

NONPROFIT BUSINESS PROPOSAL CARGO CONTAINER SOLUTION

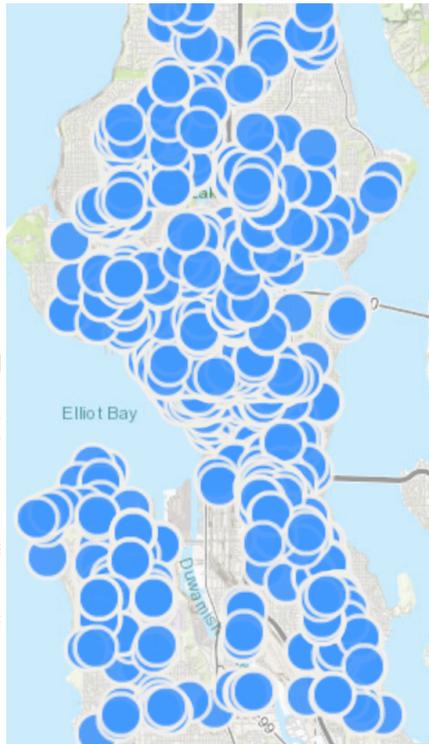


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OVERVIEW

This nonprofit 501c(3) charity aims to solve Seattle's camping crisis by using recycled cargo containers renovated into dorm-like structures that will be located at sites owned by developers who will temporarily lease their land in return for a full Washington State Property Tax Exemption for the duration of the lease.

All supportive services will be located at the sites. Supportive services include job-training programs via the business partnership and the Washington State Apprenticeship Program.

Each site will be composed of like-minded individuals struggling with similar issues so that supportive services are tailored to each subset of the target population (individuals who are homeless, camping, addicted to drugs, disabled, or residing on the streets of Seattle for other reasons not specified).

PURPOSE

- Get individuals off the streets
- Give individuals an opportunity to start over and become productive members of society
- Provide an avenue for law enforcement to enforce the camping ban
- Allow individuals 5 months free residence where they can earn an income deposited into a savings account set up so the individuals can attend and retain long-term affordable housing after graduating the program.
- Boost the region's economy as a whole by sourcing materials and services from local businesses of all sizes
- Partner with businesses struggling to meet the demand for skilled workers in trade industries

The goal of this business is to go out of business within 3 years. The business's goal is not for any personal or monetary gain but to solve the problem the City of Seattle government has failed at and potentially set a new revolutionary model that other cities across the nation struggling with this problem can use and build on.

The probability of this proposed solution succeeding is highly dependent on the level of public support, business partnership, and cooperation between former and friendly adversaries to achieve establish and execute a common vision for the benefit of the public.

When it works, it has the potential to change the lives of hundreds of thousands—potentially millions of people.

DESCRIPTION

SOS is a 501c3 nonprofit charity. All contributions are tax-deductible at the federal level. Certain contributions composed of private land are fully exempt from Washington State Property Taxes. The goal of SOS is to eliminate Seattle's camping crisis by providing **temporary** housing, supportive services, and job training that will allow individuals served by the corporation to become productive members of society by:

1. Providing individuals currently camping on Seattle's streets with free housing, health services, job training, and opportunities to earn money while residing there for up to 5 months.
 - a. Earned money is deposited into an individual restart-ment account (IRA) accessible by the individual **only** after they have enough to afford the upfront costs for affordable housing (i.e. first month's rent, last month's rent, a security deposit, emergency savings) as well as employment
2. Providing individuals currently camping on Seattle's streets job training and job opportunities by partnering with businesses of all sizes and using the Washington State Apprenticeship Program¹.
 - a. This will be highly tailored to trade-jobs and employers who partner with the corporation by training and hiring an apprentice who will receive tax credit up to \$5,000 for each apprentice they take on.²
 - b. This will also help fill the demand for workers in trade industries.
3. Creating an avenue for citizens of the greater Seattle area to directly invest in the solution with the incentive being that their contributions are tax-deductible.
4. Creating an avenue and incentive for real estate developers to receive full WA state property tax exempt status in return for temporarily leasing land that is awaiting permits for development³.

¹ <https://www.lni.wa.gov/licensing-permits/apprenticeship/become-an-apprentice>

² <https://www.cantwell.senate.gov/imo/media/doc/Apprenticeship%20and%20Jobs%20Training%20Act%20-%20Summary.pdf>

³ <https://app.leg.wa.gov/rcw/default.aspx?cite=84.36.043>

- a. This also benefits developers as the more successful the program is, the more individuals will need affordable housing, will be able to afford the housing already built by developers, and will not have to deal with Seattle's camping crisis.

PROBLEM

King County currently has a camping crisis. The problem has been disguised as a 'housing affordability crisis' framed under the assumption that the individuals camping on Seattle and surrounding city streets are simply 'down on their luck'. This is not true. Approximately 80% of individuals on King County's streets have mental health and drug/alcohol addiction issues that are not currently being addressed⁴. Elected officials continue to ignore the problem, citizens have stopped reporting crimes because they know nothing will happen if they do, the elected officials then claim crime in King County is declining, the King County and City of Seattle prosecutors have stopped prosecuting crimes and the Seattle Police Department is so frustrated that they have stopped enforcing laws because they too, know nothing will happen.

Individuals arrested that have a drug addiction or mental illnesses know how to work the system. The Prosecutors claim high-risk individuals are too incompetent to stand court, so they release them back onto the streets where they re-offend. The City and County councils have essentially legalized public and private drug dealing and consumption. Criminals know there are no consequences for their actions, so there is no incentive to change their behavior. Over time, the offenses increase in severity as the safety of the public declines.

The Western Circuit Court of the United States ruled that anyone has a right to essentially camp on public property as long as it is not in parks if there are not enough shelter spaces available⁵. This means that even if camping is illegal, the law is not enforceable per the US Circuit Courts ruling in *Martin v. City of Boise* which rules:

⁴ <http://www.seattle.gov/Documents/Departments/CityAttorney/OpioidLitigation/SeattleComplaint-Opioid.pdf>

⁵ <https://nlchp.org/homeless-persons-cannot-be-punished-for-sleeping-in-absence-of-alternatives-9th-circuit-decision-establishes/>

“...the Eighth Amendment’s prohibition on cruel and unusual punishment bars a city from prosecuting people criminally for sleeping outside on public property when those people have no home or other shelter to go to.”⁶

Some campers avoid City land and camp on State or Federal land instead, under bridges or on the side of the highways.

The non-profits are disconnected from each other. The process is not streamlined and because they are contracted with the city, they are private entities whose records are sealed from the public so they cannot be audited⁷.

The City of Seattle started ‘sweeping’ the camps by creating a special division of law enforcement agents that serve as a glorified maid service. While this intended to remove camps and connect individuals to shelter, instead it has ended up relocating them—frequently to the other side of the street⁸.

To conclude the problem, the camping crisis is out of control and there is no end in sight. There is a call for ‘evidence-based solutions’ but there is no legitimate evidence that anyone has yet found a solution. Any successful future solution cannot be entirely evidence based as evidence is derived from the conclusion of an experiment. Therefore the solution to this problem is an experiment that will take into consideration evidence from elements of what has not worked, but intends to serve as a new solution that provides new evidence on what works.

