



Legislation Text

File #: 2023-0420, **Version:** 1

A MOTION requesting the executive to provide recommendations to restore justice for race-based restrictive real estate practices based on the findings in the Impact of Redlining and Racist Real Estate Practices on King County Residents report.

WHEREAS, in 2001, Washington state voters approved Initiative 747 to limit annual property tax levy increases to one percent plus the growth from new construction, and

WHEREAS, in 2007, the state Supreme Court ruled on the case of Washington Citizens Action v. State to find Initiative 747 unconstitutional. However, that same year the state reinstated the one-percent limit through Chapter 1, Laws of Washington 2007 1st Special Session, and

WHEREAS, in the two decades since the limit was instituted, the revenue sources of counties have been structurally insufficient, as counties do not have the ability to impose business and utility taxes, unlike cities and the state, and

WHEREAS, since 2001, the county population has grown thirty percent, while consumer prices have increased seventy percent, and inflation since the start of the COVID-19 pandemic has been as high as 9.5 percent, and

WHEREAS, despite the cumulative increase in costs of operating the county, the county's property tax levies have grown only an average of 2.68 percent in recent years, and

WHEREAS, at the June 14, 2023, budget and fiscal management committee meeting, the director of the office of performance, strategy and budget provided a briefing on the current \$50 million revenue shortfall to the county's general fund as a result of the one percent limit on annual property tax levy increases, and

WHEREAS, the director also briefed the committee on the executive's plan to respond to the revenue shortfall by proposing budget reductions to the general fund in the midbiennial supplemental appropriation ordinance to the 2023-2024 Biennial Budget Ordinance, Ordinance 19546, and additional reductions to the general fund in the 2025 annual budget, and

WHEREAS, on October 10, 2023, the executive transmitted Proposed Ordinance 2023-0355, the midbiennial supplemental appropriation ordinance, which would make \$13 million of budget reductions to the general fund, including eliminating sixty positions, and

WHEREAS, in prior years, the county was able to avoid major budget reductions through increases in other revenue sources such as increase in sales tax receipts from the county's economic growth and federal grant allocations during the COVID-19 pandemic, however, such alternative revenue sources are no longer available, and

WHEREAS, in July 2023, the council acknowledged receipt of the Impact of Redlining and Racist Real Estate Practices on King County Residents - Wastewater Capacity Charge Exemption Recommendations final report, as required by the 2021-2022 Biennial Budget Ordinance, Ordinance 19210, Section 112, Proviso P2, which required the executive to transmit a report on the application of the county's wastewater capacity charge to county residents who themselves, or whose progenitors, or both, were impacted by racial deed restrictions, racial covenants, and redlining practices, and

WHEREAS, the report found that, since 1950, the lost intergenerational wealth for Black, Indigenous, and People of Color ("BIPOC") county residents impacted by race-based restrictive real estate practices is between \$12 billion and \$34 billion and of the total between \$5.4 billion and \$15.8 billion for Black residents, and

WHEREAS, the report also found that trends in homeownership rates show that the Black homeownership rate in 2019 continues to be well below that of other races and ethnic groups in the county and research on the national scale reveals that barriers to accessing credit and financial products, mortgage

discrimination, eviction rates, gentrification, and displacement are all current contributors to homeownership disparities among racial and ethnic groups, and

WHEREAS, the report noted that discriminatory practices and policies in government, banking, and real estate industries continue to impede access to homeownership for BIPOC households and such discriminatory practices negatively affect credit scores, mortgage access, and the general financial security of BIPOC households, such that obtaining homeownership has been, and continues to be, a significant and unacceptable hurdle, and

WHEREAS, the report estimates that the number of BIPOC residents present in the county during the periods when race-based restrictive real-estate practices were enforceable is estimated to be 386,600, which represents approximately 129,300 households, and

WHEREAS, based on federal and state legal limitations, the final report did not recommend an exemption or a reduced rate to the wastewater capacity charge for those impacted by racial deed restrictions, racial covenants, and redlining practices, and

WHEREAS, given the scope of the budget proviso, the executive's recommendation was limited to the wastewater capacity charge. However, the report highlighted additional policies that local jurisdictions in the country have considered and implemented to restore justice for race-based restrictive real estate practices such as direct cash payments, housing assistance, education assistance or job training, land return, and startup capital;

NOW, THEREFORE, BE IT MOVED by the Council of King County:

A. The council requests the executive to provide recommendations to restore justice for race-based restrictive real estate practices based on the findings in the Impact of Redlining and Racist Real Estate Practices on King County Residents report. The recommendations should include, but not be limited to, the following:

1. Reparative actions that local jurisdictions in the country have considered and implemented as described in the report such as direct cash payments, housing assistance, education assistance or job training,

land return, and startup capital;

2. General fund budget reduction proposals for the 2025 annual budget that would minimize the following:

- a. loss of intergenerational wealth for BIPOC county residents,
- b. decreases in Black homeownership rates,
- c. increases in eviction rates, gentrification, and displacement of BIPOC communities, and
- d. adverse effects on the general financial insecurity of BIPOC households; and

3. Reparative actions that can be taken by federal government and Washington state to be considered for the county's federal and state legislative agendas.

B. The executive should consult with the subject matter experts that contributed to the Impact of Redlining and Racist Real Estate Practices on King County Residents report including county employees, ECONorthwest, and affiliated scholars to determine whether recommendations would restore justice for race-based restrictive real estate practices.

C. The executive should also consult with the community groups and Washington state agencies involved in the implementation efforts of the Covenant Homeownership Program, established in Chapter 340, Laws of Washington 2023.

D. The executive should include the recommendations as requested in section A of this motion in the form of a letter. The executive should electronically file the letter by June 1, 2024, with the clerk of the council, who shall retain an electronic copy and provide an electronic copy to all councilmembers, the council chief of staff, and the lead staff for the committee of the whole, or its successor.