

June 9, 2020

## MEMORANDUM

**To:** Select Budget Committee  
**From:** Traci Ratzliff, Analyst and Aly Pennucci, Supervising Analyst  
**Subject:** CB 119774: Payroll Expense Tax Package - Spending Plan and Appropriation

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On Wednesday, June 10, 2020 the Select Budget Committee (Committee) will continue its discussion on the proposed Payroll Expense Tax package (aka Tax on Corporate Payroll). This tax package includes the following three bills:

1. [Council Bill \(CB\) 119772](#) – Tax
2. [CB 119773](#) – Interfund Loan
3. [CB 119774](#) – Spending Plan and Appropriation

This memo describes CB 119774 (Spending Plan and Appropriation), as well as highlights issues and options for the Committee’s consideration. Proposed amendments by the bills’ sponsors are also discussed. (Summary and background information on the proposed spending plan is available in the Central Staff memos posted to the [April 22](#) and [April 29](#) Committee agendas.)

### **CB 119774: Description**

The proposed spending plan would:

- Authorize spending \$200 million (generated through the Interfund Loan bill) for emergency cash assistance in 2020 for up to 100,000 low-income households including those who have lost income directly as a result of the coronavirus crisis.
- Affirm the Council’s intent as follows:
  - \$205 million in 2021 to repay principal and interest on the Interfund Loan.
  - 75 percent of remaining revenue<sup>1</sup> for investments to build or acquire new social housing.<sup>2</sup>
  - 25 percent of remaining revenue for investments in housing-related strategies called for in Seattle’s Green New Deal (GND).
  - Five percent of remaining revenue in 2021 and three percent of all revenue in all subsequent years for start-up and ongoing administration costs.

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<sup>1</sup> “Remaining revenue” means revenue available each year after repaying the principal and interest on the Interfund Loan (2021 only), as well as start-up and ongoing administrative costs (2021 and beyond).

<sup>2</sup> Under this proposal, social housing is defined as affordable housing that is either publicly owned or owned or operated by a public development authority (PDA) or a nonprofit housing provider that enters into a regulatory agreement with the City that includes rent and income restrictions.

## **CB 119774: Issue Identification**

The following is a discussion of issues identified to date, as well as potential amendments and associated options for the Committee's consideration. The issues and options are not an exhaustive list and additional amendment options may be identified during the course of the Committee's review, discussions, and public engagement.

### **1. Technical and Clarifying Corrections**

CB 119774, as introduced on April 6, 2020, included references to certain figures that are now outdated (e.g., the number of people unemployed during the COVID-19 crisis). The bill also contained placeholder text that the sponsors intended to fill in following committee discussion. In addition, staff identified a few technical errors that should be corrected.

Councilmember Sawant proposed an amendment would substitute version D10c of CB 119774 with D11 to make technical or clarifying amendments to fix typographical and other drafting errors, and to clarify the sponsor's intent. This includes:

- Making typographical corrections and updating figures included in the recitals;
- Reorganizing and adding to the proposed findings, including updating figures in findings S and U in Section 1 of the CB 119774 as introduced;
- Specifying the years covered by the spending plan in Section 2;
- Adding language to clarify the cash assistance would be distributed in four monthly installments of \$500;
- Making typographical corrections in Section 2;
- Clarifying the sponsors intent that the maximum annual rent increase would be permitted for housing units supported by the social housing investment; and
- Naming Finance General and identifying the Budget Summary Level in Section 7 to reflect the proposed appropriation (the \$200 million in emergency assistance).

#### Options:

1. No action (do not make the technical and clarifying amendment); or
2. Adopt Amendment 1 (Attachment A).

*(Note: Additional technical changes may be identified prior to Council action on amendments, including updating the numbers in Attachment 1 to CB 119774 to align with the effective date and assumed 2020 tax revenues from the tax authorized in CB 119772 is amended.)*

## 2. Emergency Cash Assistance

CB 119774 authorizes spending \$200 million in 2020 for emergency cash assistance to low-income households impacted by the COVID-19 emergency, including but not limited to seniors, immigrants and refugees, and people experiencing homelessness. As proposed, 50 percent (\$100 million) of the funds would be distributed to low-income households enrolled in existing City assistance programs, or State assistance programs administered by the City, such as Fresh Bucks, the Child Care Assistance Program, and the Early Childhood Education and Assistance Program. The remaining \$100 million would be distributed to those impacted by the COVID-19 crisis but not enrolled in an existing City assistance program(s) or a State assistance program(s) administered by the City, as determined by a distribution plan to be developed by the Executive.

This proposed distribution process prioritizes providing financial assistance to low-income households as quickly as possible. The trade-off in a process designed to move quickly could overlook specific priority populations and/or households most in need due to the economic impacts resulting from the COVID-19 crisis. Page five of the Central Staff memo posted to the [April 29](#) Select Committee agenda describes other models that could be used to distribute the emergency cash assistance. The primary difference between programs described in that memo and the process proposed in CB 119774 is that these other programs rely on partnerships with community-based organizations (CBOs).

While CB 119774 does not prohibit CBOs from distributing at least half of the emergency cash assistance, Councilmember Sawant has proposed an amendment that would explicitly allow half of the funding could be distributed through partnerships with CBOs (see Option 2 below). CBOs are likely better positioned to ensure the assistance is reaching the priority populations and understand the type of assistance needed. Contracting with CBOs and developing a process for distributing such assistance will take more time than providing emergency cash assistance to households already enrolled programs (see Option 3 below).

### Options:

1. No action; or
2. Adopt Amendment 2 (Attachment B) to clarify 50 percent (\$100 million) of the emergency cash assistance may be distributed through a partnership with CBOs that have a demonstrated relationship with communities identified as a priority for receiving this assistance; or
3. Adopt Amendment 3 (Attachment C) requiring all funding (\$200 million) be distributed through a partnership with CBOs for either direct financial assistance (e.g., cash assistance, prepaid debit cards) or support of direct relief services provided by CBOs.

*Note: Options 2 and 3 are mutually exclusive.*

### 3. Spending Categories

As introduced, the new tax revenue in 2021 would provide approximately \$205 million to repay the principal and interest owed on the interfund loan (to provide cash assistance to low-income households in 2020). After loan repayment in 2021, the annual funding would be distributed as follows, after accounting for ongoing administrative costs:

- 75 percent to develop and acquire affordable social housing and provide services for Permanent Supportive Housing (PSH) units.
- 25 percent to support implementation of select housing-related strategies identified in Seattle's Green New Deal (GND) [Resolution 31895](#).

Understanding there are various ways to use this new revenue, Councilmembers may consider other spending priorities. Regardless, any proposed spending plan will be formally adopted for 2021 and beyond through the annual budget process. This could include modifying categories of spending by appropriating money for other programs and services.

Amendment 4 (Attachment D) sponsored by Councilmember Morales would modify the spending categories to include support for the Equitable Development Initiative, as follows:

- 70 percent for investments in social housing
- 20 percent GND investments
- 10 percent to support Equitable Development Initiative (EDI) projects

[EDI](#) addresses displacement and the unequal distribution of opportunities by fostering community leadership and supporting organizations to promote equitable access to housing, jobs, education, parks, cultural expression, healthy food, and other community needs and amenities.

#### Options:

1. No action; or
2. Adopt Amendment 4 (Attachment D) modifying spending categories to include EDI; or
3. Amend the proposed spending categories to include other spending categories.

### 4. Income levels served by Social Housing Investments

CB 119774 would allocate funding to develop and acquire affordable social housing and provide services for permanent supportive housing units for households up to 100 percent of area median income (AMI). City Housing Funding policies have prioritized investments in rental housing production and preservation funds to assist households at or below 80 percent of AMI, with the majority of funds targeted to assist households at or below 30 percent of AMI. This policy is based on data that shows households at or below 80 percent of AMI and lower have

the greatest need for affordable housing<sup>3</sup>. Councilmembers could consider modifying the income levels served to prioritize investments to support households with lower incomes. Councilmember Morales has proposed one option (see Attachment E) that would change the households served by the proposed social housing investments to at or below 80 percent of AMI, with the majority of funds serving households at or below 60 percent of AMI.

Options:

1. No action; or
2. Adopt Amendment 5 (Attachment E) to modify income levels served at or below 80 percent of AMI.

**5. Implementation Plan Submittal date and Process for development**

CB 119774 as introduced requires the Executive to develop an implementation plan consistent with the legislation authorizing spending of the proposed payroll tax. The legislation does not establish a firm timeline for submittal of this plan. Councilmember Morales' proposed amendment would require the Executive to submit the plan for years 2022-2025 by February 1, 2021 and request the Executive seeks input from stakeholders in the plan's development. In addition, the City Council intends to adopt the spending for 2021 as part of the annual 2021 budget adoption process.

Options:

1. No action; or
2. Adopt Amendment 6 (Attachment F) to establish a submittal date for the Implementation Plan; or
3. Propose an alternate schedule for adoption of an Implementation Plan.

**Next Steps**

The Committee will continue discussions and may vote on amendments and the bill on June 17. If there are specific questions or amendments you would like to discuss at this meeting, please let Central Staff know by noon on Friday, June 12.

**Attachments:**

- A. Draft Amendment 1
- B. Draft Amendment 2
- C. Draft Amendment 3
- D. Draft Amendment 4
- E. Draft Amendment 5
- F. Draft Amendment 6

cc: Kirstan Arestad, Executive Director

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<sup>3</sup> See [Table 4 on page 7 of the Central Staff memo](#) posted to April 29 Select Committee agenda.

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~~D10e~~D11

**DRAFT Amendment 1 To Council Bill (CB) 119774**  
**Technical and Clarifying Amendments**  
**Select Budget Committee**

**Sponsor: Councilmember Sawant**

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

**Effect:** This amendment would substitute version D10c of Council Bill (CB) 119774 with D11 to make technical or clarifying amendments, to fix typos and other drafting errors identified by staff, and to clarify the sponsor’s intent. This includes:

- Making typographical corrections and updating figures included in the recitals;
- Reorganization and adding to the proposed findings, including updating figures in findings S and U in Section 1 in CB 119774 as introduce;
- Specifying the years covered by the spending plan in Section 2;
- Adding language to clarify that the intent is for cash assistance to be distributed in 4 monthly installments of \$500 each
- Making typographical corrections in Section 2;
- Clarifying the sponsors intent related to the CPI index and maximum annual rent increase permitted for housing units supported by the social housing investment; and
- Naming finance general and identifying the Budget Summary Level in Section 7 for the proposed appropriation for the \$200 million in emergency assistance.

