff will describe key housing policies and strategies with a focus on those within the Housing & Human Services Element of the Comprehensive Plan, and objectives and strategies identified within the SeaTac Housing Action Plan (adopted in 2021).
- **Housing Work Plan:** Staff will provide background on how the City's work plan is put together, and there will be a review of current and upcoming housing work plan items.
- **Upcoming Housing Opportunity:** Staff will also provide information on a new housing-related opportunity, specifically, the South King County Affordable Housing Database Project. The project is sponsored by five South King County cities and the non-profit organization, SKHHP (South King County Housing & Homeless Partnership). While the project will start this month, there is an opportunity for South King County cities not currently involved to join in the effort. Staff would like input from the PED Committee on whether potential City participation in this project should be explored.

LINKS TO CURRENT SEATAC HOUSING POLICY & DATA DOCUMENTS

- **Housing Action Plan Website:** www.seatacwa/hap
 - [SeaTac Housing Action Plan \(HAP\)](#)
 - [SeaTac Housing Inventory & Assessment Report](#) (completed as part of HAP project)
 - [Information Sheet: SeaTac Population & Housing Quick Facts](#)

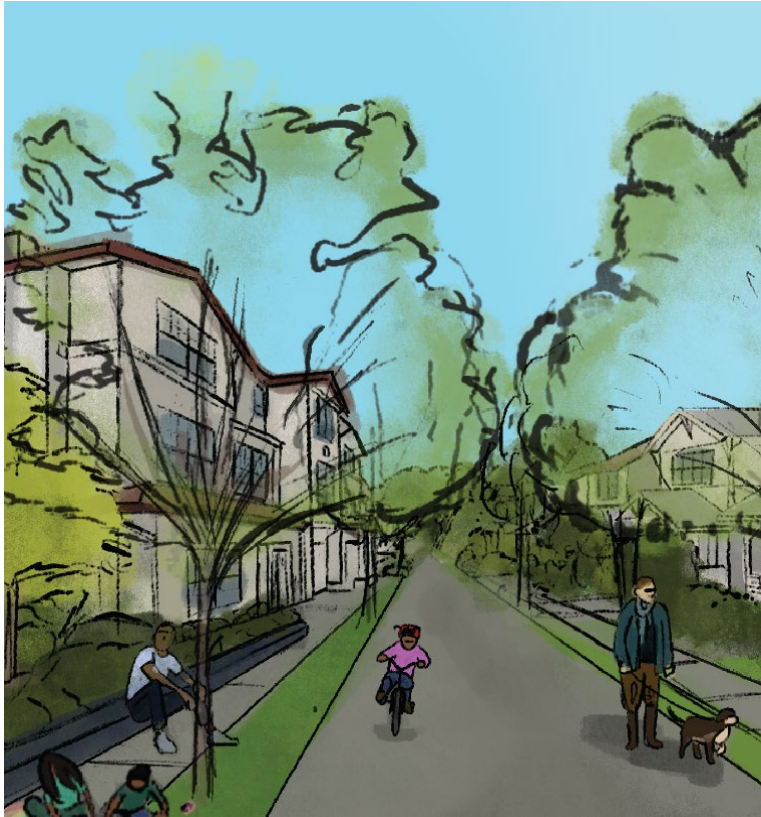
- **Comprehensive Plan**
 - [Ch. 2: Land Use Element](#)
 - [Ch. 3: Housing & Human Services Element](#)

PACKET MATERIALS

- This Memo
- June 23 presentation slides

Informational Briefing

Overview of City's Housing Work Plan



Planning & Economic Development
(PED) Committee
June 23, 2022

PRESENTATION OVERVIEW

PURPOSE OF PRESENTATION

To provide an overview of the City's current housing work plan, including:

- Background information on existing housing conditions and housing policy approach.
- Summary of current housing work plan items.
- Description of upcoming housing work plan items and opportunities.

WHY IS THIS ISSUE IMPORTANT?

1. Staff was asked by multiple City Councilmembers to provide an update on the City's approach to housing issues.
2. The briefing is timely because upcoming planning projects will explore updates to housing policies and strategies.



NO COMMITTEE ACTION REQUESTED

NO ACTION REQUESTED

- This briefing is primarily intended to provide information to the PED Committee on housing issues in SeaTac and the City's current housing work plan.

