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Title: A RESOLUTION establishing a process by which the City of Seattle will determine new progressive revenues including an Employee Hours Tax, expressing the City Council’s intent to impose such potential revenues, and expressing the City Council’s intent to make investments with these revenues that would assist people who are homeless or at a high risk of becoming homeless in obtaining and retaining stable housing

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Indexes:

Attachments: 1. Summary and Fiscal Note, 2. Proposed Amendment 2 (added; 12/4/17), 3. Proposed Amendment 4 (added; 12/4/17), 4. Proposed Amendment 5 (added;12/4/17), 5. Signed Res_3178, 6. Affidavit of Publication

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| 11/20/2017 | 1 | City Clerk | sent for review | |

CITY OF SEATTLE

RESOLUTION _____

A RESOLUTION establishing a process by which the City of Seattle will determine new progressive revenues including an Employee Hours Tax, expressing the City Council’s intent to impose such potential revenues, and expressing the City Council’s intent to make investments with these revenues that would assist people who are homeless or at a high risk of becoming homeless in obtaining and retaining stable housing

WHEREAS, Seattle is a city of great prosperity that has experienced tremendous growth of its economy and population; however, this growth and prosperity has directly contributed to the rapid increase in the number of individuals and families experiencing homelessness; and

WHEREAS, a national study published in the *Journal of Urban Affairs* established the correlation between increasing rent and homelessness. Some of the report findings include: (1) Washington is the tenth most

expensive state for renters; (2) the high cost of rental housing is driving increases in homelessness; and, (3) an increase of \$100 in median rent for an area results in a 15 percent (metro areas) and a 39 percent (nearby suburbs and rural areas) increase in homelessness; and

WHEREAS, the U.S. Internal Revenue Service defines “a progressive tax takes a larger percentage of income from high-income groups than from low-income groups and is based on the concept of ability to pay; and

WHEREAS, the *Seattle Times* recently wrote that “Seattle rents have soared 65 percent since 2010. The typical Seattle renter now pays about \$21,900 for rent over the course of a year, up from \$13,200 at the start of the decade.” That same article also highlighted that the average two-bedroom apartment in Seattle costs \$2,000 a month for the first time in Seattle’s history and that “rents across the Puget Sound region are still rising faster than the historical norm, and the market remains hotter than most other U.S. cities;” and

WHEREAS, according to the 2017 Seattle/King County Point-In-Time Count, there are at least 3,857 individuals living unsheltered in Seattle, in addition to at least 4,665 more individuals who are experiencing homelessness but are sheltered, for a total of no fewer than 8,522 individuals in our city who are experiencing homelessness on any given night; and

WHEREAS, on November 2, 2015, the Mayor of Seattle issued a Proclamation of Civil Emergency related to homelessness; on November 3, 2015 the City Council adopted Resolution 31630 ratifying and confirming the Mayoral Proclamation of Civil Emergency; and the civil emergency remains in effect. More than two years later, the City has not received additional support from Washington State or the federal government, and there are now roughly 38 percent more Seattle residents who are homeless and living unsheltered than just two years ago; and

WHEREAS, according to the Housing Development Consortium, Seattle households with between zero and 30 percent of Area Median Income (AMI) had a “housing gap” of 17,161 units in 2016, and this “housing

gap” is projected to grow to 27,481 units by 2030; and

WHEREAS, the City’s Housing Affordability and Livability Agenda is projected to create approximately 6,000 new housing units affordable to households with between zero to 30 percent AMI over the next ten years, which will still leave a severe shortage of housing for low-income residents who are either currently unhoused or at risk of becoming unhoused; and

WHEREAS, The City of Seattle (City) and the non-profit sector cannot address the twin crises of homelessness and lack of affordable housing on their own. In addition, existing resources at the City’s disposal - including state, county, federal, and private resources - have been inadequate despite the best efforts of many individuals and publicly- and privately-managed programs; and

WHEREAS, all sectors of our society must work together to address and resolve the civil emergency related to homelessness, and to ensure that there are sufficient resources to realize Seattle’s and King County’s commitment to making sure that no person experiences homelessness, that if one does, it is rare, brief and only a one-time occurrence, and that racial disparities are eliminated. This collaborative effort requires the active engagement of interested and affected stakeholders, including non-profit organizations, affordable housing providers, faith and civic leaders, businesses, labor, and community members; NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE THAT:

