

**Political Economy Storytelling  
Zaragoza Class  
August 2021**

Thanks for the invite

Made me stop and think.

An important thing to do, as the world frays before us.

As the saying goes: Times are Urgent, so let us slow down.

Tell you a story about the political economy of the City of Olympia's downtown.

I think there is a fundamental shift going on. It might also be happening in your city.

I hope you'll help me think about it.

**What is Political Economy in the context of a City**

Political Economy is the relationship between Government and Capital

Government in this context of my story is local municipal government

Capital is the private ownership of incoming producing assets.

In this context the relationship is about Land. It's turn over & everyone who benefits from it.

But, Political Economy is more than just the relationship between Govt and Capital

Also, about the presence of or anticipation of social movements or resistance to relationship.

**My Story**

**Return from several months in Greece and Ireland: May 2019**

Noticed a new 7 story, 138 unit bldg apartment in downtown that had just open.

Lived in since 1984, first new apartment building in downtown since that time.

Also notice the entire first floor was empty retail space, but one Japanese noodle shop.

Started asking around. Doesn't appear full. Chinese money. Top floors used for Airbnb

Noodle shop there to get visa. Charging Seattle prices for retail space so vacant.

Oh, It's exempted from property taxes.

**Began to notice other buildings:**

Mistake by the Lake (former corrections building) – Views on 5<sup>th</sup>. Russian money.

Harbor Heights. Luxury 55+ near the farmers market. Tax exempted

Upscale condos proposed: \$750,000 to \$1.4 million. Tax exempted.

**What's happening??**

**IN THIS CONTEXT: HOW DOES ONE ANSWER THE QUESTION “WHAT’S HAPPENING”**

**First Question: Who Owns the Land?**

An old habit of mine, since I was a community organizer in Brooklyn in the late 60s.

Look it up. It will tell you who and show you movement. Your neighborhood? Look it up.

Get the address. Sometimes not on vacant land. Look up surrounding land

Use County's parcel search in the County Assessor's office. What do you get?

Size, value, structures, recent acquisitions and price, sometimes photo.  
Also, often LLCs.

Go to Secretary of State's Office. ([sos.wa.gov](http://sos.wa.gov)). Corporations Division. Simple Search. LLC.  
Purpose. Registered Agent. Addresses. Governors.

Go back to Assessor's office and use name to look up other ownership.  
Find where “Governors” live.

Go to “Advanced Search” in SOS and find what other LLCs the Governors have.

Make a chart of the information you have on every building you are interested in.

**Second Question: Retail Space.** All the new buildings were “Mixed Use” Combined Housing and Retail space. But retail space was vacant.

I made up an estimate from the new buildings of proposed new retail space. 90,000 sf. I thought downtown already had a lot of vacant retail space.

**How to find out?**

I walked the downtown core: State Avenue and Legion from Water Street to Plum,

Took down the addresses of all vacant retail space. Look up buildings.

Noted the retail space in the Assessor's files. Came up with 100,000 sf.

**WHY promote more?**

**POLITICAL ECONOMY IS NOT JUST ABOUT PRIVATE OWNERSHIP OF LAND, BUT THE RELATIONSHIP WITH LOCAL GOVERNMENT.**

**HOW DO YOU FIND THAT OUT?**

### **CITY COUNCIL**

City Council meeting agendas. Reviewed for the past several years.  
Meeting agendas have links to land purchases, development agreements,  
Applications for tax exemptions. Agreements for tax exemptions.  
Printed them all out and read them.

City Council Agendas have "Consent calendar votes" All routine matters not worthy of public discussion. Look at them. Turned out all tax exemptions on the consent calendar. Routine.

Public Record Requests. Workers do their best. Fashion your request as simple as possible about a document(s) within a specific time period. They won't research. Just search for your requests. (Notarized declarations).

### **STATE GOVERNMENT**

Cities function in relationship to State Laws. You'll see references to state RCWs (Revised Code of Washington) and City Ordinances. Look them up.