*Note: Additional technical changes may be identified prior to Council action on amendments, including updating the numbers in Attachment 1 to CB 119774 to align with the effective date and assumed 2020 tax revenues from the tax authorized in CB 119772 is amended.*

**CITY OF SEATTLE**

**ORDINANCE \_\_\_\_\_**

**COUNCIL BILL \_\_\_\_\_**

..title

AN ORDINANCE establishing a spending plan for the proceeds generated from the payroll expense tax authorized by the ordinance introduced as Council Bill 119772 to fund immediate cash assistance for low-income households impacted by the COVID-19 crisis in 2020 and the development of social housing that is permanently affordable, high-quality, and energy-efficient, to fund housing-related components of Seattle’s Green New Deal as articulated in Resolution 31895, and to fund other investments; establishing a

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1 Social Housing Board and amending the duties of the Green New Deal Oversight Board  
2 to make funding recommendations; establishing a requirement for an Implementation  
3 Plan; adding a new Section 3.14.750 to, and amending Section 3.14.979 of, the Seattle  
4 Municipal Code; amending Ordinance 126000, which adopted the 2020 Budget;  
5 changing appropriations to various departments and budget control levels, and from  
6 various funds in the 2020 Budget; declaring an emergency; and establishing an  
7 immediate effective date; all by a 3/4 vote of the City Council.

8 ..body

9 WHEREAS, the City Council (“Council”) adopted the ordinance introduced as Council Bill

10 119772, authorizing the collection of a new payroll expense tax (“tax on corporate  
11 payroll”) to be imposed beginning June 2020; and

12 WHEREAS, the new tax on corporate payroll is anticipated to generate an average of \$500

13 million in proceeds on an annual basis, as shown in the ~~spending plan~~proposed

14 expenditures by year included as Attachment 1 to this ordinance; and

15 WHEREAS, on November 2, 2015, the Mayor issued a Proclamation of Civil Emergency to

16 address the homelessness crisis in the City of Seattle; and

17 WHEREAS, on November 3, 2015, the City Council adopted Resolution 31630, ratifying and

18 confirming the Mayoral Proclamation of Civil Emergency; and

19 WHEREAS, the Civil Emergency to address the homelessness crisis is still in effect today; and

20 WHEREAS, Seattle has been in the throes of a stunning and unprecedented affordable housing

21 and homelessness crisis, which is now being greatly exacerbated and complicated by the

22 COVID-19 pandemic and related economic and unemployment crisis described more

23 below. Sky-high rents and soaring home prices have been and are driving working-class

24 households, seniors, students, and especially working families of color out of Seattle, and

25 sometimes into homelessness; and

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1 WHEREAS, the affordable housing crisis, and now the COVID-19 pandemic and related  
2 economic and unemployment emergencies, in Seattle are deeply impacting the lives of  
3 people throughout Seattle and the region and disproportionately harmings people of  
4 color, immigrants, the LGBTQ community, indigenous peoples' communities, disabled  
5 community members, and women, who already struggle against entrenched inequality;  
6 and

7 WHEREAS, even as Seattle experienced a record-breaking construction boom, being recognized  
8 as the nation's construction crane capital three years running, the housing crisis  
9 worsened, showing that the for-profit market has failed working people; and

10 WHEREAS, average rents in Seattle rose 69 percent between 2010 and 2018, far beyond the rate  
11 of inflation and more than double the national average; and

12 WHEREAS, numerous studies have shown that rising rent increases homelessness. One such  
13 study showed that each \$100 increase in the average rent caused a 15 percent increase in  
14 homelessness in urban areas; and

15 WHEREAS, the affordable housing crisis is no better for homebuyers, with the median price of  
16 recently sold homes reaching a staggering \$713,900, putting home ownership out of  
17 reach for the vast majority of working people; and

18 WHEREAS, the affordable housing crisis puts housing out of reach for teachers, bus and truck  
19 drivers, healthcare workers, construction workers, city employees, restaurant and bar  
20 workers, and a slew of other workers who daily make Seattle run, and furthermore is  
21 driving out seniors and others who survive on fixed incomes; and

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1 WHEREAS, more than 4,280 students in Seattle Public Schools are homeless or have unstable  
2 housing; and

3 WHEREAS, even before the COVID-19 emergency, thousands of Seattle renters faced eviction  
4 threats every year, and in September 2018, the Seattle Women’s Commission and the  
5 King County Bar Association jointly published *Losing Home: The Human Cost of*  
6 *Eviction in Seattle*, finding that more than half of Seattle renters receiving eviction  
7 notices in 2017 owed one month’s rent or less, and most tenants who are evicted become  
8 homeless; and

9 WHEREAS, the *Losing Home* report found that evictions in Seattle fall disproportionately on  
10 women and people of color, with people of color constituting about 35 percent of renters,  
11 and nearly 52 percent of evictions ~~involved~~involving people of color; and

12 WHEREAS, the soaring cost of housing is destroying the social fabric of communities through  
13 gentrification, driving people away from their friends and family, faith communities,  
14 small businesses, and neighborhoods, as exemplified by the fact that the number of Black  
15 residents in Seattle’s Central District has plunged from 70 percent in the 1970s to under  
16 20 percent today; and

17 WHEREAS, the City is committed to eliminating racial inequities such as these through  
18 implementation of the Race and Social Justice Initiative; and

19 WHEREAS, housing is a human right and Seattle urgently needs bold public policy to solve the  
20 multiple and overlapping crises, including the affordable housing and homelessness

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1 crisis, the COVID-19 pandemic and related economic and unemployment crisis, and the  
2 climate change crisis; and

3 WHEREAS, the private housing market has failed, and will continue to fail, to meet basic human  
4 housing needs; and

5 WHEREAS, the people of Seattle therefore need a significant expansion of social housing  
6 (publicly-owned or publicly-controlled housing), where rents are permanently affordable,  
7 stable, predictable, and fair; and

8 WHEREAS, in 2001, the Seattle City Council (“Council”) adopted, with the Mayor concurring,  
9 Resolution 30316, supporting efforts to curb global warming, adopting greenhouse gas  
10 (GHG) emission reduction goals for Seattle, and committing to ongoing efforts to achieve  
11 these goals; and

12 WHEREAS, the 2016 Greenhouse Gas Inventory, published in February 2019, found that total  
13 greenhouse gas emissions in Seattle rose by one percent between 2014 and 2016, and that  
14 in order to achieve the goals of the Climate Action Plan adopted via Resolution 31447,  
15 Seattle’s emissions reduction rate needs to increase by a factor of seven; and

16 WHEREAS, in August 2016, the Council adopted, with the Mayor concurring, Resolution 31681  
17 to advance the efforts of the Equity & Environment Agenda, adopting goals for all  
18 environmental and sustainability work in Seattle that prioritize communities of color,  
19 immigrants, refugees, people with low-incomes, youth, and limited-English proficiency  
20 individuals; and

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1 WHEREAS, in October 2016, the Council adopted, with the Mayor concurring, Resolution  
2 31712, ~~that which endorsing endorsed~~ community principles for green jobs, ~~defining~~  
3 defined a green job as one that preserves or enhances environmental health as well as the  
4 economic and social well-being of people and communities, centers on communities most  
5 negatively impacted by climate change, and pays a living wage while providing career  
6 pathways; and

7 WHEREAS, the City Council adopted Resolution 31895 establishing a Green New Deal for  
8 Seattle; and

9 WHEREAS, in August 2019, Resolution 31895 recognized that, while it has made some progress  
10 towards reducing its dependence on fossil fuels, the current pace of progress is  
11 insufficient to make the necessary changes to shift Seattle's economy to be more  
12 equitable and ecologically sustainable; and

13 WHEREAS, Resolution 31895 established key goals and committed the City to implement  
14 comprehensive strategies as described in Section 1 of this ordinance; and

15 WHEREAS, Resolution 31895 envisioned the need to establish a dedicated revenue source in  
16 order to implement Green New Deal strategies; and

17 WHEREAS, climate activists in Seattle and worldwide, led by young people, have organized  
18 mass mobilizations and strikes demanding that government take immediate and dramatic  
19 action to address the climate crisis; and

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1 WHEREAS, in Seattle, these demands for a Green New Deal for Seattle have been bravely led  
2 by many people and communities, including middle- and high-school students, workers  
3 in the tech industry, indigenous communities, and communities of color; and

4 WHEREAS, the new tax on corporate payroll will generate significant funds to address  
5 identified inequities and to respond to the multiple and overlapping crises, including the  
6 affordable housing and homelessness crisis, the COVID-19 pandemic and related  
7 economic and unemployment crisis, and the climate change crisis; and

8 WHEREAS, these additional funds will provide immediate financial relief and in the long-term  
9 will increase the construction and preservation of thousands of units of permanently  
10 affordable housing for low- and moderate-income households to address the housing  
11 affordability and homelessness crisis, will contribute to reducing Seattle's climate  
12 pollution, and will in the process support thousands of unionized, living-wage jobs, and  
13 in doing so will help the City make the necessary changes to shift Seattle's economy to  
14 be more equitable and ecologically sustainable; and

15 WHEREAS, the World Health Organization has announced novel coronavirus (COVID-19) is  
16 officially a global pandemic; and

17 WHEREAS, on February 29, 2020 the Washington Governor issued Proclamation 20-05,  
18 proclaiming a state of emergency for all counties throughout the state of Washington in  
19 response to new cases of COVID-19, and

20 WHEREAS, on March 13, 2020 the President of the United States declared a national state of  
21 emergency in response to the COVID-19 pandemic; and

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1 WHEREAS, on March 25, 2020 the Washington Governor issued Proclamation 20-25,  
2 prohibiting all people in Washington State from leaving their homes and all non-essential  
3 businesses in Washington State from conducting business (“Stay Home – Stay Healthy  
4 Proclamation”); and

5 WHEREAS, these actions are appropriate for public health reasons but have severe economic  
6 impacts on families and individuals in Seattle; and

7 WHEREAS, these impacts are being felt most strongly by people with low incomes who have  
8 become unemployed or had their work hours severely reduced; and

9 WHEREAS, federal and state assistance to people with low incomes will not be sufficient to  
10 meet their basic needs during this public health and financial crisis; and

11 WHEREAS, without additional financial support, many people with low incomes will face  
12 severe financial hardship which will have significant negative impacts, including but not  
13 limited to public health impacts, greater housing insecurity, as well as impacts to small  
14 businesses and the local economy; and

15 WHEREAS, the City can provide immediate cash assistance to households impacted by this  
16 crisis to help meet their basic needs; and

17 WHEREAS, the City will use an interfund loan authorized by the ordinance introduced as  
18 Council Bill 119773 to provide funding to support the immediate cash assistance to  
19 eligible households in 2020, to be repaid with proceeds from the new tax on corporate  
20 payroll collected in 2021; NOW, THEREFORE,

21 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

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1 Section 1. Findings. The City Council finds that:

2 A. On February 29, 2020, Governor Inslee proclaimed a State of Emergency for all  
3 counties throughout the State of Washington as a result of the confirmed person-to-person spread  
4 of COVID-19 in Washington State.

5 NB. On March 3, 2020, the Mayor proclaimed that a civil emergency exists in the City of  
6 Seattle based on the confirmed spread of COVID-19 in King County and resulting deaths related  
7 to the COVID-19 virus.

8 OC. On March 11, 2020, the Governor of Washington State and the Local Health Officer  
9 for Public Health – Seattle & King County issued parallel orders prohibiting gatherings of 250  
10 people or more for social, spiritual and recreational activities in King County.

11 PD. On March 13, 2020, the Governor of Washington state issued an emergency order  
12 announcing all K-12 schools in Washington to be closed from March 17, 2020 through April 24,  
13 2020 to combat the spread of the disease.

14 QE. On March 13, 2020, the President of the United States declared a national emergency  
15 to allow the government to marshal additional resources to combat the virus.

16 F. The COVID-19 disease, caused by a virus that spreads easily from person to person  
17 and which may cause serious injury and death, has spread throughout King County and the City  
18 of Seattle.

19 SG. As of ~~April 1, 2020~~ June 4, 2020, the Washington State Department of Health  
20 confirmed ~~5,984~~ 22,993 cases of COVID-19 and ~~247~~ 1,149 deaths caused by the virus, with  
21 8,371 confirmed cases and 576 deaths caused by the virus in King County.

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1           H. The COVID-19 crisis has had a significant impact on the local economy impacting the  
2 retail, restaurant, construction, gig economy, and other industries resulting in layoffs and reduced  
3 work hours for a significant percentage of this workforce and loss of income for small  
4 businesses. These impacts are being felt most strongly by people with low incomes who have  
5 become unemployed or had their work hours severely reduced and will have both immediate and  
6 long-term impacts.

7           I. There are at least 38,000 businesses in the City of Seattle employing a minimum of  
8 655,000 individuals. Since the Governor of Washington closed or limited operations of many  
9 businesses in the state, the statewide unemployment rate has gone from 5.1 percent in March to  
10 15.4 percent in April. This equates to 199,000 individuals in March, and 610,000 individuals in  
11 April who are unemployed. In the Seattle, Bellevue, Everett area, the unemployment rate has  
12 gone from 5.6 percent in March to 14.5 percent in April. This equates to 96,000 individuals in  
13 March and 248,000 individuals in April who are unemployed. ~~over 785,000 individuals~~  
14 statewide and 40,000 individuals in King County, alone, have filed for unemployment insurance  
15 since March 7, 2020. Unemployment insurance generally only covers a portion of lost wages.

16 Those filing for unemployment insurance will, in all likelihood, only increase as the closure  
17 continues. This will put more and more Seattle households, particularly low-income households,  
18 in financial peril.

19           VJ. Federal and state assistance is inaccessible to many people with low-incomes, is  
20 being delayed for many others, and will not be sufficient to meet their basic needs during the  
21 COVID-19 public health and financial crisis. Additional and immediate financial support to

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LEG Tax on Corporate Payroll Spending Plan ORD  
~~D10eD11~~

1 people with low-incomes is necessary to help meet their basic needs and to help minimize  
2 impacts to public health as well as the local economy.

3 ~~W~~K. The economic impacts from the COVID-19 emergency are drastic and immediate,  
4 but are also expected to last much longer than the civil shut-down emergency itself.

5 ~~X~~L. The spending plan is being tailored to address both immediate and long-term, basic  
6 human health and housing needs created by the multiple and overlapping crises, which include  
7 the long-running affordable housing and homelessness crisis, which has now been greatly  
8 exacerbated and complicated by the COVID-19 pandemic and related economic and  
9 unemployment crises, as well as the longer-term climate change crisis which nevertheless  
10 requires prompt and bold action now.

11 M. Supporting the development and preservation of stable and permanently affordable  
12 housing for people experiencing homelessness and also for low- and middle-income households  
13 with incomes up to 100 percent of the area median income (AMI) is a fundamental governmental  
14 purpose and will result in numerous benefits to the City as described below.

15 N. Based upon the projections of medical professionals, scientists, and economists, the  
16 City finds that without a significant increases in investments in stable, affordable housing, more  
17 people will become homeless, costing the city more in the long run. One cost study in Seattle  
18 found permanent supportive housing (PSH) with a housing first approach reduced the estimated  
19 cost of chronically homeless individuals on public systems by more than \$36,000 per year,  
20 compared to an estimated \$20,000 in annual operating costs for a PSH unit (not including capital  
21 costs to create the units.

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LEG Tax on Corporate Payroll Spending Plan ORD  
~~D10eD11~~

1           EQ. The 2019 point-in-time count of people experiencing homelessness in King County  
2 found at least 5,228 individuals living unsheltered in addition to at least 5,971 more individuals  
3 who are experiencing homelessness but are sheltered, for a total of at least 11,119 individuals  
4 who are experiencing homelessness. Also, more than 4,280 students in Seattle Public Schools  
5 were homeless or had unstable housing.

6           BP. Data from the 2012-2016 American Community Survey (ACS) shows that: over  
7 65,000 households in Seattle with incomes at or below 100 percent of AMI are cost burdened,  
8 paying more than 30 percent of their income for rent and utilities; and 29,000 households with  
9 incomes at or below 50 percent of area AMI are severely cost burdened, paying over 50 percent  
10 of their income for rent and utilities, and, as a result, are at potential risk of homelessness.

11           HQ. In certain cases, mixed-income affordable housing projects may be desirable and  
12 may contribute to the long-term sustainability of the project.

13           DR. Increased investments in stable and permanently affordable housing will reduce the  
14 number of households that are cost burdened or severely cost burdened, which should help with  
15 the prevention of homelessness and the severe associated harms and costs.

16           S. In addition, public health officials have noted that people experiencing homelessness  
17 are at greater risk of contracting COVID, potentially putting not just themselves at risk of illness  
18 or death, but also subjecting those around them with increased risk.

19           T. Therefore, the city's emergency response to the COVID crisis must include an  
20 aggressive program of building a massive number of permanently affordable housing, to reduce  
21 long-term costs to the city and to reduce the risk of further spread of deadly viruses.

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1 U. The experience of the Great Depression shows that any meaningful COVID  
2 emergency response must include immediate relief and also longer-term affordable housing and  
3 jobs, as a single integrated emergency response to this historic crisis.

4 ~~D. Increased investments in stable and permanently affordable housing will reduce the~~  
5 ~~number of households that are cost-burdened or severely cost-burdened, which should help with~~  
6 ~~the prevention of homelessness and the severe associated harms and costs.~~

7 EV. Publicly-funded workers, such as teachers, firefighters, public servants, law  
8 enforcement, nurses, social workers, and transit operators, including those in professions  
9 historically underrepresented by persons and communities of color, often cannot afford to live in  
10 the communities in which they serve due to increasing housing costs. Employees of nonprofit  
11 organizations who help deliver essential public services on contract, as well as those who help  
12 provide essential services to the poor and infirm as part of their organizational mission, are  
13 similarly housing cost constrained.

14 FW. It will benefit the City if public employees and other middle-income and low-  
15 income employees are able to find affordable housing in the communities where they work.

16 GX. Stable and permanently affordable housing for low-income and middle-income  
17 residents is expected to result in stronger educational outcomes for children and better health  
18 outcomes for families.

19 ~~H. In certain cases, mixed income affordable housing projects may be desirable and may~~  
20 ~~contribute to the long-term sustainability of the project.——~~

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1 ~~F~~Y. Additional permanently affordable housing is also anticipated to result in benefits to  
2 the economy, such as generating additional tax revenue to the City and supporting construction  
3 jobs related to the development of new housing as described in the April 2015 National  
4 Association of Home Builders (NAHB) report that showed construction of a 100 unit  
5 multifamily building supported 90 construction jobs.

6 ~~F~~Z. Climate change is altering Washington’s seasonal temperature and rainfall patterns.  
7 This change can result in introducing new or exacerbating existing health risks, such as heat-  
8 related illnesses, increased risk of breathing and heart problems from smoke exposure, food and  
9 water contamination, traumatic injuries, mental health problems from flooding and other weather  
10 extremes, and increased exposure to infectious diseases. While the City has made some progress  
11 towards reducing its dependence on fossil fuels, the primary source of carbon dioxide emissions,  
12 as one strategy to address climate change, that progress is insufficient to make the necessary  
13 changes to shift Seattle’s economy to be more equitable and ecologically sustainable.

14 ~~K~~AA. Energy for heating, cooling, and powering buildings accounted for more than one-  
15 third of Seattle’s greenhouse gas emissions in 2016.

16 ~~L~~BB. Implementing housing-related strategies outlined in the City’s Green New Deal,  
17 Resolution 31895, will help achieve the goals outlined in that resolution to create a future where  
18 Seattle residents can live healthy, prosperous lives, free of toxic chemicals and fossil fuels, and  
19 where the social and ecological well-being of all people is a priority. These housing-related  
20 strategies include the following:

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1                   1. Creating more permanently affordable housing, located near transit hubs, green  
2 space, and neighborhood amenities to reduce dependence on private vehicles;

3                   2. Using anti-displacement strategies and alternative housing models, such as:  
4 acquisition of existing affordable housing in areas at risk of displacement, community-owned  
5 cooperative housing, community land ownership, and community land conservation that will  
6 allow communities to grow and prosper within Seattle;

7                   3. Increasing housing density as a means to meet both current unmet demand for  
8 affordable housing and projected future population growth;

9                   4. Supporting the transition of housing from the use of natural gas and heating oil  
10 to electricity;

11                  5. Strengthening green building standards for new construction to minimize  
12 emissions while maximizing energy efficiency; and

13                  6. Expanding renewable energy jobs and investing in job training programs that  
14 equip all workers with the necessary skills to thrive in the green economy and ensure a just  
15 transition for workers whose jobs currently depend on the fossil fuel industry (e.g., retraining  
16 mechanics to service electric vehicles) and prepare new workers to support the transition to a  
17 renewable energy economy.