REVIEWS TO DATE

- None



WHAT IS THE CITY'S "HOUSING WORK PLAN?"

HOUSING WORK PLAN SUMMARY

- **Informed by: Existing housing conditions, policies, plans & studies, including:**
 - **Comprehensive Plan** (especially Housing & Human Services Element, Land Use Element and station area/subarea plans).
 - **SeaTac Housing Action Plan** (including Housing Inventory & Assessment Report).
- **Content: Consists of action items identified in policy documents, especially the Housing Action Plan, and through City Council priorities.**
- **Revisions: Addressed through policy updates and Council actions.**



BACKGROUND: EXISTING HOUSING CONDITIONS

FINDINGS FROM HOUSING ACTION PLAN (adopted 2021)

Homeowners & Renters

- SeaTac almost evenly split between homeowners and renters

Type of Housing

- **52% single family housing, 43% multi-family, 5% mobile homes**
- Most dwelling units are more than 50 years old
- Few “middle density” options like small apartment buildings & townhouses
- King County Housing Authority provides 802 income-restricted housing units in SeaTac, representing about 1/5 of rented housing

Housing Growth & Costs

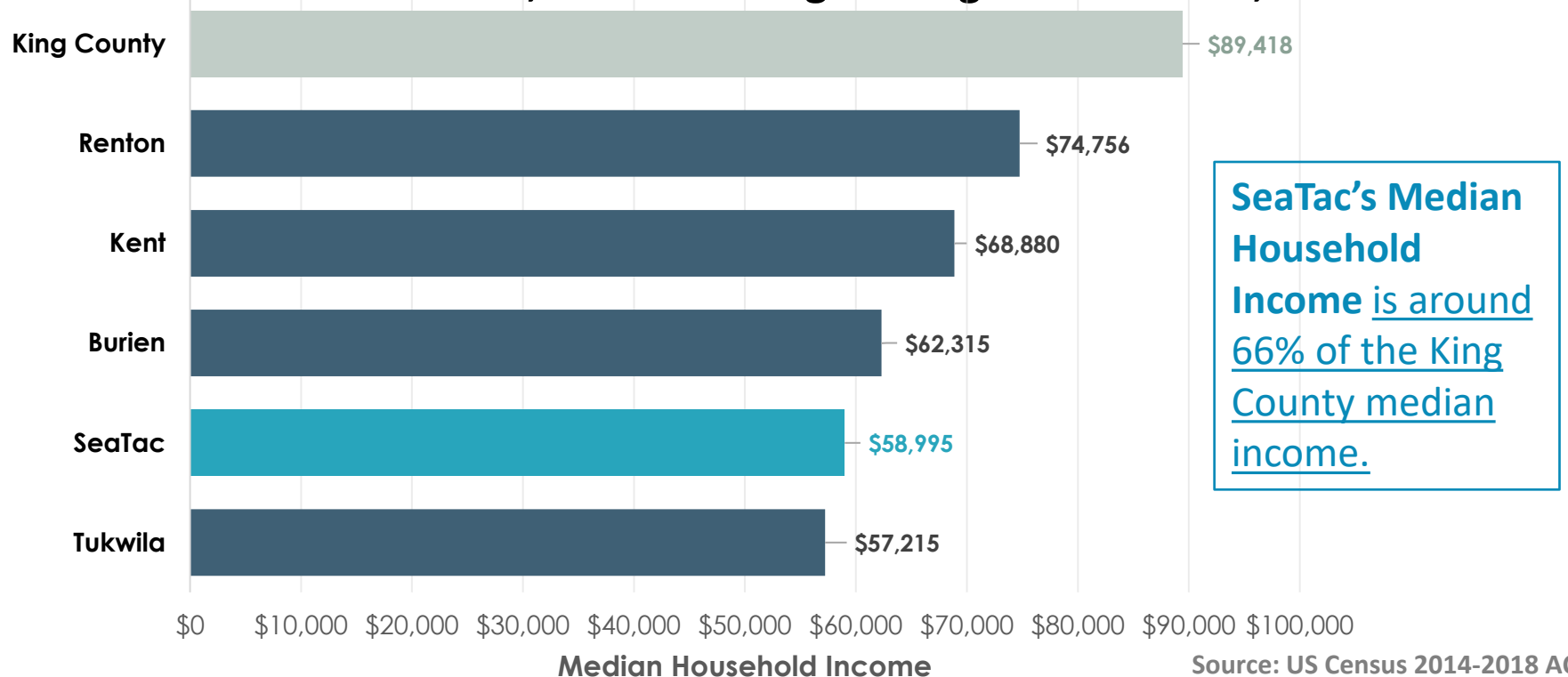
- **SeaTac housing prices have risen more than incomes in the past decade**
- SeaTac housing prices are lower than most other cities in King County (but similar to those in South King County)
- SeaTac has added housing slowly compared to other King County cities, but in last few years there has been increase in multi-family projects