⁶ [902 F.3d 1031, 2018 U.S. App. LEXIS 25032 \(9th Cir. 4/1/2019\)](#)

⁷ https://roominate.com/safe_seattle/lawsuit/Complaint_and_Order.pdf?fbclid=IwAR0tVkrROD3qkSYTm4MvQVQvNT0-HvvX45Wkw-4FCIzMwW0NpgF6-Q61Q75s

⁸ <https://mynorthwest.com/1270916/seattle-navigation-team-auditor-report/>

SOLUTION

The solution to this problem shall be named the Cargo Container Solution. In order to execute the solution, there are several things that must be considered, planned, and required. These things are:

1. Funding
2. Cargo Containers
3. Private land vacant pending processing of permit fees and development
4. Businesses willing to partner to train and hire apprentices
5. Developers willing to lease private land
6. Support and collaboration with the Navigation Team
7. Support from businesses via contributions, donations, and sponsorship
8. Partnership with pre-existing fully funded non-profits
9. Partnership with insurance agency or establish a trust to set up IRA accounts
10. Operational system for records keeping

Each site will have 15 Cargo Containers 40 x 8 ft. These containers will be renovated to include windows, dividers, insulation and electricity. Cargo containers are moveable, earthquake proof, already have an emergency ladder and will be up to fire code. They are very abundant in our area and often end up in the waste stream⁹.

The containers will be modeled into dorm-like units that lock, preferably with a magnetic card. There will be 8 campers per container. Each unit inside the container will be 70-80 square feet. Two to five of the containers at each site will be used for showering and toilets, one each. One container will be designated for cooking.

Campers that are swept by the Navigation Team will take a drug test and complete a digital questionnaire. Navigation Team Officers will use this to select individuals they believe are most likely to succeed under this program for the first pilot site. As more sites are developed, this process will be streamlined into a database and paired with an algorithm to determine which site best matches the issues each individual is dealing with. Before placing individuals at subsequent sites, the

⁹ <https://equipmentmanagementservices.com/help-the-planet-by-recycling-used-shipping-containers-for-home-construction/>

Navigation Team will 'approve' final decisions given their familiarity with these individuals.

For example, the severely drug-addicted will not be placed at the same site as the non-drug addicted and severely mentally ill, nor will women and children fleeing domestic violence. The location of the sites will correspond to the degree of risk of the individuals residing there.

There will be 12 employees at each site during the day to administer medical and job-training services earning an average annual salary of \$75,000. Individuals will have 5 months (circumstantial) to live in the renovated container for free while also having a multitude of options to earn money. They can help build the containers for other sites, help clean the City's mess that camping has caused, work other odd jobs, and/or seek employment and training through partnered businesses using the Washington State Apprenticeship Program.

Funds earned by residents will be deposited into their own individual accounts. However, residents cannot access these funds until they exit the program with a job and enough money saved to afford the upfront cost needed to attain and retain long-term housing. Within five months, individuals will have the ability to earn up to \$10,000. This money will be kept in a trust providing each resident a scholarship of \$10,000 to cover the costs of living, services, and job training. It is essentially the same as college tuition funding. However, when the individual graduates, the trust will authorize a distribution equal to the 'scholarship' to be used for purposes outlined in the undersigned agreement.

If the individual gets kicked out of the program by violating rules (TBD by site employees and the Board of Directors), the scholarship money and tuition credit for such individual will remain in the trust for the beneficiaries of the foundation (i.e. other individuals). If such individual is removed from the program and through some other program is rehabilitated at a later date, the trustees will use the tuition credit for such individual to assist that individual in retaining long-term rehabilitation.

Using the Washington State Apprenticeship program will help meet the increased need for skilled workers that many industries are struggling with. We will reach out to businesses of all sizes for their help and cooperation in setting up the

technological infrastructure, databases and analytics to support training and job placement for these individuals.

We could also invite businesses to sponsor the program in return for free advertising by either naming a site after the business or advertising their name on the outside of a container like a billboard.

The sites will not be in parks. The sites will be contained within a fence. Sites will be freely accessible to those in that specific site during open hours. Roommates would be either randomly selected or chosen upon individual preference. The units will have windows and doors. Magnetic key cards are preferable to keys as this we do not need to worry about keys getting lost or stolen and we will not have to change locks. Former campers will swipe in and swipe out, leaving a record of the exact time that they entered and exited to deter crime or abuse of the program.

This is not the Four Seasons. It is more of a college, trade school, and/or rehabilitation facility for campers that will fill the gap of current supplies and demands. This is an URGENT solution to a very long-standing EMERGENCY.

COST

The cost of the first Pilot site will be approximately \$2.2 million dollars. In 2019. The City of Seattle spent approximately **\$96 million on homeless-related services**. King County spends approximately **\$1,000,000,000 (one billion dollars) on homeless-related services** in 2019.

The Mayor’s proposed 2020 budget for the City of Seattle increases the amount of money spent on **homeless-related services to \$104 million**. In total, the City of Seattle and King county are spending **over \$100,000 per person per year on homeless-related services**.¹⁰

The cost breakdown for this proposal is as follows:

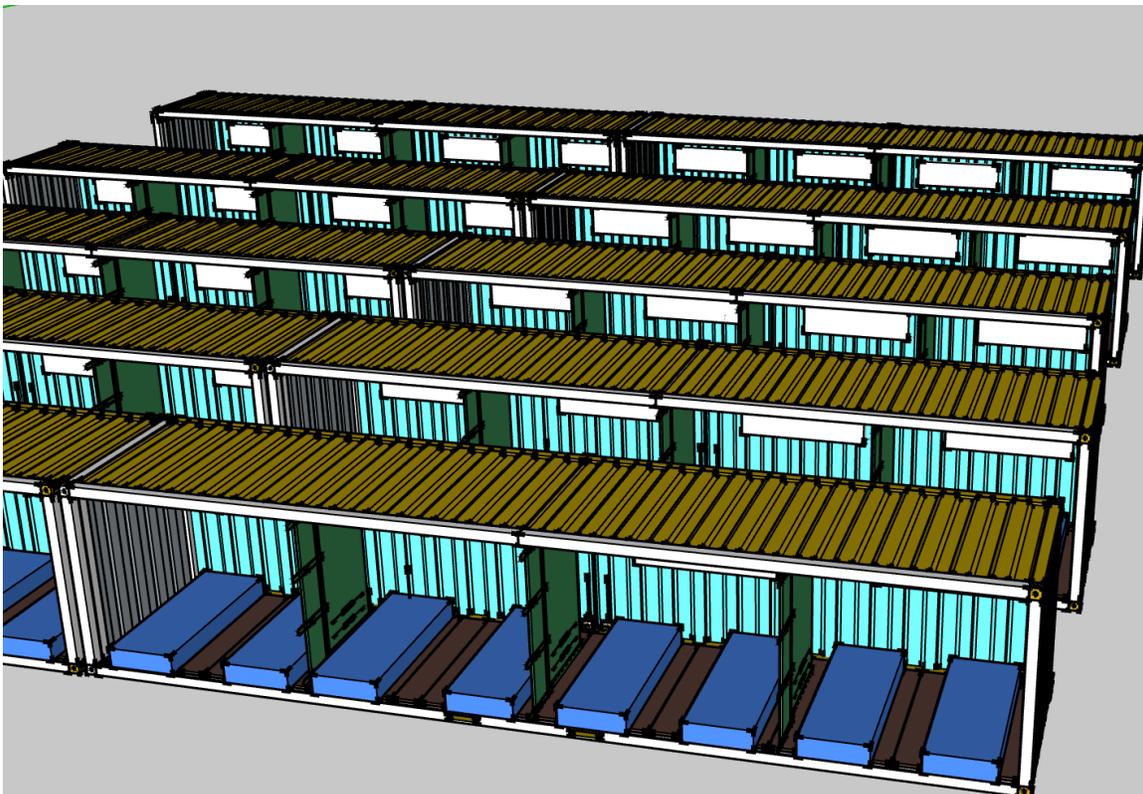
PILOT SITE – 0 – 5 MONTHS

PILOT SITE - COST	COST
Containers (renovation & installation)	\$300,000
Reserved Funds (IRA) for Each Camper(\$10k each)	\$800,000
Excess Operations & Overhead (i.e. utilities, water)	\$100,000
Staff Wages (\$75k Average)	\$900,000
Total	\$2,100,000
Cost Per Camper	\$26,250