18                  MCC. The failure to make adequate provision for housing affordable to households with  
19 incomes at or below 100 percent of AMI can push many households to seek housing further  
20 away from work, which leads to increased greenhouse gas emissions from transportation, as well  
21 as congestion on the transportation infrastructure. Providing for more housing affordable to

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1 households with incomes at or below 100 percent of AMI in the City could result in commute  
2 trip reductions, less traffic for City residents and City employees, less City spending on  
3 transportation infrastructure, and a reduction in greenhouse gas emissions.

4 ~~N. On March 3, 2020, the Mayor proclaimed that a civil emergency exists in the City of~~  
5 ~~Seattle related to the COVID-19 virus.~~

6 ~~O. On March 11, 2020, the Governor of Washington State and the Local Health Officer~~  
7 ~~for Public Health—Seattle & King County issued parallel orders prohibiting gatherings of 250~~  
8 ~~people or more for social, spiritual and recreational activities in King County.~~

9 ~~P. On March 13, 2020, the Governor of Washington state issued an emergency order~~  
10 ~~announcing all K-12 schools in Washington to be closed from March 17, 2020 through April 24,~~  
11 ~~2020 to combat the spread of the disease.~~

12 ~~Q. On March 13, 2020, the President of the United States declared a national emergency~~  
13 ~~to allow the government to marshal additional resources to combat the virus.~~

14 ~~R. On March 23, 2020, the Governor of Washington State issued an emergency order~~  
15 ~~(“the Stay Home, Stay Safe” order) announcing that “[a]ll people in Washington State shall~~  
16 ~~immediately cease leaving their home or place of residence except: (1) to conduct or participate~~  
17 ~~in essential activities, and/or (2) for employment in essential business services.”~~

18 ~~S. As of April 1May 2, 2020, the Washington State Department of Health confirmed~~  
19 ~~5,98415,003 cases of COVID-19 and 247830 deaths caused by the virus in Washington State,~~  
20 ~~with 6,351 confirmed cases and 457 deaths caused by the virus in King County.~~

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1 ~~T. The COVID-19 crisis has had a significant impact on the local economy impacting the~~  
2 ~~retail, restaurant, construction, gig economy, and other industries resulting in layoffs and reduced~~  
3 ~~work hours for a significant percentage of this workforce and loss of income for small~~  
4 ~~businesses. These impacts are being felt most strongly by people with low incomes who have~~  
5 ~~become unemployed or had their work hours severely reduced and will have both immediate and~~  
6 ~~long term impacts.~~

7 ~~U. There are at least 38,000 businesses in the City of Seattle employing a minimum of~~  
8 ~~655,000 individuals. Since the Governor of Washington closed or limited operations of many~~  
9 ~~businesses in the state, over 133,000 individuals statewide and 37,000 individuals in King~~  
10 ~~County, alone, have filed for unemployment insurance in just the first weeks 7, 2020.~~

11 ~~Unemployment insurance generally only covers a portion of lost wages. Those filing for~~  
12 ~~unemployment insurance will, in all likelihood, only increase as the closure continues. This will~~  
13 ~~put more and more Seattle households, particularly low income households, in financial peril.~~

14 ~~V. Federal and state assistance is inaccessible to many people with low incomes, is being~~  
15 ~~delayed for many others, and will not be sufficient to meet their basic needs during the COVID-~~  
16 ~~19 public health and financial crisis. Additional and immediate financial support to people with~~  
17 ~~low incomes is necessary to help meet their basic needs and to help minimize impacts to public~~  
18 ~~health as well as the local economy.~~

19 ~~W. The economic impacts from the COVID-19 emergency are drastic and immediate, but~~  
20 ~~are also expected to last much longer than the civil shut-down emergency itself.~~

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1 ~~X. The spending plan is being tailored to address both immediate and long-term, basic~~  
2 ~~human health and housing needs created by the multiple and overlapping crises, which include~~  
3 ~~the long-running affordable housing and homelessness crisis, which has now been greatly~~  
4 ~~exacerbated and complicated by the COVID-19 pandemic and related economic and~~  
5 ~~unemployment crises, as well as the longer-term climate change crisis which nevertheless~~  
6 ~~requires prompt and bold action now.~~

7 ~~YDD.~~ Investments in affordable housing and Seattle's Green New Deal are necessary to  
8 help counteract the economic and health impacts caused by the COVID-19 crisis by creating jobs  
9 and increasing the supply of long-term affordable housing that will be needed by people who  
10 saw a significant reductions in income due to employment changes stemming from the crisis.

11 EE. This legislation is necessary to respond to the COVID-19 public health emergency  
12 because this legislation will fund programs and services needed to address the interrelated  
13 income, housing, and jobs crises caused by the COVID-19 crisis.

14 Section 2. Proceeds from the new tax on corporate payroll imposed by the ordinance  
15 introduced as Council Bill 119772 shall be used as described in subsections 2.A through 2.D of  
16 this ordinance. Immediate cash assistance to low-income households impacted by COVID-19  
17 crisis will be provided in 2020 and funded by an interfund loan authorized by the ordinance  
18 introduced as Council Bill 119773. Proceeds from the tax on corporate payroll will be used to  
19 repay this loan. Attachment 1 to this ordinance establishes the proposed ~~spending~~  
20 ~~plan~~expenditures by year for from the ~~first five years of the~~ tax on corporate payroll for years

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LEG Tax on Corporate Payroll Spending Plan ORD  
~~D10eD11~~

1 2020 through 2025. The ~~spending plan~~proposed expenditures may be amended from time to time  
2 by the City Council by ordinance.

3 A. Implementation and administrative costs. No more than five percent of the proceeds in  
4 the first year shall be used to fund one-time expenditures to implement and administer the tax on  
5 corporate payroll authorized by the ordinance introduced as Council Bill 119772 and to  
6 implement the investments in Housing and Services, Green New Deal housing-related strategies,  
7 and cash assistance for low-income households impacted by the COVID-19 crisis, described in  
8 Section 2 of this ordinance. No more than three percent of the proceeds in subsequent years shall  
9 be used to fund the ongoing administrative functions to assess and collect the tax and administer  
10 the investments in Housing and Services and Green New Deal housing-related strategies  
11 described in Section 2 of this ordinance.

12 B. Cash assistance for low-income households impacted by COVID-19 crisis. In 2021,  
13 approximately \$205,000,000 shall be allocated to pay back the interfund loan authorized by the  
14 ordinance introduced as Council Bill 119773, used in 2020 to provide cash assistance to low-  
15 income households in Seattle in response to the economic impacts of the COVID-19 crisis. The  
16 economic impacts caused by COVID-19 include but are not limited to loss or reduction in  
17 income because of: illness; loss of employment; reduction in compensated hours of work;  
18 business or office closure; a need to miss work to care for a family member or child, where that  
19 care is uncompensated; or other similar loss of income due to the COVID-19 crisis. These funds  
20 ~~could~~shall serve up to 100,000 Seattle households with monthly payments of \$500 for four  
21 months.

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1                   1. Distribution. The cash assistance shall be distributed to the households  
2 described in subsections 2.B.1.a through 2.B.1.c of this ordinance in four monthly payments of  
3 \$500 each for a total of \$2,000 per household over a four month period.

4                   a. Up to \$100,000,000 will be distributed first to low-income households  
5 enrolled in existing City assistance programs, or State assistance programs administered by the  
6 City, that provide a direct financial benefit, including, but not limited to: the Utility Discount  
7 Program, Early Childhood Education and Assistance Program, Child Care Assistance Program,  
8 households that qualify for free tuition in the Seattle Preschool Program and Pathway to Seattle  
9 Preschool Program, and Fresh Bucks.

10                  b. Up to \$100,000,000 will be distributed to low-income households  
11 economically impacted by the COVID-19 crisis but not enrolled in existing City assistance  
12 programs that provide a direct financial benefit (e.g. food vouchers, child care tuition assistance,  
13 utility discounts). The distribution should prioritize those who experience structural or  
14 institutional barriers to accessing support from the government (e.g. language barriers, fear of  
15 deportation, experiencing homelessness, lack of a permanent address, experiencing domestic  
16 violence, seniors), and those who require assistance immediately (i.e. people who are recently  
17 unemployed or had their work hours severely reduced). The Executive shall establish eligibility  
18 criteria for distributing cash assistance to low-income households who are not receiving cash  
19 assistance through the process established in subsection 2.B.1.a but have been economically  
20 impacted by the COVID-19 crisis.

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1 c. After distributing the first of the four payments to households described  
2 in subsections 2.B.1.a and 2.B.1.b of this ordinance, any remaining, unallocated funds may be  
3 distributed to either households enrolled in existing City assistance programs or to households  
4 identified in subsection 2.B.1.b.

5 2. For purposes of this ordinance, a low-income household means: (1) any  
6 household that is eligible for existing City assistance programs, or State assistance programs  
7 administered by the City; or (2) households not enrolled in such programs that have been  
8 impacted by the COVID-19 crisis and meet eligibility criteria established by the Executive.

9 3. The Executive shall establish criteria and a process to distribute the cash  
10 assistance to households described in subsection 2.B.1.b of this ordinance and shall provide a  
11 written report or briefing to the City Council ~~on the~~ prior to distributing funds.

12 4. The Executive shall provide a monthly report to the City Council on the  
13 distribution of the cash assistance. The report shall include details on the spending to date,  
14 including information on the households receiving the cash assistance, and modifications made,  
15 if any, to the process or criteria used for distribution. The first report shall be due two weeks after  
16 the first payment is distributed.

17 C. Housing and services. Seventy-five percent of the proceeds remaining after funding  
18 implementation and administration costs in subsection 2.A of this ordinance, and after funding  
19 payment of the interfund loan described in subsection 2.B of this ordinance, shall be allocated to  
20 develop and preserve permanently affordable social housing for households experiencing  
21 homelessness and those with incomes between zero and 100 percent of AMI as will be further

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1 defined in the implementation plan described in Section 4 of this ordinance. Newly constructed  
2 housing will be built consistent with the Seattle’s Green New Deal strategies to equitably  
3 increase building energy efficiency and decrease use of fossil fuels in homes, as outlined in  
4 Resolution 31895. Such housing will be publicly owned or be publicly rent-controlled and  
5 regulated through appropriate legal agreements between the City and the housing providers.  
6 Such legal agreements shall specify the affordability requirements, including limiting annual rent  
7 increases for tenants to not more than the annual percentage increase in the Seattle-Tacoma-  
8 Bremerton Area Consumer Price Index for Urban Wage Earners and Clerical Workers, termed  
9 CPI-W, or 3 percent, whichever is lower~~housing component of the consumer price index for rent~~  
10 ~~of primary residences for the Seattle area~~. The proceeds for housing and services may be used  
11 for:

- 12 1. Developing and preserving permanently affordable rental housing for  
13 households with incomes between zero and 100 percent of AMI. Such housing may be mixed-  
14 income and may also include, and funds may be used to provide, related and needed community  
15 services and spaces such as affordable childcare, community gathering spaces, and open space;
- 16 2. Funding to support the ongoing operations and services for permanent  
17 supportive housing units, including an array of comprehensive services such as counseling and  
18 treatment, disability support, skills training, job search assistance, and other services needed to  
19 maintain housing stability; and
- 20 3. Acquiring existing affordable housing, particularly in areas at high risk for  
21 displacement of existing low-income and moderate-income households.

