CITY OF SEATTLE

ORDINANCE ________________

COUNCIL BILL ________________

..title
AN ORDINANCE establishing a spending plan for the proceeds generated from a new tax on corporate payroll authorized by the ordinance introduced as Council Bill xxxxxx to fund development of social housing which is permanently affordable, high-quality, and energy-efficient, and to fund housing-related components of Seattle’s Green New Deal as articulated in Resolution 31895, and to fund other investments…

..body
WHEREAS, the City Council (“Council”) adopted the ordinance introduced as Council Bill xxxxxx, authorizing the collection of a new tax on corporate payroll to fund Social Housing to be imposed beginning xxxx; and
WHEREAS, the new Tax on corporate payroll is anticipated to generate an average of $300 million in proceeds on an annual basis, as shown in the spending plan included as Attachment 1 to this ordinance; and
WHEREAS, Seattle is in the throes of a stunning and unprecedented affordable housing and homelessness crisis. Sky-high rents and soaring home prices are driving working-class households, seniors, students, and especially working families of color out of Seattle, and sometimes into homelessness; and
WHEREAS, the loss of affordable housing in Seattle is a crisis deeply impacting the lives of people throughout Seattle and the region and disproportionately harms people of color, immigrants, the LGBTQ community, indigenous peoples’ communities, disabled community members, and women, who already struggle against entrenched inequality; and
WHEREAS, even as Seattle has experienced a record-breaking construction boom, being recognized as the nation’s construction crane capital three years running, the housing crisis has worsened, showing that the for-profit market has failed working people; and

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

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

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

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

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

WHEREAS, thousands of Seattle renters face eviction threats every year, and in September 2018, the Seattle Women’s Commission and the King County Bar Association jointly published *Losing Home: The Human Cost of Eviction in Seattle*, finding that more than half of Seattle renters receiving eviction notices in 2017 owed one month’s rent or less, and most tenants who are evicted become homeless; and
WHEREAS, the *Losing Home* report found that evictions in Seattle fall disproportionately on women and people of color, with people of color constituting about 35 percent of renters, and nearly 52 percent of evictions involved people of color; and

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

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

WHEREAS, housing is a human right and Seattle urgently needs bold public policy to solve the crisis; and

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

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

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

WHEREAS, the 2016 Greenhouse Gas Inventory, published in February 2019, found that total greenhouse gas emissions in Seattle rose by one percent between 2014 and 2016, and that
in order to achieve the goals of the Climate Action Plan adopted via Resolution 31447,
Seattle’s emissions reduction rate needs to increase by a factor of seven; and
WHEREAS, in August 2016, the Council adopted, with the Mayor concurring, Resolution 31681
to advance the efforts of the Equity & Environment Agenda, adopting goals for all
environmental and sustainability work in Seattle that prioritize communities of color,
immigrants, refugees, people with low-incomes, youth, and limited-English proficiency
individuals; and
WHEREAS, in October 2016, the Council adopted, with the Mayor concurring, Resolution
31712, endorsing community principles for green jobs, defining a green job as one that
preserves or enhances environmental health as well as the economic and social well-
being of people and communities, centers on communities most negatively impacted by
climate change, and pays a living wage while providing career pathways; and
WHEREAS, the City Council adopted Resolution 31895 establishing a Green New Deal for
Seattle; and
WHEREAS, in August 2019, Resolution 31895 recognized that, while it has made some progress
towards reducing its dependence on fossil fuels, the current pace of progress is
insufficient to make the necessary changes to shift Seattle’s economy to be more
equitable and ecologically sustainable; and
WHEREAS, Resolution 31895 established key goals and committed the City to implement
comprehensive strategies as described in Section 1 of this ordinance; and
WHEREAS, Resolution 31895 envisioned the need to establish a dedicated tax on corporate
payroll revenue source in order to implement Green New Deal strategies; and
WHEREAS, climate activists in Seattle and worldwide, led by young people, have organized
mass mobilizations and strikes demanding that government take immediate and dramatic
action to address the climate crisis; and

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

WHEREAS, the new tax on corporate payroll will generate significant funds to address
identified inequities; and

WHEREAS, these additional funds 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; NOW,

THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE 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 120 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
65,000 households in The City of Seattle with incomes at or below 100 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.

C. The 2019 point-in-time count of people experiencing homelessness in King County, found at least 5,228 individuals living unsheltered in addition to at least 5,971 more individuals who are experiencing homelessness but are sheltered, for a total of at least 11,119 individuals who are experiencing homelessness.

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

E. Publicly-funded workers, such as teachers, firefighters, public servants, law enforcement, nurses, social workers, and transit operators, including those in professions historically underrepresented by persons and communities of color, often cannot afford to live in the communities in which they serve due to increasing housing costs.

F. Employees of nonprofit organizations who help deliver essential public services on contract, as well as those who help provide essential services to the poor and infirm as part of their organizational mission, are similarly housing cost constrained.

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

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

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

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

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

M. Implementing housing-related strategies outlined in the City’s Green New Deal, Resolution 31895, will help achieve the goals outlined in that resolution to create a future where Seattle residents can live healthy, prosperous lives, free of toxic chemicals and fossil fuels, and where the social and ecological well-being of all people is a priority. These housing-related strategies include the following:
1. Creating more permanently affordable housing, located near transit hubs, green space, and neighborhood amenities to reduce dependence on private vehicles;

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

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

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

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

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

N. The failure to make adequate provision for housing affordable to households with incomes at or below 120 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 120 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.

