

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to taxation; imposing a local sales and use tax to fund investments in affordable and supportive housing; adding new Sections 5.60.025 and 5.60.027 to the Seattle Municipal Code; amending Section 5.60.030 of the Seattle Municipal Code; and ratifying and confirming certain prior acts.

Summary and background of the Legislation: The Executive is proposing this legislation to provide additional revenue for affordable housing. The State enacted legislation, SHB 1406 (published as Chapter 338, Laws of 2019), that allows cities and counties that have passed certain qualifying local taxes, such as the City’s 2016 housing levy, to impose a local sales and use tax for 20 years provided that the revenue is spent on building new or rehabilitating existing affordable housing units, or providing operating and maintenance subsidies for new units of affordable or supportive housing. Affordable housing and services may only be provided to those whose income is at or below 60% of the median income of the City. Participating cities and counties can bond against future revenue for the purposes of this legislation and repay the bonds. This legislation is necessary because the City of Seattle must adopt a resolution of intent to adopt legislation to authorize the maximum capacity of the local sales and use tax six months after the effective date of SHB 1406 or January 28, 2020 and must enact legislation to enact the tax within twelve months of the effective date of SHB 1406. .

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes X No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? X Yes ___ No

Appropriation change (\$):	General Fund \$		Other \$	
	2019	2020	2019	2020
	\$0	\$0	\$0	\$4,500,000
Estimated revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2019	2020	2019	2020
	\$0	\$0	\$0	\$4,500,000

Positions affected:	No. of Positions		Total FTE Change	
	2019	2020	2019	2020
	0.0	0.0	0.0	0.0

Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

No.

Is there financial cost or other impacts of *not* implementing the legislation?

The failure to pass this legislation would prevent the City from accessing \$4.5 million in additional revenue to fund investments in affordable housing for low-income residents of Seattle.

3.a. Appropriations

X This legislation adds, changes, or deletes appropriations.

Fund Name and number	Dept	Budget Control Level Name/#*	2019 Appropriation Change	2020 Estimated Appropriation Change
Office of Housing Low-Income Housing Fund 16400	OH	Multifamily Housing/BO-HU- 3000	\$0	\$4,445,000
Office of Housing Operating Fund 16600	OH	Multifamily Housing/BO-HU- 3000	\$0	\$45,000
TOTAL			\$0	\$4,500,000

*See budget book to obtain the appropriate Budget Control Level for your department.

Is this change one-time or ongoing?

This change is ongoing for 20 years until the tax expires.

3.b. Revenues/Reimbursements

X This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2019 Revenue	2020 Estimated Revenue
Office of Housing Low-Income Housing Fund 16400	OH	Local sales or use tax	\$0	\$4,445,000
Office of Housing Operating Fund 16600	OH	Local sales or use tax	\$0	\$45,000
TOTAL			\$0	\$4,500,000

Is this change one-time or ongoing?

This change is ongoing for 20 years until the tax expires.

3.c. Positions

 This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

Yes, the Office of Housing will use the new revenue to manage investments in affordable housing.

b. Is a public hearing required for this legislation?

No.

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No.

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

e. Does this legislation affect a piece of property?

No.

f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged

communities? What is the Language Access plan for any communications to the public?

This legislation is aimed at providing additional resources to support the production, preservation, or operation of affordable housing and permanent supportive housing serving Seattle residents and families earning incomes at or below 60% of the local median. Seattle residents experiencing severe housing cost burden, displacement, and homelessness are disproportionately people of color and represent some of the most vulnerable or historically disadvantaged communities in our city. The City of Seattle is committed to affirmatively furthering fair housing, which includes increasing affordable housing options, ending segregation and discrimination, and addressing displacement. Increasing investments in affordable housing and permanent supportive housing is critical to addressing these and other long-standing racial disparities.

- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**

This legislation creates a new initiative that allows the City to retain local sales and use tax for 20 years to build new or rehabilitate existing affordable housing units, or providing operating and maintenance subsidies for new units of affordable or supportive housing. The Office of Housing will monitor the use of these funds in conjunction with annual investment reports, which track progress toward Citywide goals for production and preservation of affordable housing.

List attachments/exhibits below: