

Council Bill 119250.

WHEREAS, the City Council adopted the ordinance introduced as Council Bill 119250, authorizing the collection of a new Progressive Tax on Business to address homelessness and housing affordability, to be imposed beginning January 1, 2019; and

WHEREAS, the new Progressive Tax on Business is anticipated to generate an average of \$47.4 million in proceeds on an annual basis, as shown in the spending plan included as Attachment 1 to this resolution; and

WHEREAS, the City faces a homelessness crisis, as evidenced by the 2017 Point-in-Time count that showed 3,857 homeless people living unsheltered in the City; and

WHEREAS, recent data from the American Community Survey showed over 29,000 households with incomes at or below 50 percent of area median income (AMI) are severely cost burdened, paying over 50 percent of their income for rent and utilities, and, as a result, are at potential risk of homelessness; and

WHEREAS, persons of color are disproportionately represented in the homeless population and for renter households who are severely cost burdened; and

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

WHEREAS, the new Progressive Tax on Business will generate significant funds to address identified inequities; and

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

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

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

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

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

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

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

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

WHEREAS, the proposed spending plan allocates funding generated from the new Progressive Tax on Business to address the immediate housing, shelter, public health, sanitation, and other services needs of homeless people living unsheltered in the City; and

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

WHEREAS, the City is investing in a person-centered response system that prioritizes homeless families with small children, those with long histories of homelessness, and those with the greatest barriers to housing

stability, consistent with the Pathways Home plan; and

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

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

WHEREAS, the City and its regional partners are committed to annually assessing the performance of funded programs to ensure they are operating effectively to place people experiencing homelessness into shelter and ultimately into long-term housing, or provide harm reduction measures to facilitate acceptance of homelessness services, and have established performance standards that must be achieved by funded programs as depicted in Attachment 2 to this resolution; and

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

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

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

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

WHEREAS, the City Council recognizes that wage inequities for contracted service providers harm efforts to stabilize the workforce and that it is imperative to address equitable workforce compensation in an

effort to maintain existing homelessness programs and expand program services; NOW, THEREFORE, **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE MAYOR CONCURRING, THAT:**

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

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

- a) Specific spending proposal for years one through five of the new,
- b) Proposed outcomes for each funded program or service;
- c) How the programs or services will be implemented (i.e., responsible department, funding processes, etc.);
- d) Proposed policies for implementing funded programs or services; and
- e) Proposal for an Oversight Committee responsible for overseeing expenditures and reviewing performance of programs and services. The Executive will propose different models, including but not limited to an option for a committee with oversight authority for all Human Services Department homelessness investments.

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 Progressive Tax on Business. The Council anticipates adopting such modifications when adopting the Implementation Plan in December of 2018.

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

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

Section 4. The Executive is requested to explore and provide recommendations on funding the operation and services support for housing that would serve homeless individuals, with incomes at or below 30 percent of AMI, who do not qualify for or require permanent supportive housing but need housing with a lower level of services. In addition, the Executive will explore models to increase the number of units serving homeless individuals with incomes at or below 30 percent of AMI who need only affordable housing and no services. . In developing recommendations for increasing the number of units serving those at or below 30% of AMI units,

the Executive shall examine the extent to which the availability of free or reduced land could increase the development of such units. The Executive will also explore how persons who are homeless would access additional housing provided within the current All Home referral process that includes Coordinated Entry. The Executive will include recommendations along with the submittal of the Implementation Plan referenced in Section 2 of this resolution.

Section 5. The Executive is requested to provide a report and recommendations on providing funding for wage stabilization for direct service personnel providing services to people experiencing homelessness, as described in Attachment 1 to this resolution, based on examination of adequate staffing levels, compensation, and desired retention outcomes. This examination shall be based on data gathered in response to Statement of Legislative Intent 281-1-B-2, the audit of the Human Services Department's contracting processes, and input from the homeless service providers. The Executive will provide a report and recommendations with submittal of the Implementation Plan referenced in Section 2 of this resolution. The initial funding provided in the spending plan may be supplemented with future resources to address identified workforce compensation issues.

Section 6. The City Council may, based on the program outcomes and understanding of changing needs, modify the allocation of funding for programs and services through the Council's legislative and budget process.

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

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

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

Adopted by the City Council the _____ day of _____, 2018, and signed by me in open session in authentication of its adoption this _____ day of _____, 2018.

President _____ of the City Council

The Mayor concurred the _____ day of _____, 2018.

Jenny A. Durkan, Mayor

Filed by me this _____ day of _____, 2018.

Monica Martinez Simmons, City Clerk

(Seal)

Attachments:

Attachment 1 - Proposed Five-Year Spending Plan for Business Tax - Annual Totals

Attachment 2 - System-Wide Performance Standards