Section 2. Proceeds from the new tax on corporate payroll imposed by the ordinance
introduced as Council Bill xxxxx are shall be used 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
xxxxxx and to implement the investments in Housing and Services and Green New Deal
housing-related strategies described in Section 2 of this ordinance. Not 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. Housing and services. Seventy-five percent of the remaining proceeds shall be
allocated to develop and preserve permanently affordable social housing for households
experiencing homelessness and those with incomes between zero and 120 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 nonprofit 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 120 percent of AMI. 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 counselling 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- and moderate-income households;

C. Green New Deal housing related strategies. Twenty-five percent of the remaining proceeds 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.

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

2. Solar installations;

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

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

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.

Section 3. Social Housing Board established

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

1. Provide ongoing program and policy review, oversight and monitoring of expenditures, and review the performance of programs and services funded by the tax on corporate payroll.

2. Provide recommendations on the development and any future modifications to the implementation plan and funding policies for housing programs funded with the proceeds from the tax on corporate payroll.
3. Reviewing and providing recommendations to the City Council annually on the formation of requests for proposals that the Office of Housing issues to solicit development proposals from public and nonprofit housing providers.

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

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

B. Membership. The Social Housing Board shall be comprised of 21 members serving two-year terms, with three members from each Council district, plus two or more designated young adult members whose terms and method of appointment are governed by the Get Engaged Program in Chapter 3.51. Members of the Social Housing Board shall include renters and homeowners, individuals from historically underrepresented groups, as well as individuals with housing development and finance experience.

C. Selection process. For every position prior to January 1, 2024, and for every vacant position between elections as described below, the members of the Social Housing Board shall be appointed by the City Council. Each of the seven City Councilmembers who represents a district shall nominate three people who live in the Councilmember’s district. Any term that starts between December 31, 2021 and December 31, 2023 will end on December 31, 2023. After December 31, 2023, vacant positions between elections as described below shall be filled by the district nomination process, and members appointed to fill vacancies shall serve terms
ending on December 31 immediately after a general election. If the City Charter is not amended
to allow for an election, members shall be nominated and appointed by the each of the seven
district councilmembers as described above.

1. Beginning in the 2023 primary and general election, for terms starting on
January 1, 2024 and every two years thereafter, all members of the Social Housing Board except
the young adult member(s) shall be elected. Voters in each City Council district are eligible to
vote for the three representatives from the corresponding City Council district.

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

3. Any member may request an excused absence from any Social Housing
Board meeting. The Social Housing Board may recommend, by a majority vote of all members
of the Social Housing Board, that the City Council remove any member who is absent without
excuse from three or more consecutive Board meetings. Any member may resign from the Social
Housing Board at any time by notifying the City Council in writing, which may be by electronic
communication. Upon receipt of a written resignation, or the recommendation from the Social
Housing Board to remove a member, the City Council may remove that member. The City
Council may remove any member for cause.

D. Meetings of the Social Housing Board

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

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

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

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

Section 4. Implementation plan. On or before 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 years one through five consistent with the program areas described in Section 2 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.

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.

Section 5. It is the Council’s intent that new construction housing development projects described in Section 2 of this ordinance, regardless of whether the project is or is not considered a public works project, shall be consistent with the standards set forth in Chapter 20.37 of the Seattle Municipal Code, known as the Priority Hire Program. Such standards shall include:

- hiring of workers who are from economically distressed ZIP codes and apprenticeship utilization;
- and other standards such as payment of commercial prevailing wages which shall be included in a Community Workforce Agreement. New construction housing development projects shall also demonstrate adherence to labor laws and a commitment to labor harmony.

Section 6. 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.
Section 7. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the ______ day of ________________________, 2020, and signed by me in open session in authentication of its passage this ____ day of ________________________, 2020.

____________________________________
President ____________ of the City Council

Approved by me this ______ day of ________________________, 2020.

____________________________________
Jenny A. Durkan, Mayor

Filed by me this ______ day of ________________________, 2020.

____________________________________
Monica Martinez Simmons, City Clerk

(Seal)

Attachments:
Attachment 1: Proposed Five-Year Spending Plan
<table>
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<tr>
<th>Program/Activity</th>
<th>Program Description</th>
<th>Year 1 Spending</th>
<th>Year 2 Spending</th>
<th>Year 3 Spending</th>
<th>Year 4 Spending</th>
<th>Year 5 Spending</th>
<th>Total / 5-year goals</th>
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<tr>
<td><strong>Affordable Housing Inventory &amp; Services</strong></td>
<td>Rental Housing Production to Assist Households from Zero to 120% of AMI</td>
<td>$214 million</td>
<td>$220 million</td>
<td>$221 million</td>
<td>$223 million</td>
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<td>Operating and Services Support for PSH</td>
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<td>$12 million</td>
<td>$30 million supporting 550 PSH units Funded in years 1-4</td>
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<td>Affordable Housing Inventory and Services Subtotal</td>
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<td>$214 million</td>
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<td>% of revenue (after start-up and ongoing administrative costs)</td>
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<td><strong>Green New Deal Implementation</strong></td>
<td>Green New Deal Implementation</td>
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<td><strong>Start-up &amp; Ongoing Costs</strong></td>
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<td>TOTAL ANNUAL SPENDING:</td>
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<td>$318</td>
<td>$325</td>
<td>$1.6 billion</td>
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