

**CITY OF SEATTLE**

**RESOLUTION \_\_\_\_\_**

..title

A RESOLUTION establishing a spending plan for the proceeds generated from a new Progressive Tax on Bbusiness ~~tax~~ to address homelessness and housing affordability authorized by the ordinance introduced as Council Bill 119250.

..body

WHEREAS, the City Council adopted the ordinance introduced as Council Bill 119250,

authorizing the collection of a new Progressive Tax on Bbusiness ~~tax~~ to address

homelessness and housing affordability, to be imposed beginning January 1, 2019; and

WHEREAS, the new Progressive Tax on Bbusiness ~~tax~~ is anticipated to generate an average of

\$47.4 75 million in proceeds on an annual basis, as shown in the spending plan included

as Attachment 1 to this resolution; and

WHEREAS, the City faces a homelessness crisis, as evidenced by the 2017 Point-in-Time count

that showed 3,857 homeless people living unsheltered in the City; and

WHEREAS, recent data from the American Community Survey showed over 29,000 households

with incomes at or below 50 percent of area median income (AMI) are severely cost

burdened, paying over 50 percent of their income for rent and utilities, and, as a result,

are at potential risk of homelessness; and

WHEREAS, persons of color are disproportionately represented in the homeless population and

for renter households who are severely cost burdened; and

WHEREAS, the City is committed to eliminating racial inequities such as these through

implementation of the Race and Social Justice Initiative; and

WHEREAS, the new Progressive Tax on Business will generate significant funds to address

identified inequities; and

1 WHEREAS, these additional funds ~~are needed to~~will increase the construction of long-term,  
2 low-income housing units to address the primary cause of homelessness and the housing  
3 affordability crisis, and to ensure such housing is permanently affordable; and

4 WHEREAS, the proposed spending plan is consistent with the City's Pathways Home plan,  
5 based on the recommendations of Barbara Poppe and Associates and of Focus Strategies,  
6 which prioritize assisting homeless people living unsheltered by placing them into  
7 housing, including permanent supportive housing, in order to end their homelessness; and

8 WHEREAS, permanent supportive housing provides housing with much needed related services,  
9 such as case management, mental health, and other services required to keep vulnerable  
10 individuals stably housed; and

11 WHEREAS, the proposed spending plan allocates ~~75 percent of the~~ funding generated from the  
12 new Progressive Tax on Bbusiness ~~tax~~ for the capital construction of additional long-  
13 term, low-income housing serving those with incomes at or below 30 percent of AMI and  
14 those with incomes from 30 to 60 percent of AMI, with an emphasis on assisting  
15 homeless people living unsheltered in the City with incomes at or below 30 percent of  
16 AMI; and

17 WHEREAS, the City desires to expedite the development of additional affordable housing by  
18 providing additional funds and prioritizing funding for projects that are ready to begin  
19 development; and

20 WHEREAS, the City provides capacity-building assistance through the Equitable Development  
21 Initiative to enable community organizations to prepare housing projects for  
22 development; and

1 WHEREAS, several years ago, the City established a streamlined permitting process for low-  
2 income housing projects to remove barriers to the development of such housing; and

3 WHEREAS, the City recently approved changes to the design review process for low-income  
4 housing projects that should also improve the efficiency of this process and speed  
5 development of such units; and

6 WHEREAS, the proposed spending plan allocates ~~20 percent of the~~ funding generated from the  
7 new Progressive Tax on Bbusiness ~~tax~~ to address the immediate housing, shelter, public  
8 health, sanitation, and other services needs of homeless people living unsheltered in the  
9 City; and

10 WHEREAS, the services funded are consistent with Resolution 18-06, adopted on March 15,  
11 2018, by the King County Board of Health, which supports additional investments in  
12 publicly accessible hygiene facilities, including handwashing, toilet, and shower facilities  
13 for people who are homeless; and

14 WHEREAS, the City is investing in a person-centered response system that prioritizes homeless  
15 families with small children, those with long histories of homelessness, and those with  
16 the greatest barriers to housing stability, consistent with the Pathways Home plan; and

17 WHEREAS, the City embraces a “housing first” philosophy which endeavors to move people  
18 quickly into housing and shelter by eliminating barriers to entry; and

19 WHEREAS, contracts for housing and services funded by the City include specific, measurable  
20 outcomes that are to be achieved with funding provided; and

