



King County

Metropolitan King County Council Budget and Fiscal Management Committee

STAFF REPORT

AGENDA ITEM **14** **DATE:** **July 21, 2009**
PROPOSED No.: **2009-0450** **PREPARED BY:** **Amy Tsai**

SUBJECT: AN ORDINANCE requiring fair labor practices in development of affordable housing on property sold by King County.

SUMMARY: This proposed ordinance would require the payment of prevailing wages and use of state certified apprentices for the development of affordable housing when King County sells property that is conditional on the development of affordable housing.

BACKGROUND:

King County Promotes Affordable Housing

King County promotes affordable housing for all county residents in its countywide planning policies, the King County Comprehensive Plan.

The King County Comprehensive Plan (the Plan) is the guiding policy document for all land use and development regulations in unincorporated King County, and for regional services throughout the County including transit, sewers, parks, trails and open space.

For example, the Plan directs the county to work with cities and the private sector "to encourage a wide range of housing within the Urban Growth Area to meet the needs of our diverse population, support economic growth, ensure an equitable and rational distribution of low-income and affordable housing throughout the county and provide housing choices for people of all income levels." (U-301) The Plan also sets target goals for the construction or preservation of affordable housing to people of various income levels, and calls for incentives to promote affordable housing development.

King County Promotes Fair Labor Practices

King County has a record of promoting social justice in legislation. For instance, the Minority and Women's Business Enterprises code (K.C.C. Chapter 4.18) promotes the use of minority and women's businesses and sets utilization goals for the number of minority and women's businesses awarded contracts with King County.

The County also encourages fair labor practices in its procurement processes. For example, the Department of Development and Environmental Services regularly includes fair labor practices as one of the criteria in its competitive bidding processes.

In 2009, the council, acting as supervisors of the King County Flood Control District and King County Ferry District, adopted resolutions that included fair labor practices and the use of state-certified apprentices as factors that the Districts must consider when awarding construction projects.

King County Promotes Fair Labor Practices in Affordable Housing

Earlier this year, the Council approved a pilot demonstration program for creating sustainable communities and affordable housing. King County required fair labor practices and state-certified apprentices in its request for qualifications for the sale of five properties totaling sixty-nine acres of land as part of the pilot project.

Also this year, the county also required prevailing wages for affordable housing development in its sale of the Summit Pit property.

ANALYSIS

King County already has a record of encouraging fair labor practices, and has required payment of prevailing wages for affordable housing development in the examples mentioned above. The proposed ordinance would ensure that this practice becomes a regular part of all future county land sales involving affordable housing development.

Sales involving affordable housing requirements can be a significant part of King County's land sales, because where feasible and where residential housing development is involved, the county is likely to require an affordable housing component as encouraged in its comprehensive plan.

Adding requirements to land sales will decrease the value of the property to potential developers. The magnitude of the fiscal impact of the proposed restrictions is unknown, but the cost of social justice would not be zero. The cost might manifest in several ways.

There may be fewer interested buyers in a property. The financial cost of paying prevailing wages might deter a potential buyer. Also, buyers who lack experience in the payment of prevailing wages on government contracts may feel that they lack the knowledge to properly assess what the additional requirement will cost them.

The negotiated price may also be less, as buyers seek to build any additional costs of paying prevailing wages into their offering price.

The benefit would be the increase in fair labor practices and all that could entail, such as increased public confidence in the county, and stronger and healthier communities through ensuring its citizens are paid fair wages, including for women, minorities, and at-risk youth.

REASONABLENESS:

Proposed Ordinance 2009-0450 would require fair labor practices in building affordable housing when King County sells property with an affordable housing development component. This requirement would come at some monetary cost but also some public gain. Proposed Ordinance 2009-0450 appears to be a reasonable and prudent policy decision.

INVITED:

Tom Kuffel, Senior Deputy Prosecuting Attorney, Prosecuting Attorney's Office

ATTACHMENT:

1. Proposed Ordinance 2009-0450



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

July 20, 2009

Ordinance

Proposed No. 2009-0450.1

Sponsors Phillips and Constantine

1 AN ORDINANCE requiring fair labor practices in
2 development of affordable housing by developers
3 purchasing real property from the county; and amending
4 Ordinance 12045, Section 10, as amended, and K.C.C.
5 4.56.100.

6

7 PREAMBLE:

8 King County has as its top priorities the protection of public health, safety,
9 and quality of life. As the largest local government in Washington state,
10 King County has the ability to promote public health, safety and quality of
11 life not only in its direct actions, but also via its business decisions to
12 influence the practices of other business entities.

13 King County values fair labor practices, including the payment of
14 prevailing wages to workers, even when such practices are not legally
15 required. For example, the department of development and environmental
16 services considers fair labor practices as one of the criteria in its
17 competitive bidding processes. In 2009, the council, in its capacity as

18 supervisors of the King County Flood Control District and King County
19 Ferry District, adopted resolutions that included fair labor practices and
20 the use of state-certified apprentices as factors that the Districts must
21 consider when awarding construction projects. As examples of specific
22 projects this year, King County required fair labor practices and state-
23 certified apprentices in its request for qualifications for the sale of five
24 properties totaling sixty-nine acres of land as part of King County's
25 sustainable communities and housing pilot project, and the county also
26 required prevailing wages for affordable housing development in its sale
27 of the Summit Pit property.

