

**Walk-on Amendment 9B to Resolution 31957  
(assumes adoption of Amendment 8 to RES 31957)**

**Select Budget Committee**

**Sponsor: Councilmembers Mosqueda, Sawant, Morales**

Amendatory language shown in track changes ~~track changes~~

Amend Section 1, page 3, lines 20-21, page 4, lines 8-12, to RES 31957 as follows:

\* \* \*

2. Housing and services. Sixty-two percent of the proceeds may be used as follows:

a. ~~Ninety Eighty-fivetwo~~ percent of the funds for housing and services may be used for (1) capital costs associated with the construction or acquisition of rental housing serving households with incomes at or below 30 percent of area median income (AMI), but may be used to support housing serving households with incomes at or below 60 percent of AMI, when required to support the operational costs of a proposed housing project. Such housing shall include, but is not limited to, housing serving people with disabilities, the elderly, low-wage working people, homeless individuals and families, and families with children; (2) operating and services costs of rental housing serving households with incomes at or below 30 percent of AMI; and (3) associated infrastructure to support the ongoing operations costs for the housing, such as maintenance, retrofitting, and energy efficient upgrades to support the housing; and

b. ~~Ten-Thirteen~~ percent of the funds for housing and services may be used for a community focused acquisition, development, and program support fund to affirmatively further fair housing and to address past discriminatory policies and practices, such as redlining, restrictive racial covenants, and other discriminatory practices that have resulted in certain populations and neighborhoods prospering at the expense of others. The goal is to create additional affordable units in the Central Area and other impacted communities within the first ten years. Such housing should include a mix of unit types (studios, and one-, two-, and three-bedroom units). Consistent with the City's Housing Funding Policies as adopted by Ordinance 125308 and amended by Ordinance 125852 in 2019, owners are required to affirmatively market affordable rental and homeownership housing, taking proactive steps to promote fair access and

equal opportunity, so that individuals of similar economic levels in the same housing market area have a range of housing choices regardless of their race, familial status, disability or other protected class status. Owners shall require community preference for a portion of the housing units to address displacement, provided it can be done consistent with fair housing legal principles. Housing owners with units subject to required tenant referral arrangements, including, for example King County's Coordinated Entry for All system, will continue to receive referrals through the system approved by service funders.

c. Five percent of the funds for housing and services may be used for permanently affordable homeownership opportunities serving households with incomes at or below 80 percent of AMI. Funds will assist households who are at risk of displacement from their communities or who have faced barriers to equitably accessing homeownership in all parts of the due to past discriminatory policies and practices, such as redlining, mortgage lending discrimination, or restrictive racial covenants. Funds may be used for homeowner loans, program support costs, or other costs related to the development of permanently affordable homes.

d. It is the Council's intent that new construction of housing projects funded with the payroll tax will be built consistent with the City's Housing Funding Policies as adopted by Ordinance 125852, and are consistent with the following:

i. Requirements and goals that advance labor equity outcomes, such as: the payment of prevailing wages, apprenticeship utilization, and employment of Women and Minority Owned Businesses. Imposing additional requirements including, but not limited to: preferred entry to apprenticeship programs, requirements for pre-apprenticeship, mentoring or other training programs, and utilization of workers from economically distressed areas, will be considered for new construction housing projects based on the results of the evaluation of the 2<sup>nd</sup> and Mercer housing pilot project, expected in mid-2021. The implementation plan that will be adopted by the City Council in 2021 will guide spending for 2022 and 2023, and may impose further labor equity-related requirements for new construction projects and recommend any needed amendments to the City's Housing Funding Policies to impose such requirements.

ii. Prioritize projects that advance equitable development goals and address displacement, including those proposed or supported by local, community-based, non-

profit organizations that are culturally relevant and historically rooted, particularly when the project site is in an area that is at high risk for displacement.

iii. Utilize well-located publicly owned properties to achieve cost savings for affordable housing development through reduced or no-cost land transfers, favorable purchase terms, and efficient funding and disposition processes.