21 WHEREAS, the City and its regional partners are committed to annually assessing the  
22 performance of funded programs to ensure they are operating effectively to place people  
23 experiencing homelessness into shelter and ultimately into long-term housing, or provide

1 harm reduction measures to facilitate acceptance of homelessness services, and have  
2 established performance standards that must be achieved by funded programs as depicted  
3 in Attachment 2 to this resolution; and

4 WHEREAS, programs and services funded with the new business tax shall be required, as  
5 applicable, to comply with these regionally supported performance standards; and

6 WHEREAS, homelessness is a regional issue, and the City is committed to using the additional  
7 resources generated from the new Progressive Tax on Business tax in collaboration with  
8 resources identified by our regional partners participating in All Home and One Table to  
9 ensure the implementation of effective programs that address the homelessness problem;  
10 and

11 WHEREAS, the City will maximize the leveraging of additional resources that may be  
12 forthcoming from the State, as well as the County, to increase the number of housing  
13 units serving homeless persons with incomes at or below 30% of AMI and to fund public  
14 health and other services funded with the new Progressive Tax on Business; and

15 WHEREAS, the City Council passed Statement of Legislative Intent 281-1-B-2 in November  
16 2017, requesting the Human Services Department to explore wage inequities for  
17 contracted human service providers; and

18 WHEREAS, the City Council recognizes that wage inequities for contracted service providers  
19 harm efforts to stabilize the workforce and that it is imperative to address equitable  
20 workforce compensation in an effort to maintain existing homelessness programs and  
21 expand program services; NOW, THEREFORE,

22 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE**  
23 **MAYOR CONCURRING, THAT:**

1 Section 1. Proceeds from the new Progressive Tax on Bbusiness ~~tax~~ imposed by the  
2 ordinance introduced as Council Bill ~~119244-119250~~ are intended to be used to expand housing,  
3 shelter, public health, hygiene, sanitation, and other support services for those who are homeless  
4 or at significant risk of homelessness, with priority for assisting those homeless people living  
5 unsheltered and/or with very low incomes (at or below 30 percent of area median income  
6 (AMI)). It is intended that ~~75 percent of~~ the proceeds from the new Progressive Tax on Bbusiness  
7 ~~tax~~ will be used to increase the production of long-term affordable housing, and fund operations  
8 and services support for housing serving the homeless who are most vulnerable. ~~Twenty percent~~  
9 ~~of~~ The proceeds from the new Progressive Tax on Bbusiness ~~tax~~ will also be used to increase the  
10 provision of immediate housing, and effectiveness of shelter, public health, hygiene, sanitation,  
11 and support services to assist homeless people living unsheltered to move off the streets.  
12 Attachment 1 to this resolution establishes the spending plan for the first five years of the new  
13 business tax.

14 Section 2. On or before December 14, 2018, the Executive shall submit an  
15 Implementation Plan for the new Progressive Tax on Business to the City Council that includes:

- 16 a) Sspecific spending proposal for years one through five of the new ~~business tax~~, including  
17 b) Pproposed outcomes for each funded program or service;  
18 c) Hhow the programs or services will be implemented (i.e., responsible department,  
19 funding processes, etc.); ~~and~~  
20 d) Pproposed policies for implementing funded programs or services; and  
21 e) Proposal for an Oversight Committee responsible for overseeing expenditures and  
22 reviewing performance of programs and services.- The Executive will propose different

1 models, including but not limited to an option for a committee with oversight authority  
2 for all Human Services Department homelessness investments.

3 The City Council intends to adopt modifications to the City's Housing Funding Policies to have  
4 such policies apply to the revenues generated from the new Progressive Tax on Business. The  
5 Council anticipates adopting such modifications when adopting the Implementation Plan in  
6 December of 2018.

7 The Executive, with the support of the Seattle Office for Civil Rights, will conduct additional  
8 racial equity analysis on the proposed Implementation Plan prior to submittal to the City  
9 Council. The completion of this analysis shall not delay submittal of the Implementation Plan by  
10 December, 2018. The Executive shall work cooperatively with the City Council in the  
11 development of this Implementation Plan to ensure it is consistent with the proposed Spending  
12 Plan. The City Council intends to proviso funding in the 2019 budget to ensure funding is  
13 appropriated consistent with the proposed Spending Plan.

