

CITY OF SEATTLE

ORDINANCE 127359

COUNCIL BILL 121110

AN ORDINANCE relating to short-term rental tax revenue; amending Ordinance 125872 to specify use of revenue proceeds; and ratifying and confirming certain prior acts.

WHEREAS, in 2018 the state legislature passed House Bill 2015, which requires that short-term rental tax revenues must be used to support community-initiated equitable development and affordable housing programs; and

WHEREAS, in 2019, Ordinance 125872 established the Short-Term Rental Tax Fund and allocates proceeds from the Short-Term Rental Tax Fund to the Office of Planning and Community Development for Equitable Development Initiative grants and administration, debt service payments for bonds issued for affordable housing projects, and the Human Services Department for investments in permanent supportive housing; and

WHEREAS, Ordinance 125872 identified specific investment amounts and established a priority order for the categories of spending allowable from Short-Term Rental Tax Fund proceeds; and

WHEREAS, in 2021, Ordinance 126393 established the JumpStart Payroll Expense Tax Fund and allocates ongoing revenues in that fund for the Equitable Development Initiative; and

WHEREAS, the Short-Term Rental Tax funds items with costs that change over time, including affordable housing contracts in the Human Services Department and debt service payments for affordable housing projects; and

WHEREAS, Ordinance 126719 temporarily modified the allocations of Short-Term Rental Tax proceeds for the 2023 and 2024 budgets; and

1 WHEREAS, allocation of Short-Term Rental Tax proceeds must be adjusted to reflect the
2 changed circumstances in the years since the fund was first established;

3 NOW, THEREFORE,

4 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

5 Section 1. Ordinance 125872, last amended by Ordinance 126719, is amended as follows:

6 * * *

7 Section 2. The new Short-Term Rental Tax Fund shall receive revenues from the
8 payments made to the City from the District from revenue collected from short-term
9 rentals in Seattle. In accordance with HB 2015, the services funded by the proceeds of the
10 short-term rental tax shall support investments in affordable housing programs and
11 community-initiated equitable development projects, including but not limited to projects
12 described in Resolution 31711. ~~((The))~~ Beginning in 2025, the proceeds shall be used as
13 follows:

14 ~~((A. The first \$5,000,000 of proceeds shall be directed to the Office of
15 Planning and Community Development for grants made to organizations for investments
16 in community-initiated equitable development projects. Grants made to organizations for
17 community-initiated equitable development projects can be used for community capacity
18 building and project development;~~

19 ~~B. The next \$2,200,000 of proceeds shall be directed to debt service
20 payments on bonds issued for affordable housing projects until that debt is retired;~~

21 ~~C. The next \$3,300,000 of the proceeds shall be directed to the Human
22 Services Department to support investments in permanent supportive housing;~~

1 ~~community-initiated equitable development projects can be used for community capacity~~
2 ~~building and project development;~~

3 ~~B. The next \$2,009,000 of proceeds shall be directed to debt service~~
4 ~~payments on bonds issued for affordable housing projects until that debt is retired;~~

5 ~~C. The next \$3,535,000 of the proceeds shall be directed to the Human~~
6 ~~Services Department to support investments in permanent supportive housing;~~

7 ~~D. Any remaining funds shall be directed to grants made to organizations~~
8 ~~for investments in community-initiated equitable development projects.))~~

9 Section 2. Any act consistent with the authority of this ordinance taken prior to its
10 effective date is ratified and confirmed.

1 Section 3. This ordinance shall take effect as provided by Seattle Municipal Code
2 Sections 1.04.020 and 1.04.070.

3 Passed by the City Council the 21st day of November, 2025,
4 and signed by me in open session in authentication of its passage this 21st day of
5 November, 2025.

6 

7 President _____ of the City Council

8 Approved / returned unsigned / vetoed this 24th day of November, 2025.

9 

10 Bruce A. Harrell, Mayor

11 Filed by me this 24th day of November, 2025.

12 

13 Scheereen Dedman, City Clerk

14 (Seal)