Section 1. By December 11, 2017, the Seattle City Council, with input by the Mayor of Seattle, shall identify individuals to serve as members on an ad hoc taskforce. The taskforce shall develop recommendations to the Council that will (a) explore potential new progressive revenue sources, including an Employee Hours Tax (EHT) and (b) identify investments to be paid for using those progressive revenue sources that would assist people who are homeless or at high risk of becoming homeless in obtaining and retaining stable housing. The taskforce should include members such as subject matter experts on housing, health care, and homelessness; service providers; civic leaders; labor representatives; individuals who have experienced or are currently

experiencing homelessness; business organizations; economic equity experts; community organizations; community coalitions; community leaders; and small and large business owners. The Council shall select members and co-chairs of the taskforce with input from the Mayor through a future separate resolution no later than December 11, 2017. The co-chairs should include one to two Councilmembers and one to two community members.

Section 2. The taskforce shall be convened with the goal of developing recommendations to the Council for (a) one or more dedicated progressive revenue sources and (b) a proposal for investments related to those progressive revenue sources that would assist people, who are homeless or at high-risk of experiencing homelessness, in obtaining and retaining stable housing (see Section 4 below). The taskforce is requested to provide the Chair of the Finance Committee, or its successor committee, with the final taskforce report(s) of recommendations no later than February 26, 2018.

Section 3. The identified revenue source(s) should not regressively burden low- and middle-income people (such as a sales tax), but instead require those benefiting from Seattle's economic growth to contribute to addressing Seattle's affordable housing and homelessness crises. The taskforce may decide to evaluate a range of progressive revenue sources but should prioritize revenue sources that can be enacted solely with Council action.

Section 4. The members of the taskforce should take the following into consideration as they develop and finalize their workplan and advisory report(s):

- A. Evaluating an EHT and determining appropriate tax rates and possible exemption levels that are expected to yield between \$25 million and \$75 million in revenue per year;
- B. Identifying and evaluating additional progressive revenue sources for the Council's consideration;
- C. Proposing investments supported by the progressive revenues that help address the need for additional investments in homeless services, including immediate shelter and outreach, and income-restricted affordable housing units, that are consistent with the following principles:

1. Expanding funding for program approaches and housing investments that are most effective at assisting people, who are homeless or at high-risk of becoming homeless, in obtaining, maintaining, and retaining housing;
2. Prioritizing shelter and housing access for people living unsheltered and people who have the longest histories of experiencing homelessness, including those that face the greatest barriers to housing due to structural and institutional barriers tied to criminal history or drug use, and/or have serious and persistent disabilities;
3. Incorporating Statement of Legislative Intent 230-1-A-1-2018 approved by Council November 14, 2017 which outlines the Council's plan to issue bonds in 2019 to fund additional affordable housing projects for which there were inadequate City Housing funds;
4. Orienting all aspects of the homeless response system towards exits to permanent housing; and
5. Working together urgently and boldly to implement meaningful solutions.

Section 5. Prior to the completion of the taskforce's report, the Chair of the Finance Committee, or its successor committee, shall schedule time on the committee's agenda at least once per month between January 1, 2018 and February 28, 2018, to receive an update from representatives of the taskforce as to the status of their work. After delivery of the taskforce's advisory report to the Council, the Chair of the Finance Committee, or its successor committee, shall schedule time on the committee's agenda to provide Councilmembers and the public with a briefing of the taskforce's final recommendations.

Section 6. It is the Seattle City Council's intent to take final legislative action imposing an EHT and/or other progressive taxes by March 26, 2018 or early enough to ensure that such taxes can be imposed as of January 1, 2019. The Seattle City Council intends to begin consideration of progressive revenue sources immediately upon receiving the taskforce advisory report. With input by the Council and the Mayor, the Chair of the Finance Committee, or its successor, shall also create a work plan to implement other relevant

recommendations from the stakeholder group by March 26, 2018. In the event that the taskforce advisory report has not been transmitted by February 26, 2018, the Seattle City Council intends to begin consideration of an ordinance to impose an EHT and/or other progressive taxes no later than March 2018.

Adopted by the City Council the _____ day of _____, 2017, and signed by me in open session in authentication of its adoption this _____ day of _____, 2017.

President _____ of the City Council

Filed by me this _____ day of _____, 2017.

Monica Martinez Simmons, City Clerk

(Seal)