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1 D. Green New Deal housing related strategies. Twenty-five percent of the proceeds  
2 remaining after funding implementation and administration costs in subsection 2.A of this  
3 ordinance, and after funding payment of the interfund loan described in subsection 2.B of this  
4 ordinance, shall be allocated to investments in the following programs to implement the  
5 housing-related strategies called for in the Green New Deal. Investments shall be prioritized in  
6 communities historically most harmed by economic, racial, and environmental injustice.

7 1. Transitioning housing units from the use of natural gas and heating oil to  
8 electricity;

9 2. Solar installations;

10 3. Weatherization of existing residences, with a focus on housing for renters; and

11 4. Investing in job training programs to equip workers with the necessary skills to  
12 thrive in a green economy and ensure a just transition for workers whose jobs currently depend  
13 on the fossil fuel industry or who have been impacted by the COVID-19 economic and  
14 unemployment crisis, and prepare new workers to support the transition to renewable energy  
15 jobs. Specific investment proposals shall be informed by recommendations from the Green New  
16 Deal Oversight Board. The Green New Deal Oversight Board shall invite workers who are  
17 directly employed by the fossil fuel industry, or who have been impacted by the COVID-19  
18 economic and unemployment crisis, or who are in jobs that may be displaced as a result of  
19 implementation of this spending plan, along with their unions, to work with them on just  
20 transition recommendations that have the objective of eliminating economic harm to affected  
21 workers.

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1 Section 3. A new Section 3.14.750 of the Seattle Municipal Code is added to Subchapter  
2 V of Chapter 3.14 as follows:

3 **3.14.750 Social Housing Board established**

4 A. Establishment. There is established a Social Housing Board that shall make  
5 recommendations to the City Council and Mayor on the housing programs and related services  
6 that will be funded with the proceeds from the new tax on corporate payroll, established by the  
7 ordinance introduced as Council Bill 119772. Duties of the Board shall include the following:

8 1. Providing ongoing program and policy review, oversight, and monitoring of  
9 expenditures in the housing and services category, and review the performance of programs and  
10 services funded by the tax on corporate payroll.

11 2. Providing recommendations on the development and any future modifications to  
12 the implementation plan and funding policies for housing programs funded with the proceeds  
13 from the tax on corporate payroll.

14 3. Reviewing and providing recommendations to the City Council annually on the  
15 formation of requests for proposals that the Office of Housing issues to solicit development  
16 proposals from public and nonprofit housing providers.

17 4. Providing recommendations annually to the City Council on City budget  
18 priorities for housing and priority City actions in a given year for use of funds generated from the  
19 tax on corporate payroll. The City Council shall act on the recommendations through the annual  
20 budget process following a public hearing.

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1                   5. Coordinating efforts with the Green New Deal Oversight Board in Section  
2 3.14.979 as needed, meeting at least annually to coordinate activities and to invite public  
3 comment and input on their work.

4                   B. Membership. The Social Housing Board shall be comprised of 23 members serving  
5 two-year terms, with three members from each Council district, plus two or more designated  
6 young adult members, whose terms and method of appointment are governed by the Get  
7 Engaged Program in Chapter 3.51. Members of the Social Housing Board should include renters  
8 and homeowners, individuals from historically underrepresented groups, as well as individuals  
9 with housing development and finance experience.

10                   C. Selection process

11                   1. Members of the Social Housing Board other than the Get Engaged members  
12 shall be appointed by the City Council. Each of the seven City Councilmembers who represents a  
13 district shall nominate three people who live in the Councilmember's district. Initial terms end  
14 on December 31, 2023; subsequent terms end every two years thereafter. Any vacancy in an  
15 unexpired term of an appointed position shall be filled in the same manner as the original  
16 appointment.

17                   2. If the City Charter is amended to allow for an election of members to the Social  
18 Housing Board, beginning in the 2023 primary and general election, for terms starting on  
19 January 1, 2024 and every two years thereafter, all members of the Social Housing Board except  
20 the Get Engaged members shall be elected. Voters in each City Council district are eligible to  
21 vote for the three representatives from the corresponding City Council district. If the City

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1 Charter is amended, the City Council intends to consider legislation to establish a regulatory  
2 framework governing such election. Vacancies between elections will be filled by the selection  
3 process in subsection 3.14.750.C.1.

4 D. A member whose term is ending may continue on an interim basis as a member with  
5 voting rights until such time as a successor for that position has been appointed or elected. This  
6 subsection 3.14.750.D does not apply to the Get Engaged members.

7 E. Any member may request an excused absence from any Social Housing Board  
8 meeting. The Social Housing Board may recommend, by a majority vote of all members of the  
9 Social Housing Board, that the City Council remove any Council-appointed member who is  
10 absent without excuse from three or more consecutive Board meetings. Any member may resign  
11 from the Social Housing Board at any time by notifying the City Council in writing. The City  
12 Council may remove any Council-appointed member for cause.

13 F. Meetings of the Social Housing Board

14 1. The Social Housing Board shall meet as a whole at least four times each year to  
15 conduct a quarterly review of social housing development in Seattle, to take public comment,  
16 and to make recommendations on program or policy changes to City Council and the Mayor. The  
17 Social Housing Board shall seek input from the public to inform their recommendations to the  
18 City Council and the Mayor. The Director of the Office of Housing shall make public in a timely  
19 manner a schedule and location of the Social Housing Board meetings.

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1                   2. Meeting notifications, agendas, minutes of proceedings, findings, and  
2 recommendations, civic engagement information, and any other materials shall be available to  
3 the public and posted on the Social Housing Board’s website.

4                   3. All meetings of the Social Housing Board shall be held in the evening in a  
5 location that is accessible and conveniently located to the public. Social Housing Board meetings  
6 shall be open to the public.

7                   G. The Office of Housing shall provide staff support for the Social Housing Board as  
8 needed to ensure their ability to function and to maintain the Social Housing Board’s website.

9                   Section 4. Section 3.14.979 of the Seattle Municipal Code, enacted by Ordinance 125926,  
10 is amended as follows:

11 **3.14.979 Green New Deal Oversight Board**

12                   A. There is established a Green New Deal Oversight Board (Board) that shall advise and  
13 make recommendations to the Mayor and City Council related to the Green New Deal for Seattle  
14 and monitor progress in meeting intended outcomes and goals. Duties of the Board shall include  
15 the following:

16                   1. Providing proposals for the design of new policies, programs, and projects and  
17 for modifications to existing policies, programs, and projects to the Mayor, City Council, and  
18 City departments that advance the Green New Deal for Seattle;

19                   2. Supporting the planning and implementation of individual City departmental  
20 actions, policies, programs, and practices, to make Seattle climate-pollution free by 2030;

21                   3. Providing recommendations on City budget priorities and priority City actions;



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1 Section 5. Implementation plan. On or before ~~DATE,~~February 1, 2021, the Executive  
2 shall submit an Implementation Plan for the new tax on corporate payroll to the City Council.

3 The Plan may be amended by ordinance. The plan shall include:

4 A. A specific spending proposal for the Housing and Services and Green New Deal  
5 investments years one through five consistent with the program areas described in subsections  
6 2.C and 2.D of this ordinance;

7 B. Proposed outcomes for each funded program or service;

8 C. How the programs or services will be implemented (such as responsible department  
9 and funding processes);

10 D. Proposed policies for implementing funded programs or services, prioritizing  
11 investments in communities historically most harmed by economic, racial, and environmental  
12 injustice, at high risk of displacement; and

13 E. Proposal for working with the Social Housing Board and the Green New Deal  
14 Oversight Board to provide ongoing program and policy review, oversight and monitoring of  
15 expenditures, and reviewing performance of programs and services as the plan is implemented.

16 The City Council intends to adopt modifications to the City's Housing Funding Policies  
17 to have such policies apply to the revenues generated from the new tax on corporate payroll. This  
18 shall include changes to reflect annual reporting requirements for investments made using the  
19 proceeds from the tax on corporate payroll. The Council anticipates adopting such modifications  
20 when adopting the Implementation Plan in ~~2020~~2021.

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1 The Executive shall work with the City Council, the Social Housing Board, and the  
 2 Green New Deal Oversight Board in the development of this Implementation Plan to ensure it is  
 3 consistent with the proposed Spending Plan. The City Council intends to add a proviso to  
 4 funding in the 2021 budget to ensure funding is appropriated consistent with the proposed  
 5 ~~Spending Plan~~ expenditures by year found in Attachment 1 to this ordinance, as may be amended  
 6 by the City Council.

7 Section 6. It is the Council’s intent that new construction multi-family housing  
 8 development projects described in Section 2 of this ordinance, regardless of whether the project  
 9 is or is not considered a public works project, shall be consistent with the standards set forth in  
 10 Chapter 20.37 of the Seattle Municipal Code, known as the Priority Hire Program, and the  
 11 standards described below. Such standards shall include: hiring of workers who are from  
 12 economically distressed ZIP codes and apprenticeship utilization; and other standards such as  
 13 payment of commercial prevailing wages which shall be included in a Community Workforce  
 14 Agreement. New construction housing development projects shall also demonstrate adherence to  
 15 labor laws and a commitment to labor harmony.

16 Section 7. In order to pay for necessary costs and expenses incurred or to be incurred in  
 17 2020, but for which insufficient appropriations were made due to causes that could not  
 18 reasonably have been foreseen at the time of making the 2020 Budget, contingent appropriations  
 19 for the following items in the 2020 Budget are increased from the funds shown, as follows:

Item	Department	Fund	Budget Summary Level/BCL Code	Amount
#1	<del>TBD</del> <u>Finance</u> <u>General</u>	General Fund <u>(00100)</u>	<u>FG -BO-FG-2QD00 -</u> <u>Reserve</u> <del>TBD</del>	\$200,000,000

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Section 8. Severability. The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance, or the invalidity of its application to any person or circumstance, does not affect the validity of the remainder of this ordinance or the validity of its application to other persons or circumstances.