In my story of the cities changing political economy, I came across these state laws and institutions.

Community Renewal Act (RCW 35.81)

Multi-Family Tax Exemption.

Joint Legislative Audit and Research Committee (get on email list. 2019 Study))

The Commerce Department (Public Records and Division head). Annual reports required

The State Auditor and Olympia Area Team.

**THIS IS WHAT I LEARNED.**

### **COMMUNITY RENEWAL ACT PLAN: BLIGHT**

City of Olympia decided to use the Community Renewal Act to re-shape the downtown.

The Act's purpose is to rid Cities of "Blight" –

"Blight" causes every malady you can imagine: disease, retards growth, hinders job creation, causes traffic problems, – (No notion of who or what caused the "blight") needs to be eliminated.

How: City is to provide "maximum opportunity" for "private enterprise."

First project: a Complete failure. Burnt out Griswold Building on 4<sup>th</sup> Avenue.  
Big Rock. Avalon Project. Sold it and Got it back.  
Search for a “preferred developer.”

## **MULTI-FAMILY TAX EXEMPTION**

8 year and 12 year for market rate housing and retail space. (20% affordable).  
Exemption on the construction costs alone.  
In targeted area and four or more units.  
Enter into Contract with the city (get a copy)

City of Olympia signed up in 2007. One of 26 cities who have approved exemptions.  
Out of 109 eligible. Pierce County is also eligible and has a program.

## **CITY REGULATION OF TAX EXEMPTIONS**

City purchased property downtown (blight) then offered it to developer (for less)  
All exemptions on the consent calendar. Completely routine. Only one “pulled.”  
Agreement: not short terms rentals, but permanent housing (123 airnb). No penalty.  
Notarized declarations annually: Information not conforming to guidelines & late  
Annual report to the Department of Commerce. Failure to Report  
Homeless Coordinator designated to oversee tax exempt program for wealthy.  
No environmental significance. Plus exempted from SEPA review.  
The City’s Hearing Examiner approved the projects, not the City Council.  
JLARC report (2019) says builders are clear beneficiaries of the tax exemption  
Tax burden shifted to home owners and renters.  
Search for preferred developer: Walker John.

## **Results**

### **In Olympia**

Nine new tax exempted market rate apartments for a total of 549 units.  
All tax exemptions approved on consent calendar with no public discussion.  
These nine buildings are owned by four individuals.  
Six of these buildings are owned by one individual. Walker John. “Preferred”  
This has meant \$102 million dollars worth of construction exempted from taxes  
This means a tax gift of \$10 million dollars over eight years to the owner.  
Approximately 90,000 sf of new retail space.  
One apartment complex of 82 units (outside downtown) 12 year exemption.

No new affordable housing construction in downtown during this period.  
Existing affordable apartment housing purchased with rent increases.  
Older Downtown retail space remains vacant and abandoned. (100,000 sq)  
City sold Walker John the **Griswold** site for \$50,000 after paying \$300,000.

## **MEANING**

A NEW POLITICAL ECONOMY

CONTAINED IN HIGH RISE, HIGH END GATED COMMUNITIES  
EVERYTHING INSIDE THE BUILDING.  
HOUSING, WORKSPACE, RECREATION. RESTAURANT, CHOCOLATE  
SHOP, ART GALLERIES, INTERNAL PRIVATE SECURITY.  
NO NEED TO LEAVE. REPLACE DOWNTOWN RETAIL, NOW VACANT.

ONE PROBLEM: THE DRUG ADDICTED HOMELESS CRIMINALS  
OUTSIDE THE WINDOW.

**REFLECTED IN CITY COUNCIL RACE: THREE SLATES**

INCUMBENTS  
REAL ESTATE  
OUTSIDERS

MAINTAIN THE PROGRAM  
MORE BUILDINGS. REMOVE HOMELESS  
AFFORDABLE HOUSING FOR EVERYONE