iv. Housing projects funded entirely with this tax will be constructed with building systems that do not rely on the use of fossil fuels. Eliminating use of fossil fuels in building operations has strong climate benefits, such as reducing greenhouse gas emissions, but may result in higher construction costs. Because other funding sources that can leverage the City's investments in affordable housing often prioritize funding projects with lower construction costs, this requirement may impact the ability to compete for those funds. The City will work with other public and private entities that fund affordable housing development to align funding policies that support development of housing designed to reduce building emissions and reduce reliance on fossil fuels.

3. Equitable Development Initiative. Nine percent of the proceeds may be used to support the Equitable Development Initiative (EDI). Funding may be used to support community-initiated equitable development projects that advance economic mobility and opportunity, prevent residential, commercial, and cultural displacement, build on local cultural assets, promote transportation mobility and connectivity, develop healthy and safe neighborhoods, and enable equitable access to all neighborhoods. Funds would be appropriated to the Office of Planning and Community Development and allocated through the EDI's existing established funding process for awarding EDI grants. This funding may be used to support both the non-housing and affordable housing components of EDI projects; this shall include funding to support community capacity development, real estate development, and other EDI grant categories. Investments in EDI projects that include an affordable housing component will be prioritized.

4. Economic revitalization. Fifteen percent of the proceeds may be used to support local businesses and tourism to spur the local economic recovery, and to provide economic stability for the city's workforce. Investments will prioritize programs and services that diversify the local economy and improve job quality, including investing in labor-management training

programs and partnerships with organizations whose work focuses on innovative workforce strategies that support and create jobs with strong pay and benefits and provide workforce training. This will include:

\* \* \*

Amend Attachment 1 to RES 31957 as shown on the last page of this amendment.

**Effect:** This amendment:

- Increases the allocation of funds for the “Housing and Services” spending category from 60% to 62% and decrease the allocation of funds for the “Economic Revitalization” spending category from 17% to 15%
- Modifies the allocation of funds under the housing and services category to increase the amount directed to create a new community driven fund
- Adds language that requires owners of housing funded from the community driven fund to affirmatively market and utilize community preference for such housing and states a goal of creating additional affordable units in the Central District and other impacted communities within the first 10 years
- Modifies the allocation of funds beginning in year 2022 as follows:

Spending Category (2022+ beyond)	As Introduced		Amendment 9B (assumes Am 8 is adopted)	
	%	\$	%	\$
<b>Housing and Services</b>	60%	\$131 million	62%	\$135 million
<i>Affordable rental housing</i>	90%	\$118 million	82%	\$111 million
<i>Community driven fund</i>	10%	\$13 million	13%	\$18 million
<i>Affordable Homeownership*</i>	-	-	5%	\$6 million
<b>Equitable Development Initiative</b>	9%	\$20 million	9%	\$20 million
<b>Economic Revitalization</b>	17%	\$37 million	15%	\$ 33million
<b>Green New Deal</b>	9%	\$20 million	9%	\$20 million
<b>Start-up costs and ongoing administration</b>	5%	\$11 million	5%	\$11 million
<b>TOTAL</b>	<b>100%</b>	<b>\$219 million</b>	<b>100%</b>	<b>\$219 million</b>