7

8

9

Section 9. Based on the findings of fact set forth in Section 1 of this ordinance, the Council finds and declares that this ordinance is a public emergency ordinance, which shall take effect immediately and is necessary for the protection of the public health, safety, and welfare.

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1 Section 10. By reason of the findings set out in this ordinance, and the emergency that is  
2 declared to exist, this ordinance shall become effective immediately upon a passage by a 3/4 vote  
3 of the Council, and its approval by the Mayor, as provided in Article IV, subsection 1.I of the  
4 Charter of the City.

5 Passed by a 3/4 vote of all the members of the City Council the \_\_\_\_\_ day of  
6 \_\_\_\_\_, 2020, and signed by me in open session in authentication of its  
7 passage this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

8 \_\_\_\_\_  
9 President \_\_\_\_\_ of the City Council

10 Approved by me this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

11 \_\_\_\_\_  
12 Jenny A. Durkan, Mayor

13 Filed by me this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

14 \_\_\_\_\_  
15 Monica Martinez Simmons, City Clerk

16 (Seal)  
17

Draft Amendment 1 to CB 119774  
Select Budget Committee  
June 10, 2020  
Version: 1

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- 1 Attachments:
- 2 Attachment 1 – ~~Proposed Five Year Spending Plan~~Proposed Expenditures by Year (2020-2025)

DRAFT

**DRAFT Amendment 2 To Council Bill (CB) 119774 to Clarify Process for Distribution of Cash Assistance**  
**Select Budget Committee**

**Sponsor: Councilmember Sawant**

Amendatory language shown in [track changes](#) ~~track changes~~

**Description:** CB 119774 authorizes spending \$200 million in 2020 for emergency cash assistance to low-income households impacted by the COVID-19 emergency, including but not limited to seniors, immigrants and refugees, and people experiencing homelessness.

As proposed, 50 percent (\$100 million) of the funds would be distributed to low-income households enrolled in existing City assistance programs, or State assistance programs administered by the City, such as Fresh Bucks, the Child Care Assistance Program, and the Early Childhood Education and Assistance Program. The remaining \$100 million would be distributed to those impacted by the COVID-19 crisis but not enrolled in an existing City assistance program(s) or a State assistance program(s) administered by the City, as determined by a distribution plan to be developed by the Executive.

This amendment would clarify that the second half of funding could be distributed through a partnership with CBOs who have relationships with those communities identified as a priority for this assistance (e.g. low-income households, including but not limited to seniors, immigrants and refugees, and people experiencing homelessness). The bill as introduced would not prohibit such a partnership; this amendment clarifies that this could be included in the Executive's proposed distribution plan.

**Amendment**

Amend Section 2, subsection 2.B.1.b, of Council Bill 119774 as follows:

Section 2.

\* \* \*

B. Cash assistance for low-income households impacted by COVID-19 crisis. In 2021, approximately \$205,000,000 shall be allocated to pay back the interfund loan authorized by the ordinance introduced as Council Bill 119773, used in 2020 to provide cash assistance to low-income households in Seattle in response to the economic impacts of the COVID-19 crisis. The economic impacts caused by COVID-19 include but are not limited to loss or reduction in income because of: illness; loss of employment; reduction in compensated hours of work; business or office closure; a need to miss work to care for a family member or child, where that care is uncompensated; or other similar loss of income due to the COVID-19 crisis. These funds shall serve up to 100,000 Seattle households with monthly payments of \$500 for four months.

1. Distribution. The cash assistance shall be distributed to the households described in subsections 2.B.1.a through 2.B.1.c of this ordinance in four monthly payments of \$500 each for a total of \$2000 per household over a four month period.

a. Up to \$100,000,000 will be distributed first to low-income households enrolled in existing City assistance programs, or State assistance programs administered by the City, that provide a direct financial benefit, including, but not limited to: the Utility Discount Program, Early Childhood Education and Assistance Program, Child Care Assistance Program, households that qualify for free tuition in the Seattle Preschool Program and Pathway to Seattle Preschool Program, and Fresh Bucks.

b. Up to \$100,000,000 will be distributed to low-income households economically impacted by the COVID-19 crisis but not enrolled in existing City assistance programs that provide a direct financial benefit (e.g. food vouchers, child care tuition assistance, utility discounts). The distribution should prioritize those who experience structural or institutional barriers to accessing support from the government (e.g. language barriers, fear of deportation, experiencing homelessness, lack of a permanent address, experiencing domestic violence, seniors), and those who require assistance immediately (i.e. people who are recently unemployed or had their work hours severely reduced). The City may contract with community based organizations (CBOs) who have a history of trust and success in reaching low-income communities and people experiencing homelessness, including experience reaching those who are traditionally marginalized or typically face barriers to enrolling in assistance programs, and other historically marginalize communities, to work with the City to identify eligible households and distribute the cash assistance. The Executive, in partnership with any CBOs contracted to assist with distribution, shall establish eligibility criteria for distributing cash assistance to low-income households who are not receiving cash assistance through the process established in subsection 2.B.1.a but have been economically impacted by the COVID-19 crisis.

\* \* \*

**DRAFT Amendment 3 To Council Bill (CB) 119774 to Modify Distribution of Cash Assistance**  
**Select Budget Committee**

**Sponsor: Councilmember Morales**

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

**Description:** CB 119774 authorizes spending \$200 million in 2020 for emergency cash assistance to low-income households impacted by the COVID-19 emergency, including but not limited to seniors, immigrants and refugees, and people experiencing homelessness. As proposed, 50 percent (\$100 million) of the funds would be distributed to low-income households enrolled in existing City assistance programs, or State assistance programs administered by the City, such as Fresh Bucks, the Child Care Assistance Program, and the Early Childhood Education and Assistance Program. The remaining \$100 million would be distributed to those impacted by the COVID-19 crisis but not enrolled in an existing City assistance program(s) or a State assistance program(s) administered by the City, as determined by a distribution plan to be developed by the Executive.

This amendment would modify the process for distributing cash assistance by requiring that the (\$200 million) would be distributed through partnerships with CBOs. This would be similar to the process developed for distribution of the second round of vouchers distributed for the [Emergency Grocery Voucher program](#) where the Office of Sustainability and Environment, in coordination with other City departments, worked with CBOs to identify households to distribute the vouchers to (the CBOs created the list and the City distributed the vouchers).

In addition, this amendment would allow use of this funding for either direct financial assistance (e.g. cash assistance, prepaid debit cards) or to support direct relief services provided by CBOs. Direct relief services include programs that:

- Improve food access;
- Provide rental or mortgage assistance;
- Assist with necessary bills, such as utility bills;
- Assist with medical expenses;
- Assist with the purchase of diapers and baby formula and other child-care expenses;
- Assist survivors of domestic violence;
- Provide case management;
- Provide other direct relief services provided by CBOs to assist individuals and families in meeting basic needs, including essential hygiene, and alleviate hardships.

Amend Section 2 to CB 119774 as follows:

\* \* \*

Section 2. Proceeds from the new tax on corporate payroll imposed by the ordinance introduced as Council Bill 119772 shall be used as described in subsections 2.A through 2.D of

this ordinance. Immediate ~~cash~~-assistance to low-income households impacted by COVID-19 crisis will be provided in 2020 and funded by an interfund loan authorized by the ordinance introduced as Council Bill 119773. Proceeds from the tax on corporate payroll will be used to repay this loan. Attachment 1 to this ordinance establishes the proposed spending plan for the first five years of the tax on corporate payroll. The spending plan may be amended from time to time by the City Council by ordinance.

A. Implementation and administrative costs. No more than five percent of the proceeds in the first year shall be used to fund one-time expenditures to implement and administer the tax on corporate payroll authorized by the ordinance introduced as Council Bill 119772 and to implement the investments in Housing and Services, Green New Deal housing-related strategies, ~~and cash~~immediate-assistance for low-income households impacted by the COVID-19 crisis, described in Section 2 of this ordinance. No more than three percent of the proceeds in subsequent years shall be used to fund the ongoing administrative functions to assess and collect the tax and administer the investments in Housing and Services, ~~and~~ Green New Deal housing-related strategies described in Section 2 of this ordinance.

B. ~~Immediate~~Cash assistance for low-income households impacted by COVID-19 crisis. In 2021, approximately \$205,000,000 shall be allocated to pay back the interfund loan authorized by the ordinance introduced as Council Bill 119773, used in 2020 to provide ~~cash~~ assistance to low-income households in Seattle in response to the economic impacts of the COVID-19 crisis. The economic impacts caused by COVID-19 include but are not limited to loss or reduction in income because of: illness; loss of employment; reduction in compensated hours of work; business or office closure; a need to miss work to care for a family member or child, where that care is uncompensated; or other similar loss of income due to the COVID-19 crisis. ~~These funds could shall serve up to 100,000 Seattle households with monthly payments of \$500 for four months.~~

1. Distribution. Up to \$200,000,000 shall be distributed to low-income households in Seattle in response to the economic impacts caused by COVID-19 to provide immediate and direct relief services and financial assistance that is equitably focused. The City shall partner with community based organizations (CBOs) who have a history of trust and success in reaching communities of color, LGBTQ+ communities, immigrant communities, seniors, populations who

~~are traditionally marginalized or typically face barriers to enrolling in assistance programs, such as, but not limited to, language barriers, and other historically marginalize communities. The cash assistance shall be distributed to the households described in subsections 2.B.1.a through 2.B.1.c of this ordinance in four monthly payments of \$500 each for a total of \$2000 per household over a four month period. This funding can be used to provide direct services or direct financial assistance as described in subsection 2.AB.1.a and 2.AB.1.b of this ordinance. The City shall work with the CBOs to determine eligibility requirements.~~

a. ~~Direct relief services include programs designed to:~~

~~i. Improve food access;~~

~~ii. Provide rental or mortgage assistance;~~

~~iii. Provide assistance with necessary bills, such as utility bills;~~

~~iv. Assist with medical expenses;~~

~~v. Assist with the purchase of diapers and baby formula and other child-care expenses;~~

~~vi. Assist survivors of domestic violence;~~

~~vii. Provide case management;~~

~~viii. Other direct relief services provided by CBOs to assist individuals and families in meeting basic needs, including essential hygiene, and alleviate hardships.~~