14 **Section 3.** It is the Council's intent that all capital projects identified in the  
15 implementation plan required in Section 2 of this resolution include community workforce  
16 agreements, as well as requirements to meet or exceed the standards set forth in Chapter 20.37 of  
17 the Seattle Municipal Code for any grants or contracts that are \$1,000,000 or more. To the extent  
18 further council action is required to lower the threshold from \$5,000,000 to \$1,000,000, Council  
19 intends to review SMC Chapter 20.37 and make necessary amendments. In addition, it is the  
20 Council's intent that all capital projects use labor that is receiving area standard wages and bona  
21 fide benefits, and that meets apprenticeship utilization of no less than 15 percent per contract and  
22 no more than 20 percent per craft. To the extent required, future legislation will be developed  
23 authorizing such requirements and any exceptions thereto.

1 Section 4. The Executive is requested to explore and provide recommendations on  
2 funding the operation and services support for housing that would serve homeless individuals,  
3 with incomes at or below 30 percent of AMI, who do not qualify for or require permanent  
4 supportive housing but need housing with a lower level of services. In addition, the Executive  
5 will explore models to increase the number of units serving homeless individuals with incomes at  
6 or below 30 percent of AMI who need only affordable housing and no services. ~~and/or long-~~  
7 term rental subsidy. In developing recommendations for increasing the number of units serving  
8 those at or below 30% of AMI units, the Executive shall examine the extent to which the  
9 availability of free or reduced land could increase the development of such units. The Executive  
10 will also explore how persons who are homeless would access additional housing provided  
11 within the current All Home referral process that includes Coordinated Entry. The Executive will  
12 include ~~a report and~~ recommendations along with the submittal of the Implementation Plan  
13 referenced in Section 2 of this resolution.

14 Section 54. The Executive is requested to provide a report and recommendations on  
15 providing funding for wage stabilization for direct service personnel providing services to people  
16 experiencing homelessness, as described in Attachment 1 to this resolution, based on  
17 examination of adequate staffing levels, compensation, and desired retention outcomes. This  
18 examination shall be based on data gathered in response to Statement of Legislative Intent 281-1-  
19 B-2, the audit of the Human Services Department's contracting processes, and input from the  
20 homeless service providers. The Executive will provide a report and recommendations with  
21 submittal of the Implementation Plan referenced in Section 2 of this resolution. The initial  
22 funding provided in the spending plan may be supplemented with future resources to address  
23 identified workforce compensation issues.

1 Section ~~65~~. The City Council may, based on the program outcomes and understanding of  
2 changing needs, modify the allocation of funding for programs and services through the  
3 Council's legislative and budget process.

4 Section ~~76~~. The Executive shall submit an annual report by March 1 of each year and a  
5 semi-annual report by August 1 of each year beginning in the year following the authorization of  
6 the ~~New Progressive Tax on B~~business-tax. These reports shall provide information on the  
7 housing and services funded and the outcomes achieved because of the funding provided from  
8 the proceeds from the business tax. In addition, it will include information on: apprenticeship  
9 utilization percentage, priority hire utilization, utilization of women and people of color, women  
10 and minority business enterprise utilization, women and people of color from pre-apprentice  
11 programs. The annual report shall also include information on the leveraging of other State and  
12 local sources used to provide housing and services funded by the New Progressive Tax on  
13 Business.

14 Section 8. The City shall retain an independent economist to conduct an analysis of the  
15 impacts of the Employee Hours Tax. Impacts to be measured include but are not limited to:  
16 increases or decreases in jobs (full-time and part-time), annual gross revenues, number of  
17 businesses that have relocated outside the City, and other data that directly relate to impacts on  
18 businesses subjected to the new tax. The Executive shall develop a proposed scope of work for  
19 this analysis, identifying specific data to be collected and estimated cost of the analysis. The  
20 Executive shall submit this scope of work to the Council by September 4, 2018 along with a  
21 proposed funding plan and a schedule for completing the work. The Executive shall work with  
22 the City Council in the selection of the economist. The Executive shall include funding for this  
23 analysis in the proposed 2018 3<sup>rd</sup> Quarter Supplemental Budget and the 2019 Proposed Budget.



1           Section 9. The City requests the State Legislature to significantly increase funding for the  
2 State Housing Trust Fund that will be used as leverage for the new Progressive Tax on Business  
3 and result in an increase in the number of affordable units produced by this tax. The Office of  
4 Intergovernmental Relations is requested to include this request in the City’s 2019 State  
5 Legislative Agenda.

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