¹⁰ <https://www.seattletimes.com/seattle-news/homeless/seattle-homeless-spending-would-surpass-100-million-under-mayor-durkans-budget-next-year/>

PILOT SITE -0-5 MONTHS	COUNT
Cargo Containers (Communal)	5
Cargo Containers (Living)	10
Campers per Container	8
Staff Per Site	12
Ratio staff / camper	1/6.6
Capacity Per Site	80
Total Campers Rehabilitated	80

SCHEMATIC DRAWING OF PROSPECTIVE SITE



TWO SITES – 6 – 11 MONTHS

TWO SITES - 6-11 MONTHS	COUNT
Cargo Containers (Communal)	10
Cargo Containers (Living)	20
Campers per Container	8
Staff Per Site	12
Total Staff	24
Ratio staff / camper	1/6.6
Total Campers Rehabilitated	80
Total Campers in Custody	160
Aggregate Total Campers Rehabilitated	240

TWO SITES - 6-11 MONTHS	COST
Containers (renovation & installation)	\$60,000
Reserved Funds (IRA) for Each Camper(\$10k each)	\$1,600,000
Excess Operations & Overhead (i.e. utilities, water)	\$100,000
Staff Wages (\$75k Average)	\$900,000
Total	\$2,660,000
Cost Per Camper	\$19,833.33

FOUR SITES – 11 – 16 MONTHS

FOUR SITES -11-16 MONTHS	COUNT
Cargo Containers (Communal)	20
Cargo Containers (Living)	40
Campers per Container	8
Staff Per Site	12
Total Staff	48
Ratio staff / camper	1/6.6
Total Campers Rehabilitated	400
Total Campers in Custody	320
Aggregate Total Campers	720

FOUR SITES - 11-16 MONTHS	COST
Containers (renovation & installation)	\$120,000
Reserved Funds (IRA) for Each Camper (\$10k each)	\$3,200,000.00
Excess Operations & Overhead (i.e. utilities, water)	\$200,000
Staff Wages (\$75k Average)	\$1,800,000
Total	\$5,320,000
Cost Per Camper	\$14,000.00

EIGHT SITES – 16 – 21 MONTHS

EIGHT SITES - 15-21 MONTHS	COUNT
Cargo Containers (Communal)	40
Cargo Containers (Living)	80
Campers per Container	8
Staff Per Site	12
Total Staff	96
Ratio staff / camper	1/6.6
Total Campers Rehabilitated	640
Total Campers in Custody	640
Aggregate Total Campers	1280

EIGHT SITES - 16-21 MONTHS	COST
Containers (renovation & installation)	\$240,000
Reserved Funds (IRA) for Each Camper (\$10k each)	\$6,400,000
Excess Operations & Overhead (i.e. utilities, water)	\$400,000.00
Staff Wages (\$75k Average)	\$3,600,000
Total	\$10,640,000
Cost Per Camper	\$10,791.67

AVERAGE COST PER CAMPER OVER TIME

TIME	COST PER CAMPER
0 MONTHS	\$26,250
6 MONTHS	\$19,833.33
11 MONTHS	\$14,000.00
21 MONTHS	\$10,791.67
AVERAGE COST PER CAMPER	\$15,793.75

EXPLANATION OF COST BREAKDOWN

The cost breakdown of this proposal is structured on exponential capacity. As the capacity for campers increases, the cost of the program evens out—decreasing over time by eliminating ‘soft costs’ (i.e. costs associated with consulting, planning, and other fees not necessarily needed) and by manufacturing every site after the pilot site as opposed to purchasing it on the free market as was recently done in the Chief Seattle SODO modular housing plan.

The SODO plan used Cargo Containers purchased for \$90,000 a piece from Houston. The overall cost was \$3.3 million for one year and the capacity is only for 30 individuals¹¹. Currently only 6 of the 20 containers purchased are being used and 14 are sitting vacant on Harbor Island in West Seattle¹².

In another example, Los Angeles recently proposed a plan involving Cargo Containers. The anticipated cost was \$20,000. The cost grew from \$20,000 to \$600,000 due to ‘soft costs’ associated with development¹³.

This proposal eliminates ‘soft costs’ in their entirety. This proposal prohibits any personal gain by any individual, entity or organization entirely. The sole purpose is to solve the problem. Careful measures will be set in place to ensure that no conflicts of interest arise. In other words, no ‘special contracting’, ‘private consulting’ or other services associated with ‘soft costs’ will be allowed to take place. Any consulting whether via attorney, consultant or other professional will be provided on pro-bono volunteer bases. The only monetary gain from such services will be that any such service is tax-deductible.

¹¹<https://www.kingcounty.gov/elected/executive/constantine/news/release/2019/October/30-modular-eagle.aspx>

¹² <http://komonews.com/news/project-seattle/why-are-these-homeless-shelters-sitting-vacant-after-king-county-spent-millions>

¹³ https://www.dailywire.com/news/l-a-s-new-project-housing-homeless-in-shipping-containers-costs-600k-per-home?%3Futm_source=twitter&utm_medium=social&utm_campaign=dwtwitter&fbclid=IwAR2azmXKwIz_gwTD-fgmIFcuW_QcLMUnee6mVF-48HIRFovQnOkpx2XqJwE

The average cost of a Cargo Container in Seattle ranges from \$1,500 to \$5,800 without renovations (depending on size, condition, and supply). The average cost to insulate a Cargo Container using spray foam is roughly \$1,500.