~~Up to \$100,000,000 will be distributed first to low income households enrolled in existing City assistance programs, or State assistance programs administered by the City, that provide a direct financial benefit, including, but not limited to: the Utility Discount Program, Early Childhood Education and Assistance Program, Child Care Assistance Program, households that qualify for free tuition in the Seattle Preschool Program and Pathway to Seattle Preschool Program, and Fresh Bucks.~~

b. ~~Direct financial assistance refers to legally allowable transfers of payments, such as pre-paid debit or credit cards or direct cash assistance, provided to low-income households to assist with basic living expenses. Up to \$100,000,000 will be distributed to low-income households economically impacted by the COVID-19 crisis but not enrolled in existing City assistance programs that provide a direct financial benefit (e.g. food vouchers, child care tuition assistance, utility discounts). The distribution should prioritize those who experience~~

~~structural or institutional barriers to accessing support from the government (e.g. language barriers, fear of deportation, experiencing homelessness, lack of a permanent address, experiencing domestic violence, seniors), and those who require assistance immediately (i.e. people who are recently unemployed or had their work hours severely reduced). The Executive shall establish eligibility criteria for distributing cash assistance to low-income households who are not receiving cash assistance through the process established in subsection 2.B.1.a but have been economically impacted by the COVID-19 crisis.~~

~~c. After distributing the first of the four payments to households described in subsections 2.B.1.a and 2.B.1.b of this ordinance, any remaining, unallocated funds may be distributed to either households enrolled in existing City assistance programs or to households identified in subsection 2.B.1.b.~~

2. For purposes of this ordinance, a low-income household means: (1) any household that is eligible for existing City assistance programs, or State assistance programs administered by the City; or (2) households not enrolled in such programs that have been impacted by the COVID-19 and such assistance is needed to help households meet their basic needs-~~crisis and meet eligibility criteria established by the Executive.~~

3. The Executive shall establish criteria and a process to distribute the cash assistance to households described in subsection 2.B.1.b of this ordinance and shall provide a written report or briefing to the City Council prior to distributing funds.

4. The Executive shall provide a monthly report to the City Council on the distribution of the cash assistance. The report shall include details on the spending to date, including information on the households receiving the cash assistance, and modifications made, if any, to the process or criteria used for distribution. The first report shall be due two weeks after the first payment is distributed.

**DRAFT Amendment 4 To Council Bill (CB) 119774  
 Modify Spending Categories to include the Equitable Development Initiative (EDI)**

**Select Budget Committee**

**Sponsor: Councilmember Morales**

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

**Description:** As introduced, the new tax revenue in 2021 would provide approximately \$205 million to repay the principal and interest owed on the interfund loan (to provide cash assistance to low-income households in 2020). After loan repayment in 2021, the annual funding would be distributed as follows after accounting for ongoing administrative costs:

- 75 percent to develop and acquire affordable social housing and to provide services for Permanent Supportive Housing (PSH) units.
- 25 percent to support implementation of select housing-related strategies identified in Seattle’s Green New Deal (GND) [Resolution 31895](#).

This amendment would modify the spending categories as follows:

- 70 percent for investments in social housing.
- 20 percent GND investments
- 10 percent to support EDI projects.

This change, combined with the change proposed under Amendment 5 that adjusts the income levels served by the proposed housing investments, would modify the estimated number of affordable housing units developed or acquired, and the number of housing units that could be converted to electric heat if the entirety of GND investments was used for that purpose, as follows:

	Housing Investments		GND Investments		EDI Investments**
	5-Year Investment	Estimate of Units Funded Years 1-5	5-Year Investment	Estimate of Units Converted Years 1-5	5-Year Investment
<b>Original Proposal estimates*</b>	\$1.94B	5,600 units	\$650M	39k units converted	\$0
<b>DRAFT Amendment 4 &amp; 5 estimates*</b>	\$1.81B	5,100 units	\$520M	31k units converted	\$260M

\*All numbers rounded to the nearest 10.

\*\*Some projects supported by the EDI funding include an affordable housing component.

*Note: If CB 119772 is amended to adjust the effective date of the tax, the numbers for both the original proposal and this amendment will be modified to reflect a slightly reduced estimate for the 2020 tax revenue.*

Amend the recitals to CB 119774 as follows:

\* \* \*

WHEREAS, the new tax on corporate payroll will generate significant funds to address identified inequities and to respond to the multiple and overlapping crises, including the affordable housing and homelessness crisis, the COVID-19 pandemic and related economic and unemployment crisis, and the climate change crisis; and

WHEREAS, these additional funds will provide immediate financial relief and in the long-term will increase the construction and preservation of thousands of units of permanently affordable housing for low--and moderate-income households to address the housing affordability and homelessness crisis, will contribute to reducing Seattle's climate pollution, and will in the process support thousands of unionized, living-wage jobs, and in doing so will help the City make the necessary changes to shift Seattle's economy to be more equitable and ecologically sustainable; and

WHEREAS, Resolution 31577, adopted in May 2015, affirmed that The City of Seattle's core value of racial and social equity is one of the foundations on which the Comprehensive Plan is built, and defined "equitable development" as public and private investments, programs, and policies in neighborhoods to meet the needs of marginalized people and reduce disparities; and

WHEREAS, Ordinance 125173, passed in October 2016, amended the Seattle Comprehensive Plan to increase its emphasis on race and social equity, and affirm the conclusions of the Seattle 2035 Equity Analysis that was part of the City's overall analysis of the Plan; and

WHEREAS, Resolution 31711, adopted in September 2016, identified the Equitable Development Initiative as a key component of implementing Ordinance 125173 and approved the Equitable Development Implementation Plan and the Equitable Development Financial Investment Strategy to advance the public purposes of community stability, cohesion, and affordability; and

WHEREAS, the City's Equitable Development Initiative supports community driven projects that promote economic opportunities for marginalized populations and enhance community cultural anchors, affordable housing development, health services, child care services, and other community services that support the needs of diverse populations in areas at risk of displacement; and

WHEREAS, the Equitable Development Initiative receives annual funding of \$5 million from the short-term rental tax, but this funding is insufficient to support the number of current projects in development and additional future projects; and

WHEREAS, on March 18, 2019, the City Council adopted Resolution 31870, committing to taking future actions to mitigate displacement impacts on marginalized communities, including communities of color and low-income communities, particularly in neighborhoods identified as at high risk of displacement by the Growth and Equity Analysis. One action called for was to identify a permanent and consistent source of funding for the Equitable Development Initiative, beyond the \$5 million per year expected to be generated through the short-term rental tax, with a long-term goal of \$20 million annually; and

WHEREAS, the World Health Organization has announced novel coronavirus (COVID-19) is officially a global pandemic; and

\* \* \*

Amend Section 1 (findings) to CB 119774<sup>1</sup> as follows:

\* \* \*

M. The failure to make adequate provision for housing affordable to households with incomes at or below 100 percent of AMI can push many households to seek housing further away from work, which leads to increased greenhouse gas emissions from transportation, as well as congestion on the transportation infrastructure. Providing for more housing affordable to households with incomes at or below 100 percent of AMI in the City could result in commute trip reductions, less traffic for City residents and City employees, less City spending on transportation infrastructure, and a reduction in greenhouse gas emissions.

N. Spending on equitable development investments, including the community-identified and City-approved projects included in the Equitable Development Financial Investment Strategy, achieves a clear public purpose in advancing the City's core value of racial and social equity through fostering the development and improvement of physical and social assets serving

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<sup>1</sup>Proposed Amendment 1 modifies and reorders the findings in Section 1 to CB 119774. If Amendment 1 is adopted, the changes to findings reflected in this amendment will be reconciled with Amendment 1 prior to final action by the Council.

communities, economic development, education, and workforce training programs, and other public benefits.

NO. On March 3, 2020, the Mayor proclaimed that a civil emergency exists in the City of Seattle related to the COVID-19 virus.

OP. On March 11, 2020, the Governor of Washington State and the Local Health Officer for Public Health – Seattle & King County issued parallel orders prohibiting gatherings of 250 people or more for social, spiritual and recreational activities in King County.

PQ. On March 13, 2020, the Governor of Washington state issued an emergency order announcing all K-12 schools in Washington to be closed from March 17, 2020 through April 24, 2020 to combat the spread of the disease.

QR. On March 13, 2020, the President of the United States declared a national emergency to allow the government to marshal additional resources to combat the virus.

RS. On March 23, 2020, the Governor of Washington State issued an emergency order (“the Stay Home, Stay Safe” order) announcing that “[a]ll people in Washington State shall immediately cease leaving their home or place of residence except: (1) to conduct or participate in essential activities, and/or (2) for employment in essential business services.”

ST. As of May 2, 2020, the Washington State Department of Health confirmed 15,003 cases of COVID-19 and 830 deaths caused by the virus in Washington State, with 6,351 confirmed cases and 457 deaths caused by the virus in King County.

TU. The COVID-19 crisis has had a significant impact on the local economy impacting the retail, restaurant, construction, gig economy, and other industries resulting in layoffs and reduced work hours for a significant percentage of this workforce and loss of income for small businesses. These impacts are being felt most strongly by people with low incomes who have become unemployed or had their work hours severely reduced and will have both immediate and long-term impacts.

UV. There are at least 38,000 businesses in the City of Seattle employing a minimum of 655,000 individuals. Since the Governor of Washington closed or limited operations of many businesses in the state, over 785,000 individuals statewide and 40,000 individuals in King County, alone, have filed for unemployment insurance since March 7, 2020. Unemployment insurance generally only covers a portion of lost wages. Those filing for unemployment

insurance will, in all likelihood, only increase as the closure continues. This will put more and more Seattle households, particularly low-income households, in financial peril.

~~W~~. Federal and state assistance is inaccessible to many people with low-incomes, is being delayed for many others, and will not be sufficient to meet their basic needs during the COVID-19 public health and financial crisis. Additional and immediate financial support to people with low-incomes is necessary to help meet their basic needs and to help minimize impacts to public health as well as the local economy.

~~W~~. The economic impacts from the COVID-19 emergency are drastic and immediate, but ~~are~~ also expected to last much longer than the civil shut-down emergency itself.

~~X~~. The spending plan is being tailored to address both immediate and long-term, basic human health and housing needs created by the multiple and overlapping crises, which include the long-running affordable housing and homelessness crisis, which has now been greatly exacerbated and complicated by the COVID-19 pandemic and related economic and unemployment crises, as well as the longer-term climate change crisis which nevertheless requires prompt and bold action now.