BACKGROUND: INCOME & HOUSING AFFORDABILITY

KEY INDICATORS OF AFFORDABILITY: MEDIAN INCOME, "AMI" (*AREA MEDIAN INCOME*) & COST BURDEN

Definition of Median Household Income: Income at which half of all households make more money and half make less.

Median Household Income, SeaTac & Neighboring Communities, 2018



BACKGROUND: INCOME & HOUSING AFFORDABILITY

AREA MEDIAN INCOME (AMI)

- **Definition of AMI** (sometimes called “MFI - Median Family Income”): **The household income for the median/‘middle’ household in a given region.**
- **HUD (federal Department of Housing & Urban Development) calculates income limits/guidelines for all regions in the US.**
 - SeaTac AMI is calculated from the Seattle-Bellevue “fair market rent (FMR)” region that consists of King and Snohomish Counties.

Income Categories Calculated for SeaTac’s AMI Region in 2020 & Typical Jobs/Income

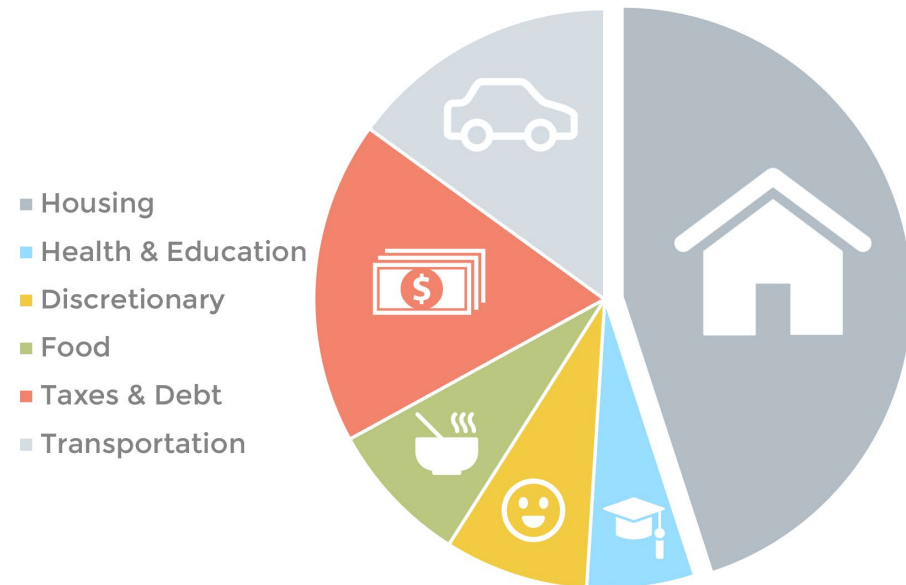
INCOME LEVEL	EXTREMELY LOW INCOME	VERY LOW INCOME	LOW INCOME	MODERATE INCOME	ABOVE MEDIAN INCOME
AMI Range	≤30% AMI	30-50% AMI	50-80% AMI	80-100% AMI	>100% AMI
Single-person household income	\$25,100	\$41,800	\$66,700	\$79,300	>\$79,300
Four-person household income	\$35,800	\$59,700	\$95,250	\$113,300	>\$113,300
Typical Jobs/ Income Sources	Uber Driver	Airport Maintenance	Flight Attendant	Firefighter	Airline Pilot
	Fast Food Worker	City of SeaTac parks operation worker	Middle School Teacher	Dental Hygienist	Software Engineer
	Retiree using Social Security Benefits	Administrative Assistant	EMT	Engineer	

Source: US HUD 2020; City of SeaTac 2020; Berk 2020

BACKGROUND: INCOME & HOUSING AFFORDABILITY

COST BURDEN

- **Definition of Cost Burden:** When a household pays more than 30 percent of their gross income on housing.
- **41% of SeaTac residents are housing cost-burdened**, including:
 - More than half of all renters, and
 - About a quarter of home-owners.



BACKGROUND: GAPS IN HOUSING SUPPLY

SEATAC'S HOUSING GAPS BASED ON HOUSING AFFORDABILITY & COST BURDEN

- **Housing Action Plan Findings:** There are gaps in the availability of housing units that cost less than 30% of household income **at the lowest and highest income levels**

INCOME LEVEL	EXTREMELY LOW-INCOME	VERY LOW-INCOME	LOW-INCOME	MODERATE INCOME	ABOVE MEDIAN INCOME
AMI Range	≤30% AMI	30-50% AMI	50-80% AMI	80-100% AMI	>100% AMI
Existing Demand (units)	1,710	2,410	1,565	1,325	2,850
Existing Supply (units)	345	3,365	3,430	1,555	1,245
SeaTac Housing Unit Gap/Surplus	<u>-1,365</u>	+955	+1,865	+230	<u>-1,605</u>



BACKGROUND: CITY TOOLS TO ADDRESS HOUSING

HOUSING STRATEGIES TOOLKIT

TYPE	SEATAC'S TOOLS
Policies	<ul style="list-style-type: none">▪ Comprehensive Plan, Sub-Area Plans (City Center, S 154th St and Angle Lake station area plans), Functional Plans (Transportation Master Program & Parks, Recreation & Open Space (PROS) Plan)
Development Codes	<ul style="list-style-type: none">▪ Zoning Code, Subdivision Code, other provisions from the SeaTac Municipal Code
Incentives	<ul style="list-style-type: none">▪ Includes financial, code, and other incentives like the Multi-Family Tax Exemption Program (MFTE) and federal Opportunity Zone designation
Capital Project Planning	<ul style="list-style-type: none">▪ Capital Facilities Plan, Capital Improvement Program
Programs/Other City Actions	<ul style="list-style-type: none">▪ Small Home Repair program, rental assistance, and others



BACKGROUND: COMPREHENSIVE PLAN HOUSING POLICIES

KEY POLICY OVERVIEW

Ch. 5: Housing Element

Summary of Goals 3.1 – 3.9

- Increase housing variety and options for all income levels
- Strengthen existing neighborhoods and enhance quality of life
- Maintain mobile home parks

Highlights from Section on Affordability

Goal 3.6: Increase housing opportunities for all economic segments of the community, especially in SeaTac's transit communities.

- **Policy 3.6A:** Identify, maintain, and enhance the existing affordable housing stock in SeaTac.
- **Policy 3.6D** Cooperate with the private sector, non-profit agencies, and public entities in the planning and development of affordable housing in SeaTac.
- **Policy 3.6E** In transit communities, ensure no net loss of affordable housing units.



BACKGROUND: HOUSING ACTION PLAN

SEATAC HOUSING ACTION PLAN (adopted 2021)

Purpose of Plan

Based on current policies, priorities, and information, identify strategies that:

- Promote more housing options for current and future residents at all income levels, and
- Support increases in the housing supply.

Plan includes:

- Five objectives
- 12 housing strategies

Objectives

- 1. Create complete communities.** Strengthen neighborhoods by tying housing production to improved infrastructure, resources, amenities, and people-oriented design.
- 2. Develop Urban Villages near light rail.** Make it easier to develop homes in the light rail station areas as part of the City's urban village strategy.
- 3. Increase missing middle opportunities.** Increase opportunities for "missing middle" options like duplexes, triplexes, and townhouses.
- 4. Strive for a balance of housing options** through strategies that:
 - a. Increase homeownership opportunities
 - b. Serve young people and families
 - c. Preserve existing owner-occupied and rental housing
 - d. Support safe, healthy, high quality housing
 - e. Promote market rate rental options
 - f. Address homes at lower income categories
- 5. Help residents and businesses stay in SeaTac,** and prevent disruption to communities.