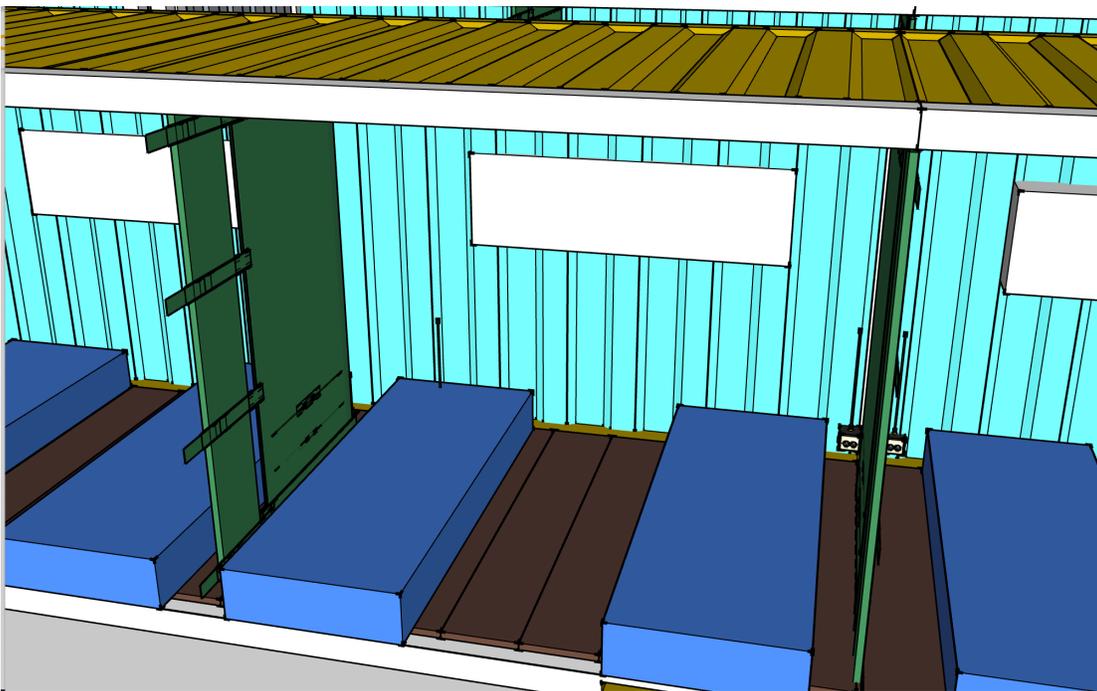
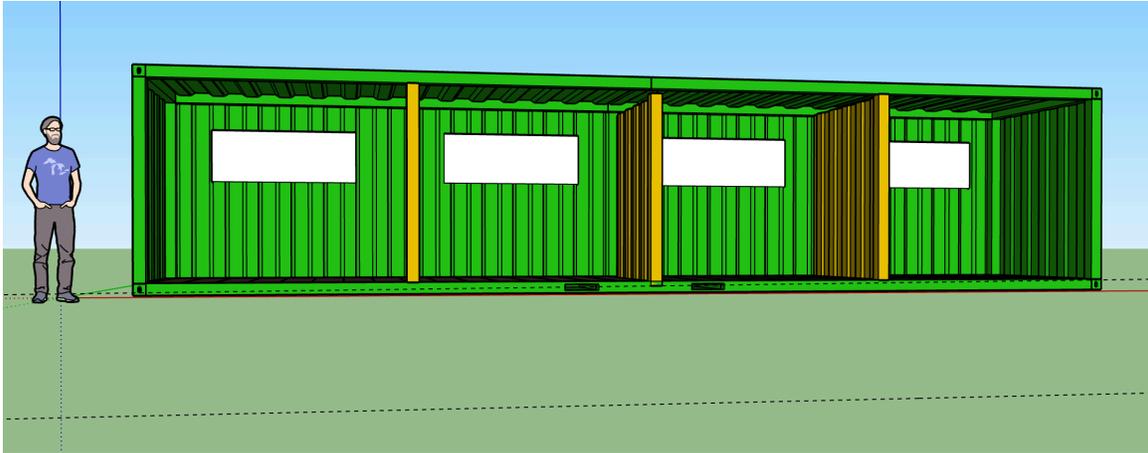
A cinder block 'pier foundation' is the cheapest and quickest foundation type, requiring no expertise. It involves placing Cargo Containers on cinder blocks for leveling.

Installing windows in a Cargo container involves purchasing or (receiving by donation) a window. The window is placed on the side of the container and a sharpie marker draws an outline matching the size of the window. Then a strong saw, welding tool combined with ½ inch placed drill wholes allows one to cut the space out for the windows to be placed.

Al Hayes, owner of Ocean Cargo Inc. located in Gig Harbor Washington recently confirmed that a 40 foot prefabricated cargo container, complete with insulation, electricity, heating, 3 patricians to create four rooms with one door and window each will cost \$13,000 to \$17,000 per container including delivery. Al Hayes has been prefabricating cargo containers for over 4 decades and his clients include major construction companies like Don Lumbar¹⁴.

Under this plan, the first pilot site would contain prefabricated dorm-style containers. The estimated cost is \$20,000 per container. The second pilot site would be created by selected individuals temporarily residing in the containers while receiving on-site services and would be paid \$20 an hour for this labor. The funds earned would be deposited in a IRA account for the individual to access once they have saved \$10,000, resided for 5 months, and secured employment (whichever comes first) to sustain affordable housing they would move into. The housing does not need to be in Seattle.

¹⁴ <https://oceancargocontainers.com>



Please keep in mind the cost estimate and breakdown for this proposal overestimates the cost at every level. For example, the cost includes \$10,000 for each camper and an additional \$100,000 (just in case) for a total of \$900,000 per 80 campers. This assumes that no businesses will partner with the program and every one of the individuals will work on renovating containers for the next site(s).

The purpose of this business plan is **to go out of business**. If those reading this problem truly believe in any solution, they **must act to create, form and finance** such solution via the private sector incentivized by a series of tax credits and

exemptions for developers, businesses who utilize the Washington State Apprenticeship Program.

So what's the catch? There isn't one. This proposal is a break-even for the 'investors' and a win for the City, which will save money.

In the instance that renovated containers that are no longer needed, containers could be either:

1. Used as hostels
2. Sold on the free market to other cities on the West Coast dealing with this problem
3. Remaining cargo container sites could be moved to City Land at the end of the lease(s) and would serve as 'permanent supportive housing' for a subset of individuals who will require it.
4. Donated to other non-profits locally.
5. Used to house construction workers for free or a discounted rate at development sites until development is completed.
6. Sold for scrap.

Therefore the incentive is monetary to potential 'donors', 'investors' and partners for multiple reasons.

1. It incentivizes participation from the public and the private sector via tax exemptions, deductions and credits
2. It incentivizes businesses to partner via the Washington State Apprenticeship Program and tax credits it proposes to participating employers.
3. This helps fill the demand for workers needed in trade industries or specialized services.
4. Decreasing the number of individuals on the streets reduces the amount of taxpayer money spent on each individual, which currently exceeds \$100,000 per year per person.
5. Increasing the number of individuals rehabilitated, housed, and employed increases consumer spending which benefits the regions economy as a whole.

6. Materials and services purchased by this program will come from businesses of all sizes located in the region, increasing their gross revenue.
7. Businesses will not have to deal with the problems caused by camping in Seattle' which have effected such businesses ability to operate and stay in business.
8. Businesses that are most negatively impacted by homelessness/camping/property crime/drug use etc., are expected to be more interested in this proposal and thus, more likely to support this proposal.
9. Increasing the size of the middle class also adds revenue to the City via sales tax.
10. The program has the potential to pay for itself if it achieves the goal if capacity is met.
11. Once there is enough capacity, it will be possible to enforce the camping ban in accordance with the Circuit Court's ruling.

In its essence, this proposal is an experiment, which in its very nature is subject to failure. The goal of this charitable non-profit is go out of business within 3 years and set a nationwide example of how to solve this problem, similar to what Barbara Poppe suggested for what has worked in Rhode Island¹⁵. When it works, it has the potential to change the way the entire country responds to this problem.

The Cost Breakdown also includes 12 staff paid an annual salary averaging \$75,000 per year. This creates jobs. Between the four sites, the cost for staff is estimated to cost \$8-9 million dollars over 2 years. The staff will be composed of security guards, social workers, medical residents, ARNP's, psychologists, and job recruiters/trainers who can assist in finding individuals a job, creating resumes, and working with participating businesses. We could also use and leverage community volunteers: tradespeople and such like.

¹⁵ <https://www.seattle.gov/Documents/Departments/pathwayshome/BPA.pdf>

Keep in mind that the City already funds these services through non-profits¹⁶. This means that the \$8-9 million in the cost estimate would likely be lower as instead of individuals relying on various non-profits, each providing different services at different locations, employees of the non-profits would be 'dispatched' to the site(s). Note this may only be possible through cooperation from the City and/or County.