~~Y~~. Investments in affordable housing, ~~and~~ Seattle's Green New Deal, and the Equitable Development Initiative are necessary to help counteract the economic and health impacts caused by the COVID-19 crisis by creating jobs, taking actions to prevent displacement, and increasing the supply of long-term affordable housing and other needed community services -that will be ~~required~~needed by people who saw a significant reductions in income due to employment changes stemming from the crisis.

Amend Section 2 to CB 119774 as follows:

\* \* \*

A. Implementation and administrative costs. No more than five percent of the proceeds in the first year shall be used to fund one-time expenditures to implement and administer the tax on corporate payroll authorized by the ordinance introduced as Council Bill 119772 and to implement the investments in Housing and Services, Green New Deal housing-related strategies, and cash assistance for low-income households impacted by the COVID-19 crisis, and the Equitable Development Initiative (EDI), described in Section 2 of this ordinance. No more than

three percent of the proceeds in subsequent years shall be used to fund the ongoing administrative functions to assess and collect the tax and administer the investments in Housing and Services, ~~and~~ Green New Deal housing-related strategies, and Equitable Development Initiative described in Section 2 of this ordinance.

\* \* \*

C. Housing and services. Seventy~~-five~~ percent of the proceeds remaining after funding implementation and administration costs in subsection 2.A of this ordinance, and after funding payment of the interfund loan described in subsection 2.B of this ordinance, shall be allocated to develop and preserve permanently affordable social housing for households experiencing homelessness and those with incomes between zero and 100 percent of AMI as will be further defined in the implementation plan described in Section 4 of this ordinance. Newly constructed housing will be built consistent with the Seattle's Green New Deal strategies to equitably increase building energy efficiency and decrease use of fossil fuels in homes, as outlined in Resolution 31895. Such housing will be publicly owned or be publicly rent-controlled and regulated through appropriate legal agreements between the City and the housing providers. Such legal agreements shall specify the affordability requirements, including limiting annual rent increases for tenants to not more than the annual percentage increase in the housing component of the consumer price index for rent of primary residences for the Seattle area. The proceeds for housing and services may be used for:

\* \* \*

D. Green New Deal housing related strategies. Twenty~~-five~~ percent of the proceeds remaining after funding implementation and administration costs in subsection 2.A of this ordinance, and after funding payment of the interfund loan described in subsection 2.B of this ordinance, shall be allocated to investments in the following programs to implement the housing-related strategies called for in the Green New Deal. Investments shall be prioritized in communities historically most harmed by economic, racial, and environmental injustice.

\* \* \*

E. Equitable Development Initiative (EDI). Ten percent of the proceeds remaining after funding implementation and administration costs in subsection 2.A of this ordinance, and after funding payment of the interfund loan described in subsection 2.B of this ordinance, shall be allocated to the Equitable Development Initiative. Funding shall 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 shall be appropriated to the Office of Planning and Community Development and allocated through the EDI's existing established funding process for awarding EDI grants.

DRAFT

**DRAFT Amendment 5 To Council Bill (CB) 119774 to  
Modify income levels served by Social Housing Investments**

**Select Budget Committee**

**Sponsor:** Councilmember Morales

Amendatory language shown in [track changes](#) ~~track changes~~

**Description:** CB 119774 would allocate funding to develop and acquire affordable social housing and to provide services for Permanent Supportive Housing (PSH) units to serve households up to 100 percent of AMI. City Housing Funding Policies currently and historically have prioritized investments in rental housing production and preservation funds to assist households at or below 80 percent of AMI, with the majority of funds targeted to assist households at or below 30 percent of AMI. This policy is based on data that shows that households at or below 80 percent of AMI and lower have the greatest need for affordable housing .

This amendment would change the households served by the proposed social housing investments to at or below 80 percent of AMI, with the majority of funds serving households at or below 60 percent of AMI. Income levels served by these funds will be reviewed for potential modification after year five.

Amend the recitals to CB 119774 as follows:

\* \* \*

WHEREAS, the new tax on corporate payroll will generate significant funds to address identified inequities and to respond to the multiple and overlapping crises, including the affordable housing and homelessness crisis, the COVID-19 pandemic and related economic and unemployment crisis, and the climate change crisis; and

WHEREAS, these additional funds will provide immediate financial relief and in the long-term will increase the construction and preservation of thousands of units of permanently affordable housing for low-~~and moderate~~-income households to address the housing affordability and homelessness crisis, will contribute to reducing Seattle's climate pollution, and will in the process support thousands of unionized, living-wage jobs, and in doing so will help the City make the necessary changes to shift Seattle's economy to be more equitable and ecologically sustainable; and

\* \* \*

Amend Section 1<sup>1</sup> to CB 119774 as follows:

\* \* \*

Section 1. Findings. The City Council finds that:

A. Supporting the development and preservation of stable and permanently affordable housing for people experiencing homelessness and also for low-~~and middle~~-income households with incomes up to ~~100~~80 percent of the area median income (AMI) is a fundamental governmental purpose and will result in numerous benefits to the City as described below.

B. Data from the 2012-2016 American Community Survey (ACS) shows that: over ~~605~~,000 households in Seattle with incomes at or below ~~8100~~ percent of AMI are cost burdened, paying more than 30 percent of their income for rent and utilities; and 29,000 households with incomes at or below 50 percent of area 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.

\* \* \*

F. It will benefit the City if public employees and other ~~middle-income and~~ low-income employees are able to find affordable housing in the communities where they work.

G. Stable and permanently affordable housing for low-income ~~and middle-income~~ residents is expected to result in stronger educational outcomes for children and better health outcomes for families.

\* \* \*

M. The failure to make adequate provision for housing affordable to households with incomes at or below ~~8100~~ percent of AMI can push many households to seek housing further away from work, which leads to increased greenhouse gas emissions from transportation, as well as congestion on the transportation infrastructure. Providing for more housing affordable to households with incomes at or below ~~8100~~ percent of AMI in the City could result in commute trip reductions, less traffic for City residents and City employees, less City spending on transportation infrastructure, and a reduction in greenhouse gas emissions.

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<sup>1</sup> Proposed Amendment 1 modifies and reorders the findings in Section 1 to CB 119774. If Amendment 1 is adopted, the changes to findings reflected in this amendment will be reconciled with Amendment 1 prior to final action by the Council.

Amend Section 2, subsection C, to CB 119774 as follows:

C. Housing and services. Seventy-~~five~~ percent of the proceeds remaining after funding implementation and administration costs in subsection 2.A of this ordinance, and after funding payment of the interfund loan described in subsection 2.B of this ordinance, shall be allocated to develop and preserve permanently affordable social housing for households experiencing homelessness and those with incomes between zero and ~~84~~60 percent of AMI as will be further defined in the implementation plan described in Section 4 of this ordinance. Newly constructed housing will be built consistent with the Seattle's Green New Deal strategies to equitably increase building energy efficiency and decrease use of fossil fuels in homes, as outlined in Resolution 31895. Such housing will be publicly owned or be publicly rent-controlled and regulated through appropriate legal agreements between the City and the housing providers. Such legal agreements shall specify the affordability requirements, including limiting annual rent increases for tenants to not more than the annual percentage increase in the housing component of the consumer price index for rent of primary residences for the Seattle area. The proceeds for housing and services may be used for:

1. Developing and preserving permanently affordable rental housing for households with incomes between zero and ~~84~~60 percent of AMI. Investments in affordable rental housing serving households with incomes between zero and 60 percent of AMI shall be prioritized. Such housing may be mixed-income and may also include, and funds may be used to provide, related and needed community services and spaces such as affordable childcare, community gathering spaces, and open space;

2. Funding to support the ongoing operations and services for permanent supportive housing units, including an array of comprehensive services such as counseling and treatment, disability support, skills training, job search assistance, and other services needed to maintain housing stability; and

3. Acquiring existing affordable housing, particularly in areas at high risk for displacement of existing low-income and moderate-income households.

**DRAFT Amendment 6 To Council Bill (CB) 119774 to establish a date for submittal of the implementation plan and modify the process**

**Select Budget Committee**

**Sponsor:** Councilmember Morales

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

**Description:** CB 119774 as introduced requires the Executive to develop an Implementation Plan consistent with the legislation authorizing spending of the proposed payroll tax. The legislation does not establish a firm timeline for submittal of this plan. This amendment would require the Executive to submit the plan for years 2022-2025 by February 1, 2021.

In addition, it states the intent that the City Council will adopt the spending for 2021 as part of the annual 2021 budget adoption process. The Executive is requested to develop the proposed spending for 2021 and include this as part of the Proposed 2021 budget. The Executive is requested to seek input from stakeholders in development of the 2021 spending.

Amend Section 4 as follows:

\* \* \*

Section 5. Implementation plan. On or before February 1, 2021~~DATE~~, the Executive shall submit an Implementation Plan for the new tax on corporate payroll to the City Council. The Plan may be amended by ordinance. The plan shall include:

A. A specific spending proposal for the Housing and Services and Green New Deal investments in years one through five~~2022 through 2025~~ consistent with the program areas described in subsections 2.C and 2.D of this ordinance;

B. Proposed outcomes for each funded program or service;

C. How the programs or services will be implemented (such as responsible department and funding processes);

D. Proposed policies for implementing funded programs or services, prioritizing investments in communities historically most harmed by economic, racial, and environmental injustice, at high risk of displacement; and

E. Proposal for working with the Social Housing Board and the Green New Deal Oversight Board to provide ongoing program and policy review, oversight and monitoring of expenditures, and reviewing performance of programs and services as the plan is implemented.

The City Council intends to adopt modifications to the City's Housing Funding Policies to have such policies apply to the revenues generated from the new tax on corporate payroll. This shall include changes to reflect annual reporting requirements for investments made using the proceeds from the tax on corporate payroll. The Council anticipates adopting such modifications when adopting the Implementation Plan in ~~2020~~2021.

The Executive shall work with the City Council, the Social Housing Board, and the Green New Deal Oversight Board in the development of this Implementation Plan to ensure it is consistent with the proposed Spending Plan. The City Council intends to add a proviso to funding in the 2021 budget to ensure funding is appropriated consistent with the proposed Spending Plan found in Attachment 1 to this ordinance, as may be amended by the City Council.

Spending in 2021 shall be determined through the Council's adoption of the 2021 annual budget. The Executive's 2021 Proposed Budget should be informed by input from community stakeholders who are representative of the proposed membership of the Social Housing Oversight Board described in Seattle Municipal Code subsection 3.14.750.B and the Green New Deal Oversight Board described in Seattle Municipal Code subsection 3.14.979.C.