

Social Housing Developer Loan Agreement

June 18, 2025



Background

- February 2023: Seattle voters approved Initiative 135
 - Created independent public development authority (PDA), the Seattle Social Housing Developer, to develop, own, maintain and lease social housing.
 - To extent possible, all social housing must contain units for mix of household incomes, including extremely low-income (0-30% Area Median Income ("AMI")), very low-income (30-50% AMI), low-income (50-80% AMI), and moderate-income (80-120% AMI), and a mix of household sizes.
- Initiative 135 required City of Seattle to provide start up support for first 18 mos. of operations
 - In April 2024, City and PDA signed contract effective for 18 mos. (Jan 1, 2024- June 30, 2025) in which City agreed to provide \$850,500 for start-up costs
- Additionally, in 2023, City provided \$20,000 in consulting assistance and State provided \$180,000 (with City acting as pass-through of State funds).



Seattle Social Housing Tax

- February 2025: Seattle voters approved Proposition 1A, authorizing a Seattle Social Housing Tax.
 - 5% tax rate imposed on employers doing business in Seattle for any annual employee compensation above \$1,000,000.
 - City responsible for collecting and transferring tax revenues to PDA.
- City will collect 2025 taxes beginning January 2026 & transfer tax revenues to PDA.
 - Revenues will be collected and transferred on a quarterly basis thereafter.
- PDA needs bridge funding until new revenues are collected & requested loan from City.
- Mayor's Office supports providing up to \$2m for purpose of helping PDA scale up and potentially pursue near-term acquisition opportunities.



Proposed legislation

- Authorizes Director of Finance to enter into a loan agreement with PDA.
- Allows PDA to continue operations until tax revenues start to come in.
- City loan most efficient and financially responsible way to provide interim funding to PDA to enable it to carry out its mission.



Proposed loan agreement with PDA

Provision	Terms
Principal	<ul style="list-style-type: none">• Not to exceed \$2,000,000, via disbursement requests from PDA
Interest	<ul style="list-style-type: none">• Accrues at rate of return of City's Consolidated Cash Pool (for month of April, rate was 3.65%)
Repayment	<ul style="list-style-type: none">• City will automatically deduct amounts necessary to make all payments due with respect to Loan from Tax Revenues• Tax proceeds will continue to be intercepted until loan principal and interest has been fully repaid
Timing	<ul style="list-style-type: none">• Expect principal and interest to be repaid fully from 2025 tax proceeds (collected in January 2026)• Loan maturity is December 1, 2026