¹⁶ <https://www.seattle.gov/city-budget/2020-proposed-budget#/hsd>

PARTNERSHIPS AND COALITIONS

Building and establishing partnerships with businesses of all sizes, pre-existing non-profits, the Seattle Fire Department, the Seattle Police Department, the Navigation Team, Hospitals, other emergency responders and (if possible) City leaders is essential to the execution of this proposal.

Some potential businesses that this company could partner with are listed below:

- Small businesses (located Downtown, Ballard, Georgetown)
- Amazon
- Microsoft
- Apple
- Expedia
- Boeing
- NW Pipe & Steel
- Don Lumbar
- American Pile Driving Equipment (APE)
- Chamber of Commerce
- Center Art LLC
- Seattle Art Museum
- Pacific Science Center
- NHL (National Hockey League)
- Fare Start
- Mary's Place
- Millionaire's Club
- Real Estate Developers
- UNICO
- Costco
- Downtown Seattle Association
- Hospitality for Progress
- UBS
- Mystery
- Convoy

Some potential wealthy individuals located in the region that this company could partner with are listed below:

- Dan Evans
- Wright family (Seattle Center)
- Jeff Bezos (Amazon)
- Bill Gates (Microsoft)
- Tim Eyeman (Running for Governor)
- Joshua Freed (Running for Governor)
- Richard Kellogg
- The Reed Family (Simpson Logging Company, Simpson Investment Company)
- The Colson Family (Holiday Retirement Corporation)
- The Boyle Family (Columbia Sportswear)
- The Nordstrom Family (Nordstrom)
- The McCaw family (AT&T, Clearwire)
- The Pigott Family (Paccar, Sherman Tanks)

FUNDRAISING

MONEY

Fundraising will be conducted via crowd sourcing from the public, business partnership and sponsorship, as well as eligible grants.

GRANTS

By establishing this business as a charitable nonprofit organization, this entity will be eligible for Municipal, County, State and Federal grants. In 2019, the City of Seattle issued about \$3.7 million dollars in grant funding for 'Community Living Connections Collaborative' and \$4.4 million dollars on 'Safety' via the Human Services Department.¹⁷

In 2019, King County issued **\$15.7 million dollars** from the King County Housing Homelessness and Community Development Division (HHCDD).¹⁸

For the years 2019-2024, **The Washington State Department of Commerce anticipates an investment of \$175 million** in state capital funds dedicated to **permanent housing for people experiencing homelessness** successfully matched by federal and local resources as well as an **additional \$37 million per year increase in homeless crisis response system funds** to account for the inflation and population growth costs of maintaining existing levels of service.¹⁹

The Federal Government anticipates Congress allocate **\$3 billion dollars** for proven solutions to homelessness for the **fiscal year 2020**.²⁰

¹⁷ http://www.seattle.gov/Documents/Departments/HumanServices/Funding/2019NoticeofFundingAvailability_v10_rev11.22.2019.pdf

¹⁸ https://www.kingcounty.gov/~media/depts/community-human-services/housing-homelessness-community-development/documents/rfps-nofas-awards/2019/2019_Combined_Funders_NOFA_Final.ashx?la=en

¹⁹ <http://www.commerce.wa.gov/wp-content/uploads/2019/11/Homeless-Housing-Strategic-Plan-2019-2024.pdf>

²⁰ <https://endhomelessness.org/ending-homelessness/policy/federal-funding-homelessness-programs/>

LAND

Using the City's database of development proposals, board members will reach out to developers who own vacant land and have not yet submitted a 'design proposal' soliciting their willingness to lease their land for 5 months for the purposes of this proposal.

PERSONAL PROPERTY

Board members and other individuals that support this proposal will reach out to local businesses for material donations including but not limited to:

1. Building materials
2. Equipment rental
3. Furnishings
4. Jobs training

SERVICES

Board members and other individuals that support this proposal will reach out to local businesses for service donations including but not limited to:

1. Vouchers for haircuts and other necessities
2. Volunteering
3. Employment assistance
4. Financial management training
5. Computer skills

MARKET ANALYSIS

TARGET POPULATION

The target population for this corporation is aimed at the public, businesses of all sizes, pre-existing nonprofits, the City of Seattle, all Emergency Responders, real estate developers, individuals camping on Seattle's streets, staying in shelters, living in cars, residing in other unspecified non housing, and suffering from drug addiction, disability, mental illness, alcoholism,

CURRENT PUBLIC OPINION

According to a recent survey on Seattle's Camping Crisis, 47% of respondents viewed drug addiction and mental illness as the greatest cause of Seattle's homelessness crisis, 33% blamed the problem on public policies that enable drug addiction, mental illness and lack of affordable housing, while only 11% viewed the issue as a result of affordable housing.

68% of respondents felt the City of Seattle was preventing the Seattle Police Department (SPD) from enforcing laws not associated with traffic & parking tickets while 17% responded they did not know and felt different departments of the City were essentially 'pointing fingers' (blaming) each other, when it came to the problem. 87% of respondents either live or work in the City of Seattle.

Despite findings from the first question where 47% viewed drug addiction and mental illness as the root problem, the same 47% also reported they either knew a housed high functioning drug addict, alcoholic or individual with an untreated mental illness in Seattle or were not sure whether or not they knew someone meeting this criteria. These findings suggest the public is basing its understanding of the problem on observations without necessarily noting that correlation does not always mean causation when it comes to empirical analyses.

In total 340 people took the survey. Two validity questions were included both gauging whether or not the public felt that discussing this 'problem' has resulted in

an improvement or development of new solutions and later whether the public felt time spent talking, reading, and posting about the problem has increased the probability of a solution in the near future. These were split into two separate questions. For both questions, over 60% of the public responded 'No' - they did not think analyzing the problem was adding to any future solution. These responses are contrary to the media's response to this issue, as social media and media entities have spent a large amount of time and resources covering this problem, discussing the problem, photographing the problem and posting about it on social media forums like Nextdoor, Facebook, Twitter, Reddit, ect.

When asked what the best solution was, the overwhelming majority of respondents, 39% stated that 'enforce the law (jail)' was the best solution. Affordable housing and McNeil Island both tied as the second best solution, but with only 11% support from respondents.

Ironically, when asked what would happen to these individuals afterward: in hypothetical scenario that laws were enforced, individuals were put in jail and 30-day rehab was provided, 29% of respondents thought individuals would return to camping, 28% thought it would simply keep more from coming, and 30% of respondents thought individuals would then get a job, be able to afford housing and would not return to camping as long as they stayed sober.

Theoretically, because this hypothetical scenario did not mention anything about job placement, job training or housing assistance, it appears the 30% of responders who stated in this scenario that 'individuals would not return to camping' failed to consider other factors the other 60% of respondents were aware of.

The last question in the survey allowed respondents to provide support for a non-included solution, a new solution, or anything else. While this question was optional, 247 (73%) of respondents answered. A review of the responses that did not express support for previously measured solutions (i.e. enforce the law, put them in jail, ship them away) showed over 50% of the 73% who responded would support the solution proposed above. The next section will focus on why this proposal is better than any of the other proposed solutions.

COMPETITIVE ANALYSIS

JAIL (ENFORCE THE LAW)

Problems:

What happens next?

Where is job training?

Where do released inmates go?

TINY HOUSES

This is NOT a ‘Tiny House Village Proposal’

Why: It is not permanent nor is it meant to be permanent. This is a combination of everything that has been tried as well as everything that hasn't. It is an **ALL AT ONCE** approach.

How: The individuals reside temporarily, are matched with jobs that allow them to afford housing, are held accountable, not allowed to use drugs. This is a re-startment program **NOT** a retirement program.

MCNEIL ISLAND

Not Possible:

AFFORDABLE HOUSING

It is not affordable. There are many vacant buildings in Seattle. Affordable housing comes after this re-startment program.

TIMING

INITIAL MEETING

TBD.

PROGRAM TIMELINE

By August 1st of 2020 the **first pilot site** will begin **operating**.

By **January 1st of 2020**, the **second site** will begin **operating**; at which point the first pilot site will be vacant, allowing additional capacity for 80 individuals (dependent on how highly motivated individuals are to exit the dorm-housing and move into an affordable housing unit they can sustain in the long term via employment).

By **June 1st of 2021** there should be at least **four sites operating** according to this timeline.

By **December 1st of 2021** there should be **at least eight sites** operating according to this timeline.

[insert timeline]

BUSINESS STRUCTURE

TYPE OF BUSINESS

501c(3) Nonprofit Incorporated Charity

TAX STRUCTURE

Tax-Exemption as a 501(c)(3) Organization

Tax-exemption under section 501(c)(3) of the Internal Revenue Code of 1986, as amended, is a tax status for which charitable nonprofit organizations can qualify. To obtain such tax-exempt status, the nonprofit organization must apply to the IRS. There are many issues and requirements to address when you are applying for this tax-exemption and it is a relatively complicated process.

The 3 main reasons for obtaining tax-exemption as a 501(c)(3) organization are:

1. Donations can be tax-deductible to the donor
2. The ability to qualify for grants from private foundations and governments
3. The organization is “exempt” from federal corporate income tax.

Any monetary, land, or personal property contributions made by businesses, developers, the public is tax deductible under this plan. Developers who are willing to lease land that is set for development but early in its proposal would receive a full property tax exemption for a 5-month lease on their land to this non-profit.

It is not yet clear whether or not these exemptions will apply to Local Improvement Taxes (LID's) –providing further incentive and cost savings to developers.

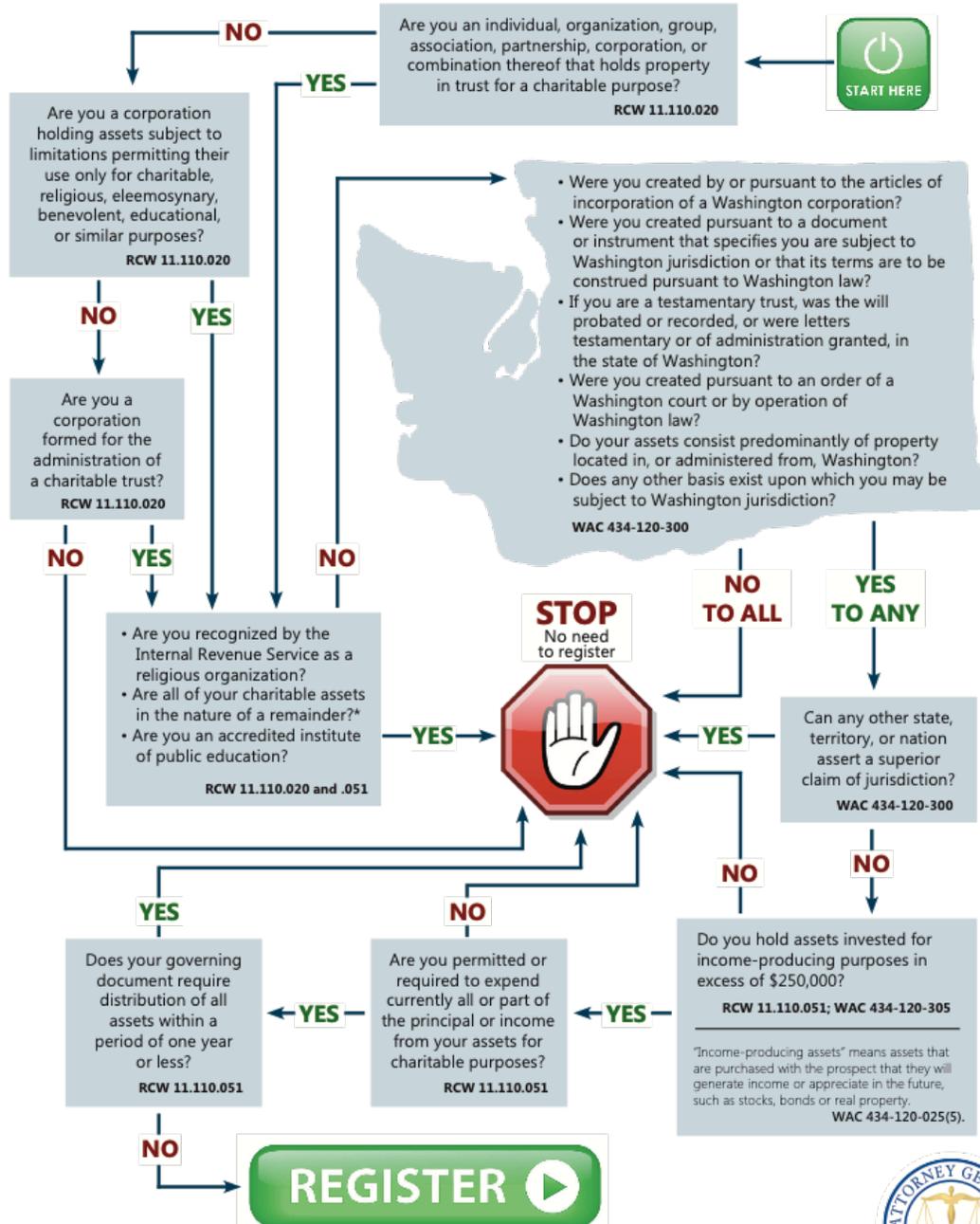
STEPS

1. Create a business plan
2. Understand revenue and cost breakdown
3. Create a budget
4. Choose a name
5. Recruit a Board of Directors (BOD)
6. Incorporate
7. File for Tax-Exempt status with the IRS
8. Maintain compliance
9. Register a Charitable Trust with the Secretary of State
10. Obtain Washington State tax exemptions on property

CHARITABLE TRUST

DO I NEED TO REGISTER WITH THE SECRETARY OF STATE AS A CHARITABLE TRUST?

Washington's Charitable Trust Act, RCW 11.110, requires many types of entities to register as a charitable trust even if the entity is already registered as a charity or non-profit corporation. Forms, instructions, and more information about registration are available on the Secretary of State's website: <http://www.sos.wa.gov/charities/Charitable-Trusts.aspx>.



^{*} Registration is not required during any life estate or other term that precedes the charitable interest. RCW 11.110051(2)



Organizational Structure

Introduction:

Pursuant to RCW 19.09.020:

"*Charitable organization*" means any entity that solicits or collects contributions from the general public where the contribution is or is purported to be used to support a charitable purpose, but does not include any commercial fund-raiser, commercial fund-raising entity, commercial coventurer, or any fund-raising counsel, as defined in this section.

"*Charitable purpose*" means any religious, charitable, scientific, testing for public safety, literary, or educational purpose or any other purpose that is beneficial to the community, including environmental, humanitarian, patriotic, or civic purposes, the support of national or international amateur sports competition, the prevention of cruelty to children or animals, the advancement of social welfare, or the benefit of law enforcement personnel, firefighters, and other persons who protect public safety. The term "charitable" is used in its generally accepted legal sense and includes relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erecting or maintaining public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency.

Pursuant to RCW 11.110.020:

"*Person*" means:

1. an individual, organization, group, association, partnership, corporation, or any combination of them.

"*Trustee*" means:

1. any person holding property in trust for a public charitable purpose; except the United States, its states, territories, and possessions, the District of Columbia, Puerto Rico, and their agencies and subdivisions

2. a corporation formed for the administration of a charitable trust or holding assets subject to limitations permitting their use only for charitable, religious, eleemosynary, benevolent, educational, or similar purposes

EXPLANATION:

While both non-profits and charities can operate on a not-for-profit basis, charities and non-profits are defined differently.

What is a "Charitable Organization?"

A Charitable Organization is anyone asking or collecting contributions from the public, and claims it will be used to support a charitable activity. Charitable is broadly defined and includes activities such as educational, recreational, social, patriotic, legal defense, benevolent, or health causes.

What is the difference between a Nonprofit Corporation and a Charitable Organization?

A Nonprofit corporation is an entity recognized by the state of Washington when "Nonprofit Articles of Incorporation" are filed with the Corporations Division of the Secretary of State. A charitable organization is any individual or entity, (regardless of corporate status) that fundraises in Washington to support a charitable activity. It is not unusual that a nonprofit corporation is also engaged in charitable activities and subject to separate reporting requirements with the Corporations and Charities Program.

Summary:

A 501c(3) charitable organization can also be a non-profit, but because of differences in how each structure is defined, a charitable non-profit must file different documents and separate reports with both the Charities and non-profit divisions of the Secretary of State.

Every organization or individual that fundraises in Washington State in the name of charity must register the charity. If an individual or organization raises funds in the name of charity, it is considered a "Charitable Organization" even if the non-profit entity seems like a charity.

Main Points:

The purpose of registering as a charity is simply to ensure that information is public and donors know how their contributions will be used by the organization.

A "*charitable trust*" must also be created to any entity holding income-producing assets, in excess of \$250,000 dollars (market value), invested to support a charitable, religious, eleemosynary, benevolent, educational, or similar purpose.

CHARITABLE ORGANIZATION, NON-PROFIT CORPORATION & CHARITABLE TRUST

To conclude, due to the large scope and mission of the above referenced Non-Profit Corporation, the Non-Profit Corporation must also register as a Charitable Organization and as a Charitable Trust.

A Charitable Trust is a set of assets, which are, then by the Charity Non-Profit organization for a specified period of time. The creation and combination of all three serve as means for a Public Foundation.

LEGAL STRUCTURE

The legal structure of this proposal is a Corporation:

For the most part, the individuals of incorporated non-profits have 'Protection from Liability'. The officers, directors, and members of a nonprofit corporation are protected, in most cases, from liability for the debts and obligations of the corporation. If the corporation incurs debts or, someone is injured by a member of the corporation; others in the organization normally are not personally liable. There are exceptions to this, however. If the officers or members personally guarantee the debt or if they cause the injury, they are held liable.

Incorporated nonprofits are also eligible for grants. Many government and private programs can only make grants to organizations that are incorporated.

DIFFERENCES BETWEEN NON-PROFITS AND FOR PROFITS

The main differences between a nonprofit and a for-profit organization are:

Owners: A nonprofit does not have any owners. Assets are held in trust for charitable or other purposes that benefit the community.

Profits: A nonprofit does not share profits with owners or shareholders. Any money left over at the end of the year goes back into furthering the organization's mission.

Volunteers: Most nonprofits have volunteers. A for-profit does not.

Control: No one person owns or controls a nonprofit. A nonprofit is governed by a board of directors. The board of directors may hire an executive director to implement its strategy, who may in turn manage employees and/or volunteers. A for-profit can be owned by one person or group of people who make all strategic decisions and have control of the company.

ACCOUNTING OF MONEY & PROTECTION FROM INDIVIDUAL LIABILITY

Having a nonprofit corporation legal structure or going under the fiscal sponsorship of another nonprofit corporation, is important for two main reasons:

1. Accounting of money
2. Avoiding personal liability.
3. Avoiding Personal Liability

Note on Liability: This means that if something goes wrong and someone makes a claim that they suffered some injury in the course of the work of the project, the claim will be against the nonprofit corporation and not the individual volunteer or employee. If there is no corporate entity and there is an accident in the course of the work, those involved can be sued personally.

Note on Accounting: If there is any money flowing into and out of the entity, it is important to have structure and formality. If the entity is accepting money for a particular purpose, a donor relationship and an implied legal obligation to use the funds for that particular purpose is created. With this obligation comes the responsibility to account for the care and expenditure of funds. It is necessary to open a separate bank account so that the money is not commingled with personal money. To open a checking account for the new nonprofit a bank will ask for a banking resolution adopted by a board of directors. Using a personal checking account for an organization's business invites suspicion from others involved and might complicate an individual's personal tax situation.

EARLY DECISIONS IN LEGAL STRUCTURE

Organizations Mission

The organizations mission is a brief statement encompassing what the organization hopes to accomplish. The specific mission should be determined by the organizers or founding board of directors. If the organization is going to apply for tax-exemption as a 501(c)(3) organization, the mission must fall within certain categories of "charitable" purposes identified by the IRS.

Founding Board Members

The founding board members should be individuals who are committed to the mission of the organization, who are willing to provide financial support to the organization, and who have time and capacity to govern the organization. The founding board members will draft the mission and bylaws of the organization. If the organization plans to apply for 501(c)(3) tax exemption, the IRS prefers at least 3 board members who are not related by blood or marriage.

Members

Typically, a nonprofit organization has members if the organization provides certain benefits to defined group of people. If a nonprofit has members, there are many rules regarding membership that need to be thought through. For example, the organizers will need to think through who qualifies to be a member, what benefits members have, what decision-making powers the members have, and if the members will elect the board of directors.

WASHINGTON BUSINESS CORPORATION ACT

The Act gives nonprofit corporations a broad range of powers.

Powers

The powers described in the Act are as broad as those conferred on for-profit corporations. Powers include:

1. The power to purchase, own, lease, sell, convey, mortgage and otherwise deal in real and personal property
2. Lend money or credit (except to officers and directors)
3. Make contracts
4. Incur liabilities and borrow money
5. Lend money for corporate purposes and invest funds
6. Be involved in legal actions and make donations for the public welfare or for charitable, scientific or educational purposes.

Limitations of the Act

Under the Act, a nonprofit corporation may not:

1. Have or issue shares of stock;
2. Make any disbursement of income to its members, directors or officers
3. Loan any money or credit to its directors or officers.
4. At dissolution or final liquidation, assets must be appropriately distributed.

Board of Directors

The board of directors serves as the governing body of the corporation and is responsible for its management and administration. The board has the ultimate responsibility of running the organization.

The Act requires that you provide the number of directors constituting the initial board of directors and the names and addresses of the persons who will serve as the initial directors. Under the Act you must have at least one individual on the initial board of directors, and you may have as many additional initial directors as you wish.

The Act requires that a board of directors be composed of one or more individuals. A corporation or other entity may not serve as a director of a nonprofit corporation under the Act. The number of directors constituting the board of directors can be provided in either the articles or bylaws.

Incorporators

The incorporators are the organizers of the nonprofit corporation. They sign and file the articles of incorporation. A nonprofit corporation may have one or more incorporators. An individual or an entity may act as an incorporator. If the incorporator is an individual, the individual must be at least 18 years of age. You must list the names and addresses of the incorporators of the corporation in the articles of incorporation.

Until the corporation is formed, any incorporator may act on behalf of the organization. Such incorporator may be personally responsible for any expenses or

liabilities incurred prior to the date of incorporation if the nonprofit corporation is never formed or if the acts of the incorporator are not ratified by the board of directors. Therefore, if an incorporator makes any expenditures on behalf of the organization before it is incorporated and wishes to be reimbursed by the corporation, the incorporator must keep accurate records and receipts of any and all expenses for which he or she will seek reimbursement.

Finally, an incorporator must file accurate information with the Secretary of State. If an incorporator files documents that he or she knows contain false information, the incorporator will be guilty of a gross misdemeanor.

Role of Executive Director

The executive director (or chief executive officer) reports to the board of directors and is responsible for the overall management of the organization.

The executive director should receive a formal evaluation from the board on an annual basis. Working in collaboration with the board, the executive director assumes responsibility for overall organizational leadership, visioning, and long-range planning, as well as board development. Depending on the size and structure of the organization, the executive director either assumes direct responsibility for or oversees the following:

1. Financial management, including budgeting, financial forecasting, and fiscal oversight;
2. Fundraising and resource development;
3. Program development, implementation, and evaluation;
4. Community relations, including outreach, marketing, communications, and advocacy;
5. Human resources management, including the development of sound personnel policies and practices;
6. Staff and volunteer recruitment, selection, evaluation, and development; and
7. Compliance with federal, state, and local regulations.

Compensation

501(c)(3) organization may pay reasonable compensation to employees or others for services rendered. Excessive compensation, however, such as compensation that exceeds payments made by similar organizations for similar services, may result in inurement. In order to avoid private inurement, an organization should put into place procedures to create a “rebuttable presumption” of reasonableness.

As a general rule, a 501(c)(3) organization should not pay any person a salary or other compensation that is calculated as a percentage of the organization’s net earnings. For example, a 501(c)(3) organization cannot pay its executive director a salary calculated as 10% of the organization’s net income. This would be private inurement and could result in revocation of the organization’s federal tax exemption.

Salary for the executive director and others who are ‘qualified persons’ to receive compensation will be left entirely up to the Board of Directors. If the Executive Director also serves on the Board of Directors, the Executive Director has no voting rights.

Disqualified Persons

A “disqualified person” is a person who is in a position to exercise substantial influence over an organization with respect to a transaction.

Under Treasury Regulations, a voting member of a 501(c)(3) organization’s governing body is automatically a disqualified person, as are the organization’s president, chief executive officer, chief operating officer, treasurer, chief financial officer, and any management company that performs services for the exempt organization.

An individual’s authority and responsibilities, rather than the person’s title, determines whether he or she holds one of these positions. An individual who has or shares ultimate responsibility for implementing the governing body’s decisions or supervising the organization’s management, administration or operations will be a disqualified person, as will anybody who has or shares ultimate responsibility for managing an organization’s financial assets, including check- signing authority, and authority to authorize electronic fund transfers.

Treasury Regulations provide that an employee who receives economic benefits from an exempt organization of less than \$120,000 per year is not a disqualified person, so long as the individual is not otherwise a disqualified person under one of the categories above. For example, an executive director who receives \$50,000 per year will be a disqualified person by virtue of his/her role, regardless of the fact that his/her salary is less than \$120,000.

In cases not covered by the rules above, whether a person is a disqualified person is determined on the basis of all relevant facts and circumstances bearing on the person's level of influence over the organization.

LOCATION

This corporation will be headquartered in Seattle, Washington.

GROWTH AND EXPANSION

PILOT SITE

As previously noted, the first step in this proposal is to create a 'pilot site' with capacity for 80 individuals using vacant undeveloped land. [make sure to include something about access to transit, grocery stores, hospitals, and other resources.] A select portion of these individuals would be hired by the corporation to renovate containers for the second site, paid at a rate of \$20 per hour with funds deposited into a IRA account accessible once said individual has received rehabilitation and acquired enough funding within a 5 month period to secure funding for up-front housing costs and employment.

SECOND SITE

The containers for second site would be produced and created from individuals who resided and vacated the first site. This increases the number of rehabilitated campers from 80 to 240 by the end of 10 months.

SUBSEQUENT SITE

Subsequent sites will follow the same structure as noted in the Pilot and Second Site, increasing capacity and the number of rehabilitated individuals exponentially as more sites are created and the cost of operating and creating sites decreases.

PRE-EXISTING NONPROFITS

Board members and other individuals that support this proposal will reach out to nonprofits in order to secure contracts for:

1. Social Work
2. Medical Evaluation
3. Job Opportunities
4. Meal / Food services
5. Other on-site services

OPERATIONS

FUNCTION

SETUP

RESPONSIBILITIES

FINANCIAL PLAN (LONG-TERM)

WORKS CITED

1. <https://www.lni.wa.gov/licensing-permits/apprenticeship/become-an-apprentice>
2. <https://www.cantwell.senate.gov/imo/media/doc/Apprenticeship%20and%20Jobs%20Training%20Act%20-%20Summary.pdf>
3. <https://app.leg.wa.gov/rcw/default.aspx?cite=84.36.043>
4. <http://www.seattle.gov/Documents/Departments/CityAttorney/OpioidLitigation/SeattleComplaint-Opioid.pdf>
5. <https://nlchp.org/homeless-persons-cannot-be-punished-for-sleeping-in-absence-of-alternatives-9th-circuit-decision-establishes/>
6. [902 F.3d 1031, 2018 U.S. App. LEXIS 25032 \(9th Cir. 4/1/2019\)](https://www.courtlistener.com/docket/entry/25032/)
7. https://roominate.com/safe_seattle/lawsuit/Complaint_and_Order.pdf?fbclid=IwAR0tVkJkROD3qkSYTm4MvQVQvNT0-HvvX45Wkw-4FCIzMwW0NPgF6-Q61Q75s
8. <https://mynorthwest.com/1270916/seattle-navigation-team-auditor-report/>
9. <https://equipmentmanagementservices.com/help-the-planet-by-recycling-used-shipping-containers-for-home-construction/>
10. <https://www.seattletimes.com/seattle-news/homeless/seattle-homeless-spending-would-surpass-100-million-under-mayor-durkans-budget-next-year/>
11. <https://www.kingcounty.gov/elected/executive/constantine/news/release/2019/October/30-modular-eagle.aspx>
12. <http://komonews.com/news/project-seattle/why-are-these-homeless-shelters-sitting-vacant-after-king-county-spent-millions>
13. https://www.dailywire.com/news/l-a-s-new-project-housing-homeless-in-shipping-containers-costs-600k-per-home?%3Futm_source=twitter&utm_medium=social&utm_campaign=dwtwitter&fbclid=IwAR2azmXKwIz_gwTD-fgmlFcuW_QcLMUnne6mVF-48HIRFovQnOkpx2XqJwE
14. <https://oceancargocontainers.com>
15. <https://www.seattle.gov/Documents/Departments/pathwayshome/BPA.pdf>

16. <https://www.seattle.gov/city-budget/2020-proposed-budget#/hsd>
17. http://www.seattle.gov/Documents/Departments/HumanServices/Funding/2019NoticeofFundingAvailability_v10_rev11.22.2019.pdf
18. https://www.kingcounty.gov/~media/depts/community-human-services/housing-homelessness-community-development/documents/rfps-nofas-awards/2019/2019_Combined_Funders_NOFA_Final.ashx?la=en
19. <http://www.commerce.wa.gov/wp-content/uploads/2019/11/Homeless-Housing-Strategic-Plan-2019-2024.pdf>
20. <https://endhomelessness.org/ending-homelessness/policy/federal-funding-homelessness-programs/>