28 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

29 SECTION 1. Ordinance 12045, Section 10, as amended, and K.C.C. 4.56.100 are
30 each hereby amended to read as follows:

31 A. All sales of real and personal property shall be made to the highest responsible
32 bidder at public auction or by sealed bid except when:

- 33 1. County property is sold to a governmental agency;
- 34 2. The county executive has determined an emergency to exist; or the county
35 council, by ordinance, has determined that unique circumstances make a negotiated direct
36 sale in the best interests of the public;
- 37 3. County real property is traded for real property of similar value, or when
38 county personal property is traded for personal property of similar value;

Ordinance

39 4. The facilities management division has determined that the county will
40 receive a greater return on real property when it is listed and sold through a residential or
41 commercial real estate listing service;

42 5. County personal property is traded in on the purchase of another article;

43 6. Property has been obtained by the county through the proceeds of grants or
44 other special purpose funding from the federal or state government, wherein a specific
45 public purpose or purposes are set forth as a condition of use for the property, that
46 purpose or purposes to be limited to the provision of social and health services or social
47 and health service facilities as defined in chapter 43.83D RCW, and it is deemed to be in
48 the best interest of the county, in each instance, upon recommendation by the county
49 executive and approval by the county council, that in order to fulfill the condition of use,
50 the county may sell or otherwise convey the property in some other manner consistent
51 with the condition of use; provided, that in the event such property is conveyed pursuant
52 to the provisions of this subdivision, the conveyee or conveyees shall be limited to
53 private, nonprofit corporations duly organized according to the laws of the state of
54 Washington, which nonprofit corporations are exempt from taxation under 26 U.S.C. Sec.
55 501(c) as amended, and which nonprofit corporations are organized for the purpose of
56 operating social and health service facilities as defined by chapter 43.83D RCW;

57 7. The county property is sold for on-site development of affordable housing
58 which provides a public benefit, provided that the developer has been selected through a
59 request for proposals;

60 8. It is deemed to be in the public interest to restrict the use of the project for
61 provision of social or health services or such other public purposes as the county deems
62 appropriate;

63 9. The facilities management division for real property and the fleet
64 administration division for personal property, in consultation with the county executive
65 and the county council, may, in the best interests of the county, donate or negotiate the
66 sale of either county surplus personal property or real property, or both, with bona fide
67 nonprofit organizations wherein the nonprofit organizations provide services to the poor
68 and infirm or with other governmental agencies with whom reciprocal agreements exist.
69 Such transactions will be exempt from the requirements of fair market value, appraisal,
70 and public notice. The facilities management division or fleet administration division, as
71 applicable, also may, in the best interest of the county, procure services to support King
72 County in lieu of payment with nonprofit organizations who provide services which will
73 benefit the public. Such transactions are based upon the recommendation of the facilities
74 management division or fleet administration division, as applicable, and the department
75 having custodianship of the property. The facilities management division or fleet
76 administration division, as applicable, shall maintain a file of appropriate correspondence
77 or such information which leads to a recommendation by the division to the county
78 executive and the county council to undertake such transactions, and such information
79 shall be available for public inspection at the facilities management division or fleet
80 administration division, as applicable. The facilities management division or fleet
81 administration division, as applicable, may also seek reimbursement from the benefiting
82 organization for the administrative costs of processing the surplus property;

83 10. The county property is a retired passenger van being made available in
84 accordance with subsection D. of this section; or

85 11. The county property is located in a historic preservation district within the
86 Urban Growth Area and is sold to a nonprofit corporation or governmental entity for one-
87 site mixed use development consistent with historic preservation requirements, which
88 includes affordable housing and which may also include market rate housing, retail or
89 other uses, and which is selected after a competitive request for proposal process.

90 B. The county may, if it deems such action to be for the best public interest,
91 reject any and all bids, either written or oral, and withdraw the property from sale. The
92 county may then renegotiate the sale of withdrawn property, providing the negotiated
93 price is higher than the highest rejected bid.

94 C. In any conveyance of real property that requires construction of affordable
95 housing in development of the property, the executive shall include covenants so that:

96 1. At least with respect to that construction, the prevailing rate of wage, as
97 defined in RCW 39.12.010, will be required to be paid to all worker classifications for
98 which the state Department of Labor and Industries has established a prevailing rate of
99 wage; and

100 2. At least with respect to that construction, state-certified apprentices for
101 construction will be required to be used across the trades, including women, at-risk youth
102 or people of color, with a fifteen percent apprentice utilization goal.

103 D. Whenever the procedures of a grant agency having an interest in real or
104 personal property requires disposition in a manner different from the procedures set forth

105 in this chapter, the property shall be disposed of in accordance with the procedures
106 required by this chapter unless the grant agency specifically requires otherwise.

107 ~~((D-))~~ E. Each year, the transit division shall make available retired passenger
108 vans for exclusive use by nonprofit organizations or local governments that are able to
109 address the mobility needs of low-income, elderly or young people or people with
110 disabilities. Each agency selected to receive a van must enter into an agreement with
111 King County that provides that the agency will accept the van "as is" without guarantee
112 or warranty expressed or implied and shall transfer title as prescribed by law before use.
113 The council shall allocate the vans by motion to nonprofit organizations or local
114 governments based upon the following criteria:

115 1. Demonstrated capacity to support ongoing van operation, including assured
116 funding for licensing, insuring, fueling and maintaining the van;

117 2. Ability to provide qualified and trained drivers;

118 3. Specific plans for use of the van to transport low-income, elderly or young
119 people or people with disabilities, and assurance that the use shall be available to those
120 persons without regard to affiliation with any particular organization;

121 4. Geographic distribution of the van allocations in order to address the mobility
122 needs of low-income, elderly or young people or people with disabilities countywide; and

123 5. Ability to support county's public transportation function by reducing single
124 occupancy vehicle trips, pollution and traffic congestion; supplementing services

125

Ordinance

126 provided by the county's paratransit system and increasing the mobility for the transit-
127 dependent for whom regular transit might not always be a convenient option.
128

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

ATTEST:

APPROVED this ____ day of _____, ____.

Attachments None

