

CITY OF SEATTLE
ORDINANCE 127246
COUNCIL BILL 121012

AN ORDINANCE relating to the financing of the Seattle Social Housing Developer; authorizing the Director of Finance to enter into a loan agreement with the Seattle Social Housing Developer; authorizing a loan of funds in an amount up to \$2,000,000 from the General Fund as bridge financing to be repaid from future tax proceeds; and ratifying and confirming certain prior acts.

WHEREAS, on February 14, 2023, Seattle voters approved Initiative 135, a citizen-initiated measure to create an independent public development authority, the Seattle Social Housing Developer, to develop, acquire and maintain public affordable social housing in Seattle; and

WHEREAS, Initiative 135 required The City of Seattle to provide start up support for the first eighteen months of operations; and

WHEREAS, in 2023, the City Council funded \$20,000 in consulting assistance and the State provided \$180,000; and

WHEREAS, the City appropriated \$850,500 for the Seattle Social Housing Developer in its 2024 budget and executed a contract with the Seattle Social Housing Developer effective for 18 months (January 1, 2024 through June 30, 2025); and

WHEREAS, the City released the last tranche of funding owed to the Seattle Social Housing Developer on March 4, 2025 for \$445,500; and

WHEREAS, on February 11, 2025, Seattle voters approved Initiative 137, imposing a five percent tax rate on employers doing business in Seattle for any annual employee compensation above \$1,000,000 (the “Social Housing Tax”), which the City is

1 responsible for collecting and transferring to the Seattle Social Housing Developer and is
2 intended to support the development and operation of social housing in Seattle; and
3 WHEREAS, although the Social Housing Tax was imposed effective January 1, 2025, due to the
4 normal due dates and collection procedures, the first proceeds of the Social Housing Tax
5 will not be received in the City's Social Housing Fund until January 2026. Because of
6 this lag, the Seattle Social Housing Developer has requested a bridge loan from the City
7 to cover staffing and other operational costs in 2025; and

8 WHEREAS, the Director of Finance and the City Budget Director have determined that this loan
9 to a public development authority does not constitute use of the City's debt capacity and
10 is consistent with the Debt Management Policies adopted by Resolution 31553; and

11 WHEREAS, before the Office of City Finance can enter into an agreement with the Seattle
12 Social Housing Developer for a bridge loan, City Council authorization is needed;

13 NOW, THEREFORE,

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

15 Section 1. The City finds and declares:

16 A. Initiative 137, as codified at Seattle Municipal Code Section 5.37.070, requires that
17 revenues received from the Social Housing Tax are to be allocated and promptly transferred to
18 the Seattle Social Housing Developer.

19 B. The Seattle Social Housing Developer has requested a loan from the Social Housing
20 Tax proceeds, to be repaid out of those proceeds immediately upon collection, to allow the
21 Seattle Social Housing Developer to continue its operations as planned until the 2025 Social
22 Housing Tax proceeds are collected in 2026. Any disruption to the Seattle Social Housing
23 Developer's operations could lead to increased costs in the long term.

1 C. It is in the City’s best interests to make a loan to be repaid immediately out of
2 proceeds of the Social Housing Tax as such proceeds are collected on the terms described in this
3 ordinance. This loan is found to be the most efficient and financially responsible way to provide
4 interim funding to the Seattle Social Housing Developer to enable it to carry out its mission.

5 Section 2. The Director of Finance is authorized for and on behalf of The City of Seattle
6 to enter into a loan agreement with the Seattle Social Housing Developer, substantially in the
7 form of the attached Exhibit 1, for an amount up to \$2,000,000. The City Finance Director is
8 authorized to negotiate, execute, and deliver the loan agreement consistent with the terms set
9 forth in Section 3 of this ordinance, and any and all contracts or other documents necessary or
10 desirable to effectuate the making of the loan to the Seattle Social Housing Developer for the
11 purpose of providing bridge financing for staffing and other operational costs.

12 Section 3. The Director of Finance is authorized to make a loan, in one or more non-
13 revolving loan draws, totaling up to \$2,000,000 in principal amount, plus interest, to the Seattle
14 Social Housing Developer from the General Fund. The loan is to be repaid by no later than
15 December 1, 2026, with interest on the loan at the rate of return of the City’s Consolidated Cash
16 Pool, which shall accrue from the date of each loan draw. The entire principal of and interest on
17 the amount of the loan drawn is intended to be repaid with future proceeds of the Social Housing
18 Tax, prior to the transfer of proceeds of such tax to the Seattle Social Housing Developer.

19 Section 4. Any act consistent with the authority of this ordinance taken prior to its
20 effective date is ratified and confirmed.

Section 5. This ordinance shall take effect as provided by Seattle Municipal Code
Sections 1.04.020 and 1.04.070.