\*Affordable Homeownership added through Amendment 8

### Jump Start Seattle –Proposed Spending Plan Details

2021 Proposed Spending			
Program/Activity	Program Description	%	\$
<b>Replenish Emergency Fund</b>	Replenish the City’s Emergency Fund balance that was reduced in 2020 to fund programs that address the economic impacts caused by COVID-19.		\$86 million
<b>Continuity of Services</b>	Provide continuity of services and programs administered or supported by the City prior to the COVID-19 crises that, absent the support from the payroll tax revenue, would see a reduction in funding; and funding to support increased costs and the expansion of services and programs administered or funded by the City that support low-income communities.	75% <sup>1</sup>	\$96 million
<b>COVID Relief - continued</b>	Continue funding for programs and services that received funding in 2020 to provide public assistance to low-income households and small businesses impacted by the COVID-19 emergency.	20% <sup>1</sup>	\$26 million
	Start-up costs and ongoing administration <sup>2</sup>	5% <sup>1</sup>	\$6 million
<b>TOTAL ANNUAL SPENDING:</b>		<b>100%<sup>1</sup></b>	<b>\$214 million</b>
2022 + Beyond Proposed Spending (based on the payroll tax revenue estimate)			
<b>Housing and Services</b>	<ul style="list-style-type: none"> <li>- <del>90</del><u>85</u><del>2</del>% for construction or acquisition of rental housing serving 0-60% of Area Median Income (AMI) prioritizing serving 0-30% of AMI, including operating and services costs serving 0-30% of AMI; and</li> <li>- <del>10</del><u>13</u>% for a community driven fund to invest in projects that affirmatively further fair housing and to address past discriminatory policies and practices</li> <li>- 5% for affordable homeownership programs serving households with incomes up to 80% of AMI</li> </ul>	<del>60</del> <u>62</u> %	<del>\$131</del> <u>135</u> million
<b>Equitable Development Initiative</b>	Funding for the Equitable Development Initiative (EDI) to support the non-housing and affordable housing components of EDI projects with a goal of at least \$20 million annually.	9%	\$20 million
<b>Economic Revitalization</b>	Funding to support local businesses and tourism to spur the local economic recovery, and to provide economic stability for the city’s workforce.	<u>915</u> %	<del>\$37</del> <u>33</u> million

<sup>1</sup> After replenishing the emergency fund

<sup>2</sup> In 2021, the admin costs are not applied to the \$86 million to replenish the emergency funds

<b>Green New Deal</b>	For investments that advance Seattle’s Green New Deal as described in Resolution 31895.	9%	\$20 million
	Start-up costs and ongoing administration	5%	\$11 million
<b>TOTAL ANNUAL SPENDING:</b>		<b>100%</b>	<b>\$219 million</b>

<b>2022 + Beyond Proposed Spending (based on the payroll tax revenue goal)<sup>3</sup></b>			
<b>Housing and Services</b>	<ul style="list-style-type: none"> <li>- <del>90872</del>% for construction or acquisition of rental housing serving 0-60% of Area Median Income (AMI) prioritizing serving 0-30% of AMI, including operating and services costs serving 0-30% of AMI; and</li> <li>- <del>1013</del>% for a community driven fund to invest in projects that affirmatively further fair housing and to address past discriminatory policies and practices</li> <li>- 5% for affordable homeownership programs serving households with incomes up to 80% of AMI</li> </ul>	<del>6062</del> %	<del>\$148-153</del> million
<b>Equitable Development Initiative</b>	Funding for the Equitable Development Initiative (EDI) to support the non-housing and affordable housing components of EDI projects with a goal of at least \$20 million annually.	9%	\$22 million
<b>Economic Revitalization</b>	Funding to support local businesses and tourism to spur the local economic recovery, and to provide economic stability for the city’s workforce.	<del>1715</del> %	<del>\$42-37</del> million
<b>Green New Deal</b>	For investments that advance Seattle’s Green New Deal as described in Resolution 31895.	9%	\$22 million
	Start-up costs and ongoing administration	5%	\$12 million
<b>TOTAL ANNUAL SPENDING:</b>		<b>100%</b>	<b>\$246 million</b>

<sup>3</sup> Due to data limitations, the estimate for the Jump Start Seattle tax authorized through the ordinance introduced as Council Bill 119810 does not include incremental revenue that may be generated from a portion of the rates on any businesses with payroll of \$1 billion and above. This table illustrates the spending breakdown using the sponsor’s revenue goal that assumes those businesses with payroll of \$1 billion and above will result in about \$28 million of additional revenue annually in 2022.