

**23rd AVENUE BUSINESS STABILIZATION FUND:
A CHANGE IN SEATTLE'S POLICY?**

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March 3, 2016

On February 22, 2016, Seattle Mayor Ed Murray [announced](#) the City would provide \$650,000 in funds as well as tax deferrals for businesses affected by roadwork on a 1.5-mile stretch of 23rd Avenue. Businesses on 23rd Avenue complained after the City undertook extensive roadwork, with a one-mile section of 23rd Avenue completely closed to northbound traffic. The City had previously refused assistance to affected businesses, citing a City policy against providing mitigation funds for City construction projects and restraints imposed by the Washington Constitution.

Whether the City's Business Stabilization Fund is regarded as a departure from City policy on mitigation may depend in part on how one defines "mitigation." Recent history includes several instances in which the City provided funds to businesses affected by City construction projects.

For example, in 2014, the City Council approved the acquisition of temporary and permanent property rights from 142 properties as part of the City's seawall reconstruction.¹ Most of the rights acquired were described as temporary property rights, such as construction easements. The Seattle Department of Transportation negotiated the terms of compensation with individual property owners. The City also agreed to pay \$15 million to a small number of businesses located on the waterfront, ostensibly to compensate the businesses for temporarily closing during construction.

The City also provided funds to businesses affected by construction of the light rail system along Martin Luther King Jr. Way South. In that instance, a \$50 million fund was established, with \$35 million provided by the City of Seattle through Community Development Block Grants and \$7.8 million from the City's general funds. The fund was used in part to pay for moving expenses and business interruption.²

The City's 23rd Avenue Business Stabilization Fund notably is not described as an acquisition of property rights, relying instead on distribution of funds from federal programs. The City will allocate \$400,000 in federal Community Development Block Grant (CDBG) funds,

¹ Seattle Ordinance No. 124482.

² The fund was required by the Federal Transit Administration as a mitigating condition in its Record of Decision on the project's environmental impact statement. The Ordinance authorizing the fund provides that the City Council did not recognize the approval as precedent. Seattle Ordinance No. 120796.

and \$250,000 from the Seattle Investment Fund. The Seattle Investment Fund administers funds collected from private investors who receive federal tax credits for investing in business and economic development projects in distressed communities through the federal New Market Tax Credit (NMTA) program.

Businesses affected by the 23rd Avenue project work will also be eligible for deferred payment of City utility bills, annual fees for business permits, annual signage permit fees, and the City portion of B&O tax. According to an article in the Seattle Times, the mitigation money for 23rd Avenue is expected to be distributed among 20 to 30 businesses. The Office of Economic Development will administer the stabilization fund.

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