Passed by the City Council the 8th day of July, 2025,
and signed by me in open session in authentication of its passage this 8th day of
July, 2025.




President _____ of the City Council

☒ Approved / ☐ returned unsigned / ☐ vetoed this 10th day of July, 2025.



Bruce A. Harrell, Mayor

Filed by me this 10th day of July, 2025.



Scheereen Dedman, City Clerk

(Seal)

Attachments:

Exhibit 1 – Loan Agreement between City of Seattle and Seattle Social Housing
Developer

LOAN AGREEMENT
by and between
THE CITY OF SEATTLE
and
SEATTLE SOCIAL HOUSING DEVELOPER

THIS LOAN AGREEMENT (“Agreement”) is entered into by **The City of Seattle** (the “City”), and the **Seattle Social Housing Developer**, a public corporation chartered by the City of Seattle pursuant to RCW 35.21.660, .670, and .730-.755 and doing business in the State of Washington (the “Developer” and together with the City, the “Parties”).

RECITALS:

WHEREAS, on February 14, 2023, voters in Seattle approved Initiative 135, a citizen-initiated measure to create the Agency to develop, acquire, and maintain public social housing in Seattle; and

WHEREAS, on February 11, 2025, voters approved Initiative 137 regarding the Social Housing Tax (the “Tax”) for the purpose of carrying out the affordable housing purposes for which the Developer was created, as outlined in Seattle Municipal Code Chapter 5.37; and

WHEREAS, SMC 5.37.070 requires that revenues received from the Tax (the “Tax Revenues”) are to be allocated and promptly transferred, less a City administration fee, to the Developer; and

WHEREAS, the new tax was imposed beginning as of January 1, 2025, with first collections due on January 31, 2026. Because no revenues will be realized until after 2025, the Developer has requested that the City temporarily advance funds from other available sources to cover staffing and other operational costs in 2025, which advances are to be repaid to the City from the Tax Revenues immediately upon collection; and

WHEREAS, the parties acknowledge that a future agreement will cover the general terms, conditions, and obligations governing the administration of the Tax and the transfer of proceeds thereof to the Developer to carry out the affordable housing purposes for which it was created; and

WHEREAS, on **DATE**, the Seattle City Council adopted Ordinance **_____**, which authorized the Director of the Office of City Finance (the “OCF Director”) to temporarily advance up to \$2,000,000 of General Fund funds to the Developer to address its staffing and administrative expenses prior to receiving revenue from the Tax; and

WHEREAS, the Parties now desire to enter into this Agreement for the purpose of making a Loan from the City to the Developer, to be repaid by the Developer as set forth herein from future Tax Revenues; and

NOW THEREFORE, in consideration of the mutual covenants, conditions, and performances, hereinafter described, the parties hereto agree as follows:

AGREEMENT:

1. **Purpose.** The Parties are entering this Agreement pursuant to and to effect the purposes of Initiative 137, as codified in SMC Chapter 5.37 by providing the Developer with necessary and temporary operational and other funding in advance of receipt of the Tax Revenue. The Parties further agree that the City is fulfilling obligations under SMC 5.37.070 by providing such funding through this Agreement and then recouping such costs directly from Tax Revenues upon collection. This Agreement is made and entered into for the limited purposes set forth herein and the City shall be under no obligation to provide the Developer any funds for any purpose except as set forth in this Agreement or in a separate future written agreement. The definitions of capitalized terms defined in the Recitals, above, are incorporated by this reference.

The Parties acknowledge that the Loan is conditioned, in part, upon completion of previous contractual requirements related to Start-up funding provided under that certain Agreement for Startup Support, dated April 30, 2024. The Parties further acknowledge that the procedure for the

administration of the Tax Revenues and their periodic transfer from the City to the Developer shall be set forth in a separate agreement that is expected to be negotiated between the parties prior to December 31, 2025.

2. **The Loan.**

a. **Loan Amount.** Subject to the terms and conditions set forth in this Agreement, the City agrees to lend to Developer, and the Developer agrees to borrow, an aggregate principal amount not to exceed \$2,000,000. Funds advanced by the City may be made from any source available to the City in its sole discretion. Advances shall be made subject to Disbursement Requests, as set forth in Section 3, below.

b. **Loan Terms.** The principal amount loaned hereunder is to be advanced pursuant to one or more Disbursement Requests submitted in accordance with the conditions set forth in this Agreement. The principal of and interest on the Loan shall be payable in the manner and at the times described in Section 4, below, and shall mature on December 1, 2026 (the “Maturity Date”). This Loan is non-revolving; amounts repaid may not be reborrowed during the Loan term.