CURRENT & UPCOMING HOUSING WORK PLAN ITEMS

Work Plan Tools	Items	Timeline
Policies	<ul style="list-style-type: none"> ▪ City Center/Airport District Subarea Plan & Code Project <i>- Includes update of district housing & anti-displacement strategies</i> 	<ul style="list-style-type: none"> ▪ 2022-2023
	<ul style="list-style-type: none"> ▪ SeaTac 2044 Major Comprehensive Plan Update Project <i>- Includes Housing Action Plan policy implementation items</i> 	<ul style="list-style-type: none"> ▪ 2022-2024
Development Codes	<ul style="list-style-type: none"> ▪ Housing Action Plan code implementation <i>- Address through policy update projects above</i> 	<ul style="list-style-type: none"> ▪ 2022-2024
	<ul style="list-style-type: none"> ▪ Explore code amendments that would remove regulatory barriers to building higher density and middle housing options <i>- Address through policy update projects above</i> 	<ul style="list-style-type: none"> ▪ 2022-2024
Incentives	<ul style="list-style-type: none"> ▪ Multi-Family Tax Exemption Program update 	<ul style="list-style-type: none"> ▪ 2023
Capital Project Planning	<ul style="list-style-type: none"> ▪ Various neighborhood-enhancing projects such as improvements to parks, sidewalks, bicycle facilities, pedestrian lighting, etc. 	<ul style="list-style-type: none"> ▪ On-going
Programs/ Other City Actions	<ul style="list-style-type: none"> ▪ Housing Action Plan program implementation, including rental assistance program, outreach to development community, and others 	<ul style="list-style-type: none"> ▪ On-going

OVERVIEW: HOUSING ACTION PLAN STRATEGY IMPLEMENTATION

Black = Will address as part of SeaTac 2044 Major Comprehensive Plan Update Project
Purple = On-going Orange = To discuss with City Council Gray = TBD

POLICY AMENDMENT

1. Strengthen “complete community” policies.

CITY WORK PLAN

2. Proactively plan and coordinate public infrastructure to support urban village development.

3. Conduct a multi-family parking study to analyze parking requirements in urban villages and station areas.

4. Explore cost-effectiveness of creating pre-approved plans for Accessory Dwelling Units.

5. Continue conversations with the development community about actions the city can take to attract market rate rental housing.

6. Continue coordinating and providing rental assistance.

CODE AMENDMENTS

7. Add flexibility to Small Lot Single-family requirements.

8. Consider allowing cottage housing in Urban Low zones.

9. Partner with residential property owners in rezoning properties to maximize their housing potential.

10. Consider decreasing minimum lot size in the Urban Low (UL) 7,200 single-family zone.

11. Clarify condominium provisions to make them easier to use.

12. Review and clarify code requirements for live/work units to encourage opportunities for small business owners.



OVERVIEW: MAJOR COMPREHENSIVE PLAN UPDATE PROJECT

HOUSING POLICY UPDATES

EXHIBIT 5b: Page 15 of 17
DATE: 06/23/22

SeaTac 2044: Major Comprehensive Plan Update Project

- **Opportunity to review and update existing housing policies**
- **Will include updates to comply with new state & regional policies, including:**
 - **Housing Targets:** Incorporate new housing targets & affordable housing targets
 - **Affordability:** Evaluate the effectiveness of housing policies and strategies to achieve housing targets and affordability goals
 - **Middle Housing Types:** Expand housing capacity for moderate density housing, i.e., “missing middle”
 - **Displacement:** Identify potential physical, economic, and cultural displacement of low-income households and marginalized populations and work with communities to develop anti-displacement strategies when planning for growth
 - **Homeownership:** Promote homeownership opportunities while recognizing historic inequities in access to homeownership opportunities for communities of color
 - **Incentive Zoning:** Consider inclusionary and incentive zoning to provide more affordable housing when creating additional housing capacity



UPCOMING OPPORTUNITY

SOUTH KING COUNTY AFFORDABLE HOUSING DATABASE

- **The database will record regulated and unregulated affordable housing units, and other information.**
- The project is sponsored by five South King County cities and the non-profit housing organization SKHHP (South King Housing and Homeless Partners).
- Data collected could be useful in helping to inform housing policy work to be done in City Center/Airport District Subarea Plan Project & SeaTac 2044: Major Comprehensive Plan Update Project.
- While the project is starting this month, there is an opportunity for SeaTac and other South King County cities to participate. Staff could explore the project costs, timeline, and other details.



NO COMMITTEE ACTION REQUESTED

NO ACTION REQUESTED

- This briefing is primarily intended to provide information to the PED Committee on housing issues in SeaTac and the City's current housing work plan.

REVIEWS TO DATE

- None