c. **Accrual of Interest.** Interest on the outstanding principal balance of each Disbursement shall accrue at a rate equal to the City’s cost of funds as determined by the OCF Director on the date that the Disbursement is made by the City (the “Interest Rate”). Absent manifest error, the OCF Director’s determination of the Interest Rate shall be binding upon the Parties. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months and shall accrue on the principal amount advanced pursuant to each Disbursement Request, commencing on the date that each Disbursement is funded by the City. Interest shall be payable as set forth in Section 4, below.

d. **Application and Use of Loaned Funds.** Proceeds of the Loan may be used solely as outlined in the Disbursement Request, unless approved by the OCF Director in writing obtained in advance of the expenditure. Proceeds from the Loan may not be invested or loaned to other organizations or used for any purpose inconsistent with the intent of the Loan as described herein.

3. **Loan Disbursements.**

a. **Making of Disbursements.** The City agrees to fund disbursements within 30 calendar days following submission of a Disbursement Request submitted in form and substance satisfactory to the OCF Director. The aggregate amount of all Disbursements under this Agreement shall not exceed \$2,000,000 and no Disbursement Requests will be accepted after December 15, 2025.

b. **Disbursement Requests.** The Developer may request disbursements no more frequently than monthly for eligible costs that have been identified and/or incurred. Each Disbursement Request must be limited to the amount reasonably necessary to meet those identified or incurred costs that are expected to be expended within 90 days following receipt.

c. **Form of Disbursement Request.** Each Disbursement Request shall be in the form of a brief cover letter summarizing the nature of the disbursement and shall include:

- i. Supporting financial information to support the request (i.e., general ledger detail);
- ii. A description of the intended use of the funds; and
- iii. The total amount of Loan funds requested.

The Disbursement Request and all supporting documentation shall be provided in PDFs via e-mail to the OCF Director or such Director’s designee, which at the time of this Agreement is Andrew Robinson (andrew.robinson@seattle.gov).

4. **Loan Repayment Obligation.**

a. **Promise to Pay.** The Developer promises to pay to the City the principal of and interest on the Loan, together with any costs due to the City hereunder, as and when due in accordance with this Agreement, but in any event no later than the Maturity Date.

b. **Time and Method of Payment.** It is the intent of the Parties that the City will deduct from the Tax Revenues the amounts necessary to make all payments due with respect to the Loan automatically and will not provide contemporaneous billing to the Developer. The City has the right to continue to intercept Tax Revenues prior to transferring any Tax Revenues to the Developer until the full Loan amount (including principal, interest, and any costs due by the Developer to the City under this Agreement) has been repaid in full.

i. Interest (including interest accrued prior to the first payment date) shall be payable on the first business day of each month (each, an “Interest Payment Date”), beginning with March 1, 2026.

ii. Principal shall be payable on March 1, 2026 (a “Principal Payment Date”) in an amount equal to the Tax Revenues available after (i) payment of the administrative expenses of the City due under SMC 5.37.070(A)(2), (ii) payment of all interest then due and payable in respect of the Loan.

c. **Maturity Date.** All outstanding principal, plus all interest accrued but unpaid and all costs due under this Agreement, shall be due and payable on December 1, 2026 (the “Maturity Date”). The Maturity Date may be extended by up to six months upon written agreement of the Parties.

d. **Repayment and Discharge.** Amounts repaid to the City shall be credited in the following order of priority: (1) to interest then due and payable, (2) to any other amounts due and owing by the Developer to the City under this Agreement, and (3) to the outstanding principal balance of the oldest outstanding Disbursement. On the Maturity Date, the outstanding aggregate principal balance, together with all then-unpaid interest, shall become immediately due and payable.

e. **Obligation Unconditional.** The Loan is payable directly from the Tax Revenues, as collected, and includes the right of the City to deduct such amounts as are due and payable from the amounts of Tax Revenues to be transferred to the Developer pursuant to SMC 5.37.070. Developer agrees and acknowledges that the City is fulfilling obligations under SMC 5.37.070 to promptly transfer Tax Revenue to Developer by providing the Loan under this Agreement and therefore that such deductions by the City from the Tax Revenues to repay the full Loan amount is consistent with City obligations under SMC Chapter 5.37.070.

f. **This obligation constitutes a lien and charge against such the Developer’s right to receive Tax Revenues that is prior and superior to any other claim with respect to such Tax Revenues.** The obligation of the Developer to repay the Loan is absolute and unconditional and shall continue in effect and survive the satisfaction of any other Developer obligations to the City until such time as the principal of and interest on the Loan have been repaid together with any and all costs owed to the City under this Agreement.

5. **Defaults and Remedies.** It shall be an Event of Default hereunder if the Developer should contest or challenge the City’s right to intercept Tax Revenues to repay this Loan; fail to maintain its existence; or fail to cooperate with the City in carrying out its oversight functions under RCW 35.21.745 and other State law or its reporting requirements under this Agreement. Upon the occurrence of any Event of Default, the City may, at its option without notice or demand and without waiving any other remedy at law or in equity, immediately cease payments of any further Disbursements under this Agreement. In addition, upon 30 days written notice, the City may apply any and all Tax Revenues in its possession to the repayment of all amounts due and owing in respect of this Loan. Any waiver, permit, consent or approval of any kind or character on the part of the City of any breach or default under this Agreement or any waiver of any provision or condition of this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing.

6. **Developer’s Annual Reports.** On or before January 30 in each of 2026 and 2027 (and in any event, within 60 days following the final Maturity Date, if extended), the Developer

shall submit to the OCF Director a report regarding the uses of the Loan proceeds and the amount corresponding to each Disbursement in the preceding 12-month period, including its current balance of unspent Loan proceeds. The reporting requirements described in this section are in addition to the reporting requirements in connection with a Disbursement Request.

7. **Governing Law; Venue.** This Agreement is governed by and shall be construed under the substantive laws of the State of Washington and shall be liberally construed to carry out the purposes hereof. Except as otherwise required by applicable law, any action under this Agreement shall be brought in the Superior Court of the State of Washington in and for King County.

8. **Book and Records; Audit.** The Developer shall keep full and complete books and records pertaining to the expenditure of all City funds advanced under this Agreement. In addition to and without limiting the City's oversight responsibilities under RCW 35.21.745, the OCF Director (or such official's designee or functional successor), upon reasonable advance notice, may have access to and inspect, examine and make copies of the books and records and any and all accounts, data and records of the Developer.

9. **Amendments.** The parties hereto expressly reserve the right to amend this Agreement from time to time as they deem necessary and appropriate; provided, that no modification hereof shall be valid unless in writing and signed by the authorized representatives of the parties hereto. **The Maturity Date of the Loan may be extended in accordance with this Section by written agreement of the Parties.**

10. **No Merger With Other City–Developer Agreements.** All other agreements between the Developer and the City or the Office of City Finance remain in full force and effect. The Parties do not intend this Agreement to effect any merger of the interests of the Parties pursuant to those separate agreements.

11. **Limitation of City Liability.** In accordance with applicable State law, all contracts and agreements between the Developer and third parties are required to include a disclaimer substantially as follows:

THE SEATTLE SOCIAL HOUSING DEVELOPER IS A PUBLIC CORPORATION ORGANIZED PURSUANT TO RCW 35.21.660, .670, AND .730-755. RCW 35.21.750 PROVIDES AS FOLLOWS:

ALL LIABILITIES INCURRED BY SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY SHALL BE SATISFIED EXCLUSIVELY FROM THE ASSETS AND PROPERTIES OF SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY AND NO CREDITOR OR OTHER PERSON SHALL HAVE ANY RIGHT OF ACTION AGAINST THE CITY, TOWN OR COUNTY CREATING SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY ON ACCOUNT OF ANY DEBTS, OBLIGATIONS OR LIABILITIES OF SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY.

12. **Third Parties.** Nothing in this Agreement, whether express or implied, is intended to: (a) confer any benefits, rights or remedies under or by reason of this Agreement on any persons other than the express parties to it and their respective permitted successors and assigns; (b) relieve or discharge the obligation or liability of any person not an express party to this Agreement; or (c) give any person not an express party to this Agreement any right of subrogation or action against any party to this Agreement.

13. **Time of Essence.** Time is of the essence for the performance of all obligations in this Agreement.

14. **Electronic Communications and Signatures.** This Agreement and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Agreement (each a "Communication"), including Communications required to be in writing, may be in the form of an Electronic Record and may be

executed using Electronic Signatures, including, without limitation, facsimile and/or .pdf. Each of Borrower and Commerce agrees that any Electronic Signature (including, without limitation, facsimile or .pdf) on or associated with any Communication shall be valid and binding on the City and Developer to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of the Developer and the City, respectively enforceable against the Developer and the City, respectively, in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity, and enforceability as a paper record. Upon the request of the City any Electronic Signature shall be promptly followed by a manually executed, original counterpart. For purposes hereof, “Electronic Record” and “Electronic Signature” shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

15. **Counterparts.** This Agreement and any amendments, waivers, consents or supplements hereto may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or in electronic (“pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Loan Agreement.

[Signatures appear on the following page]

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LEND MONEY, EXTEND CREDIT, OR FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the day and year first set forth above.

THE CITY OF SEATTLE

By:
Name:
Title:

SEATTLE SOCIAL HOUSING DEVELOPER

By:
Name:
Title: