



SEATTLE CITY COUNCIL

Finance, Native Communities, and Tribal Governments Committee

Agenda

Tuesday, February 3, 2026

9:30 AM

Council Chamber, City Hall
600 4th Avenue
Seattle, WA 98104

Dan Strauss, Chair
Maritza Rivera, Vice-Chair
Joy Hollingsworth, Member
Robert Kettle, Member
Rob Saka, Member

Chair Info: 206-684-8806; Dan.Strauss@seattle.gov

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SEATTLE CITY COUNCIL
Finance, Native Communities, and Tribal
Governments Committee
Agenda
February 3, 2026 - 9:30 AM

Meeting Location:

Council Chamber, City Hall, 600 4th Avenue, Seattle, WA 98104

Committee Website:

<https://seattle.gov/council/finance-native-communities-and-tribal-governments>

This meeting also constitutes a meeting of the City Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business.

Members of the public may register for remote or in-person Public Comment to address the Council. Please register in advance in order to be recognized by the Chair. Details on how to register for Public Comment are listed below:

Remote Public Comment - Register online to speak during the Public Comment period at the meeting at <https://www.seattle.gov/council/committees/public-comment>. Online registration to speak will begin one hour before the meeting start time, and registration will end at the conclusion of the Public Comment period during the meeting.

In-Person Public Comment - Register to speak on the public comment sign-up sheet located inside Council Chambers at least 15 minutes prior to the meeting start time. Registration will end at the conclusion of the Public Comment period during the meeting.

Please submit written comments no later than four business hours prior to the start of the meeting to ensure that they are distributed to Councilmembers prior to the meeting. Comments may be submitted at Council@seattle.gov or at Seattle City Hall, Attn: Council Public Comment, 600 4th Ave., Floor 2, Seattle, WA 98104. Business hours are considered 8 a.m. - 5 p.m. Comments received after that time will be distributed after the meeting to Councilmembers and included as part of the public record.

Please Note: Times listed are estimated

A. Call To Order

B. Approval of the Agenda

C. Public Comment

Members of the public may address items on the agenda and matters within the purview of the committee. Please register in advance to be recognized by the Chair.

D. Items of Business

1. [Appt 03442](#) **Appointment of Aly Pennucci as Director, City Budget Office, for a term to December 31, 2029.**

Attachments: [Appointment Packet](#)

Briefing and Discussion

Presenter: Aly Pennucci, Interim Director, City Budget Office

2. [CB 121153](#) **AN ORDINANCE relating to the Social Housing Tax; authorizing the Mayor or designee to enter into an interlocal agreement with the Seattle Social Housing Developer to establish the terms and procedures for the implementation, administration, transfer, reporting, and oversight of the Social Housing Tax, including provisions for reimbursement of the City's administrative and implementation costs and outstanding loan balances; creating the Social Housing Tax Fund; and ratifying and confirming certain prior acts.**

Attachments: [Att 1 – Interlocal Agreement By and between The City of Seattle and the Seattle Social Housing Developer](#)

Supporting Documents: [Summary and Fiscal Note](#)
[Presentation](#)
[Amendment 1](#)

Briefing, Discussion, and Possible Vote

Presenter: Jennifer LaBrecque, Council Central Staff

E. Adjournment



SEATTLE CITY COUNCIL

600 Fourth Ave. 2nd Floor
Seattle, WA 98104

Legislation Text

File #: Appt 03442, **Version:** 1

Appointment of Aly Pennucci as Director, City Budget Office, for a term to December 31, 2029.

The Appointment Packet is provided as an attachment.

City of Seattle



City Budget Director

Confirmation Packet
January 9, 2026

Aly Pennucci



January 9, 2026

The Honorable Joy Hollingsworth
President, Seattle City Council
Seattle City Hall, 2nd Floor
Seattle, WA 98104

Dear Council President Hollingsworth:

It is my pleasure to transmit to the City Council the following confirmation packet for my appointment of Aly Pennucci as City Budget Director and Director of the City Budget Office (CBO).

The materials in this packet are divided into two sections:

1. **Aly Pennucci**

This section contains Ms. Pennucci's appointment, oath of office form, resume and the press release announcing her appointment.

2. **Background Check**

This section contains the report on Ms. Pennucci's background check.

Aly Pennucci is a seasoned local government leader who brings over 17 years of proven leadership in public policy, budgeting, and fiscal management to her role as City Budget Director.

She most recently served as the Deputy Executive for Whatcom County and previously served as Deputy Director for the City of Seattle's Council Central Staff. In Whatcom County, Aly streamlined the County's budget process and fiscal oversight systems, providing greater transparency for the public, while helping leverage untapped revenue sources in the face of budgetary shortfalls.

In her almost 10 years on the Seattle City Council Central Staff, Aly led the Council's annual budget review, amendment and adoption process, helping balance the city's multi-billion-dollar budget while navigating contending interests and competing priorities. She is ready to help Mayor Wilson build and steward a City budget that delivers on the goal of making Seattle livable for all.

My transition team received enthusiastically positive feedback about Ms. Pennucci from a variety of internal and external stakeholders, including current and former Councilmembers, Council staff, community leaders, City department directors, and constituents.

I trust that after reviewing Ms. Pennucci's application materials, meeting with her, and following the thoughtful review of Councilmember Strauss' Finance, Native Communities & Tribal Governments Committee, you will find that Ms. Pennucci is the ideal leader for CBO.

If you have any questions about the attached materials or need additional information, Chief of Staff Katie Brunette Kreuzer would welcome hearing from you. I appreciate your consideration.

Sincerely,



Katie B. Wilson
Mayor of Seattle

SECTION

A



City of Seattle

Mayor Katie B. Wilson

January 6, 2026

Aly Pennucci
Seattle, WA
Transmitted via e-mail

Dear Aly,

It gives me great pleasure to appoint you to the position of City Budget Director at an annual salary of \$242,354.

Your appointment as Director is subject to City Council confirmation; therefore, you will need to attend the Council's confirmation hearings. Once confirmed by the City Council, your initial term will be for four years.

Your contingent offer letter provided employment information related to the terms of your employment, benefits, vacation, holiday and sick leave.

I look forward to working with you in your role as Director and wish you success. We have much work ahead of us, and I am confident that the Office will thrive under your leadership.

Sincerely,

A handwritten signature in black ink that reads "Katie B. Wilson".

Kaite B. Wilson
Mayor of Seattle

cc: Seattle Department of Human Resources file



City of Seattle Department Head Notice of Appointment

Appointee Name: Aly Pennucci	
City Department Name: City Budget Office	Position Title: City Budget Director
<input checked="" type="checkbox"/> Appointment OR <input type="checkbox"/> Reappointment	City Council Confirmation required? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Appointing Authority: <input type="checkbox"/> City Council <input checked="" type="checkbox"/> Mayor <input type="checkbox"/> Other: <i>Fill in appointing authority</i>	Term of Position: * Council Confirmation to 12/31/2029 <input type="checkbox"/> <i>Serving remaining term of a vacant position</i>
Background: Aly Pennucci is a seasoned local government leader who brings over 17 years of proven leadership in public policy, budgeting, and fiscal management to her role as City Budget Director. She most recently served as the Deputy Executive for Whatcom County and previously served as Deputy Director for the City of Seattle's Council Central Staff. In Whatcom County, Aly streamlined the County's budget process and fiscal oversight systems, providing greater transparency for the public, while helping leverage untapped revenue sources in the face of budgetary shortfalls. In her almost 10 years on the Seattle City Council Central Staff, Aly led the Council's annual budget review, amendment and adoption process, helping balance the city's multi-billion-dollar budget while navigating contending interests and competing priorities. She is ready to help Mayor Wilson build and steward a City budget that delivers on the goal of making Seattle livable for all.	
Authorizing Signature:  Date Signed: January 9, 2026	Appointing Signatory: Katie B. Wilson Mayor of Seattle

**Term begin and end date is fixed and tied to the position and not the appointment date.*



CITY OF SEATTLE • STATE OF WASHINGTON

OATH OF OFFICE

State of Washington

County of King

I, Aly Pennucci, swear or affirm that I possess all of the qualifications prescribed in the Seattle City Charter and the Seattle Municipal Code for the position of City Budget Director; that I will support the Constitution of the United States, the Constitution of the State of Washington, and the Charter and Ordinances of The City of Seattle; and that I will faithfully conduct myself as City Budget Director.

Aly Pennucci

Subscribed and sworn to before me

this ____ day of _____, 2026.

[Seal]

Scheereen Dedman, City Clerk

Aly Pennucci

Career

WHATCOM COUNTY EXECUTIVE'S OFFICE

Deputy Executive & Director of Administrative Services

August 2024-December 2025

- Provided day-to-day management and oversight of assigned County departments, including: Administrative Services (Finance, HR, Facilities, and IT), Public Works, Planning and Development Services, and Parks and Recreation, ensuring efficient operations, legal compliance, and process improvements.
- Conducted financial analysis of General Fund and special purpose funds, articulating structural deficiencies to Executive office, Finance department, and County Council, and developed strategic correction plan.
- Led development of 2025-2026 biennial budget that maintained essential services while advancing financial stability, securing Council approval for banked capacity to stabilize revenues.
- Led organizational transformation, implementing formal decision-making processes, communication protocols, and departmental information systems.
- Advanced contract threshold reform requiring council approval, introducing operational efficiencies and faster service delivery with appropriate oversight.
- Conducted review and analysis of County facilities plan, developing prioritization process and framework for capital decision-making.
- Negotiated and reviewed service contracts for legal compliance and policy consistency.
- Acted on behalf of County Executive during absences, maintaining operational continuity.

SEATTLE CITY COUNCIL, CENTRAL STAFF

Deputy Director

2022-August 2024

- Led Council's analysis and adoption of \$7.8 billion budget, directing 16 analysts to produce 39 fiscal memos, draft 100+ amendments, and orchestrate 16 days of committee presentations during annual two-month budget process.
- Directed creation of five-year budget review document analyzing pre- to post-pandemic budget trends.
- Supervised the fiscal policy team to analyze 6-year financial plans, economic and revenue forecasts, draft new tax policy proposals including the JumpStart Payroll Expense Tax, and facilitate development and oversight of a fiscal transparency program.
- Supervised infrastructure team providing capital budget analysis for Transportation, Parks, Technology, Utilities, and Finance, during volatile revenue periods supporting 6-year Capital Improvement Plan.
- Provided policy and fiscal analysis directly to 9 separately elected officials.
- Established inclusive team culture fostering collaboration, retaining talent, and advancing race and social justice initiative.

Policy & Budget Manager

2020-2021

- Supervised eight fiscal and policy analysts, directing analyses, reviewing work products, and supporting professional development.

- Facilitated development of Council priorities for \$300+ million in federal COVID-19 relief funding to support public health response and recovery efforts, especially in disproportionately impacted communities.
- Managed Council's review and passage of COVID-19 era budgets, including mid-year rebalancing bills and 2021-2023 budgets focused on critical service continuity.
- Provided analysis leading to adoption of JumpStart Payroll Expense tax generating \$250+ million in annual revenue.
- Led process to create the independent Office of Economic and Revenue Forecast: supervised best practice research, wrote legislation, presented proposal in committee, and led stakeholder work with Councilmembers, the Mayor's Office, and City Budget Office.

Supervising Analyst **2019-2020**

- Supervised five legislative analysts providing policy and fiscal analysis in Land Use, Housing, Economic Development, and Human Services, including renewal of the City's Multifamily Tax Exemption (MFTE) Program and implementation of the Housing Affordability and Livability Agenda.
- Served as lead analyst managing Council's adoption of Mandatory Housing Affordability program and citywide rezoning implementation.

Legislative Analyst **2015-2018**

- Drafted 40+ resolutions, ordinances, and written materials for Councilmembers on landlord-tenant regulations, short-term rental licensing, and areawide rezones.
- Project-managed consultants and executive staff to complete environmental impact statement for ADU legislation, successfully defending appeal and generating 4x increase in ADUs over four years.
- Presented at bi-weekly Council committee meetings and public settings, providing clear written and presentation materials that conveyed complex information concisely.

DEPARTMENT OF PLANNING & DEVELOPMENT, CITY OF SEATTLE

Senior Planning and Development Specialist **2013-2015**

- Conducted policy analysis and presented findings and recommendations to managers, elected officials, and public audiences.
- Led evaluation of 55+ neighborhood districts for pedestrian zone designation, overseeing legislative approval of 39 new or expanded zones to enhance walkable business districts.
- Managed Design Review Program Improvement project, implementing changes that streamlined processes and incentivized affordable housing development.
- Analyzed urban issues (walkability, service access, equity) using GIS, Adobe CS, and web-based tools.
- Facilitated public engagement with diverse communities through planning and stakeholder processes.

DEPARTMENT OF COMMUNITY PLANNING & ECONOMIC DEVELOPMENT, CITY OF MINNEAPOLIS

Senior Planner **2008 – 2013**

City of Minneapolis, Department of Community Planning & Economic Development-Planning Division

- Led planning processes with applicants, public, and officials, including urban agriculture plan development, zoning changes, and small area plans.

- Prepared recommendations and reports for Planning Commission, Historic Preservation Commission, and Zoning Board on major development applications (variances, rezones, certificates of appropriateness), supporting 250+ housing units and new commercial spaces.
- Advised community members, architects, and developers on zoning code application for projects ranging from residential fences to downtown high-rise towers.

Education

University of Minnesota, Humphrey School of Public Affairs

Masters in Urban & Regional Planning, *Honors*
Concentration in Land Use and Urban Design

San Francisco State University

Bachelor of Arts in Urban Studies, *Summa cum Laude*

Recent Continuing Education

University of Washington – Foster School of Business

Negotiating for Success: practical skill-building to negotiate and apply influence. Included communication with colleagues, reconciling competing interests across agencies and structuring agreements with customers to achieve the best outcomes.

Rockwood Institute

Art of Leadership: transformative, multi-racial leadership training for leaders. Includes: setting vision and mission, inspiring self and team to action, partnering across issues areas, short and long-term planning.

The Management Center

Managing to Change the World: refined core management skills including checking biases and leading with equitable approaches, delegating work, structuring meetings, giving and receiving feedback, setting goals and staying engaged without micro-managing.

SECTION

B



City of Seattle

Seattle Human Resources

Kimberly Loving, Director

December 29, 2025

TO: Lindsey King – Talent Acquisition and Compensation Advisor - SHR

FROM: Annie Nguyen – Citywide Employment Compliance Advisor - SHR

SUBJECT: Background check for **Pennucci, Alyson Mary**

The Seattle Human Resources has received a copy of **Alyson Mary Pennucci's** background check provided by Global Screening Solutions. There were no findings that would impact their employment eligibility.

Cc: Personnel File

Seattle Department of Human Resources

Seattle Municipal Tower, 700 5th Avenue Suite 5500, PO Box 34028, Seattle, WA 98124-4028

(206) 684-7999 • TTY:7-1-1 Fax: (206) 684-4157 • Employment Website: www.seattle.gov/jobs

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SEATTLE CITY COUNCIL

600 Fourth Ave. 2nd Floor
Seattle, WA 98104

Legislation Text

File #: CB 121153, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to the Social Housing Tax; authorizing the Mayor or designee to enter into an interlocal agreement with the Seattle Social Housing Developer to establish the terms and procedures for the implementation, administration, transfer, reporting, and oversight of the Social Housing Tax, including provisions for reimbursement of the City's administrative and implementation costs and outstanding loan balances; creating the Social Housing Tax Fund; 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 (the "PDA"), to develop, own, and maintain public affordable social housing in Seattle; and

WHEREAS, on February 11, 2025, Seattle voters approved Proposition 1A, imposing a five percent tax rate on employers doing business in Seattle for any annual employee compensation above \$1,000,000 (the "Tax"), which the City is responsible for collecting and transferring to the Seattle Social Housing Developer and is intended to support the development and operation of social housing in Seattle; and

WHEREAS, Section 5.37.070 of the Seattle Municipal Code dictates that up to 5%, but no more than \$2,000,000, of the annual Tax revenue may be allocated to administer the Tax with the remaining revenue to be promptly transferred to the PDA; and

WHEREAS, the City and the PDA executed a loan agreement for up to \$2,000,000 as authorized by Ordinance 127246; and

WHEREAS, cities and public agencies are authorized to enter into interlocal cooperation agreements in accordance with chapter 39.34 RCW to jointly provide services; and

WHEREAS, the City and the PDA desire to enter into an interlocal agreement for the purpose of governing the implementation, administration, transfer, reporting, and oversight of the Tax; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Mayor or designee is authorized to enter into an interlocal agreement with the Seattle Social Housing Developer substantially in the form attached to this ordinance as Attachment 1, with such changes as the Mayor deems appropriate and are consistent with this ordinance. The Mayor or designee is further authorized to execute amendments from time to time during the term of the agreement as the Mayor deems appropriate and consistent with this ordinance.

Section 2. The Director of Finance is authorized to take all necessary and appropriate action to carry out the terms of the interlocal agreement.

Section 3. A new Social Housing Tax Fund is created in the City Treasury, into which the revenues from the social housing tax in Seattle Municipal Code Chapter 5.37 will be deposited, and from which associated expenditures may be paid, including, but not limited to, City implementation costs, City administration costs, loan balances, and accrued loan interest, and from which the transfer of the net Tax proceeds to the Seattle Social Housing Developer will be made. All interest and other earnings on the Fund shall be deposited in the Fund and shall be used for the purposes of the Fund.

Section 4. Any act consistent with the authority of this ordinance taken prior to its 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 _____ day of _____, 2026, and signed by me in open session in authentication of its passage this _____ day of _____, 2026.

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2026.

Katie B. Wilson, Mayor

Filed by me this _____ day of _____, 2026.

Scheereen Dedman, City Clerk

(Seal)

Attachments:

Attachment 1 - Interlocal Agreement By and between The City of Seattle and the Seattle Social Housing Developer

INTERLOCAL AGREEMENT

By and between

THE CITY OF SEATTLE

AND

SEATTLE SOCIAL HOUSING DEVELOPER

dated as of xx

Table of Contents

Recitals

Section 1. Purpose and Nature of Obligations

Section 2. Duration

Section 3. Social Housing Tax Fund

Section 4. Administrative Reimbursement

Section 5. Tax Collection and Transfer Procedures

Section 6. Refunds and Appeals

Section 7. Legal Challenge

Section 8. Refund and Credit Adjustments

Section 9. Amendments

Section 10. Administrator

Section 11. Nondiscrimination and Compliance with Applicable Law

Section 12. Dispute Resolution

Section 13. Information Sharing and Taxpayer Confidentiality

**INTERLOCAL AGREEMENT
THE CITY OF SEATTLE
AND
SEATTLE SOCIAL HOUSING DEVELOPER**

THIS INTERLOCAL AGREEMENT (“Agreement”) is entered into by the City of Seattle (the “City”) and Seattle Social Housing Developer (“Developer”), a public corporation chartered by the City and doing business in the State of Washington (collectively referred to as “Parties”).

RECITALS

WHEREAS, On February 14, 2023, Seattle voters approved City Initiative 135, a citizen-initiated measure to create Seattle Social Housing Developer to develop, acquire, and maintain public social housing; and

WHEREAS, On February 11, 2025, Seattle voters approved City Initiative 137, Proposition 1A (“Initiative 137”), a citizen-initiated measure to levy the Social Housing Tax (“Social Housing Tax” or “Tax”) for the purpose of providing an ongoing revenue stream for Developer; and

WHEREAS, Initiative 137 states that the City is tasked with administrating the Social Housing Tax, and shall be reimbursed for its actual expenses of administrating the tax, up to the lesser of 5 percent of the annual Social Housing Tax revenue collected during each year, or \$2,000,000 per year, with the remaining revenue to be promptly transferred to Developer; and

WHEREAS, cities and public corporations are authorized to enter into interlocal agreements by chapter 39.34; and

WHEREAS, the parties acknowledge that this agreement facilitates implementation of Initiative 135 and Initiative 137, and does not amend, modify or alter any provision of either initiative.

THE PARTIES AGREE:

Section 1. Purpose and Nature of Obligations

(a) **Purpose.** This Agreement establishes procedures for the collection and disbursement of the Social Housing Tax by the Director, Seattle Office of City Finance (“Director”), that are not specifically addressed by Initiative 137.

(b) **Developer’s Role.** Developer agrees to use the Social Housing Tax it receives to reasonably accomplish the goals of Initiatives 135 and 137, in Developer’s sole discretion. Developer covenants that no proceeds of the Social Housing Tax will be applied in any manner that is contrary to applicable federal, state or local law or regulation or any applicable state or federal constitutional provision. Developer is not acting as the agent of the

City in its use of funds obtained under this Agreement. Developer is organized pursuant to Initiative 135, Seattle Municipal Code §3.110 and RCW 35.21.660, .670, .730-.775. RCW 35.21.750 provides as follows: “[A]ll 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 corporation, commission, or authority on account of any debts, obligations, or liabilities of such public corporation, commission, or authority.” Developer shall be solely responsible for the use of the Social Housing Tax once received and for carrying out its duties under Initiatives 135 and 137, and shall indemnify and hold City harmless from any claim arising from or related to discharging these duties

(c) **City’s Role.** The City is acting solely in its capacity as the applicable taxing authority in the imposition, administration, collection and distribution of the proceeds of the Social Housing Tax pursuant to Initiatives 135 and 137. The City shall be solely responsible for administration, collection and distribution of the Social Housing Tax, shall indemnify and hold Developer harmless from any claim arising from or related to discharging these duties, and any amounts paid by the City to resolve such a claim shall not be from the Social Housing Tax. The City disclaims any responsibility for any use by Developer of any funds that is inconsistent with any applicable provision of law and reserves all its rights under applicable law.

Section 2. Duration

(a) **Term.** The term of this Agreement shall commence effective January 1, 2025. The initial term of this Agreement shall be five years, after which time the Agreement shall be extended automatically for successive five-year terms.

(b) **Termination-Cessation of Tax.** If at any time the Social Housing Tax ceases to be imposed for any reason, this Agreement shall, once all outstanding taxes have been collected, and any audits appeals or adjustments resolved, terminate.

(c) **Termination by Notice.** Either party may terminate this Agreement by providing the other party with advance written notice no less than one year (365 days) prior to the effective date of such termination. If the notice of termination arises from a dispute between the parties, the termination will not be effective until after the parties engage in the dispute resolution process described in Section 12.

(d) **Effect of Termination.** In the event this Agreement is terminated for any reason other than the cessation of the Social Housing Tax, the Director remains obligated to continue collecting and disbursing the Social Housing tax as required by Initiative 137, as it may be from time to time amended; provided that in the case of the cessation of the tax, the City remains obligated to administer, collect and disburse the tax for all periods in which the tax was in effect. Developer shall be entitled to receive all Social Housing Tax revenues received by the City for periods in which Initiative 137 and the Social Housing Tax was in effect, unless otherwise

provided by any applicable legislation, or other applicable law in effect at the time of termination.

Section 3. Social Housing Tax Fund

The City has created and maintains a special segregated fund designated as the “Social Housing Tax Fund” for the sole purpose of depositing the Social Housing Tax proceeds and making the transfers and payments required by Initiative 137. All proceeds of the Social Housing Tax will be deposited upon receipt by the Director into the Social Housing Tax Fund. All money deposited in the Social Housing Tax Fund will be transferred by the Director to the appropriate City Fund and the Seattle Social Housing Developer in accordance with applicable law and this Agreement. Interest earned on the Social Housing Tax that are within the Social Housing Tax Fund shall be retained within the Social Housing Tax Fund and used only for the purposes required by Initiative 137 and this Agreement. Interest earned on Social Housing Tax Revenues that remain within the Social Housing Tax Fund after the payments described in Sections 5(b) and 5(c) shall be retained within the Social Housing Tax Fund until disbursed under this Agreement.

Section 4. Administrative Reimbursement

The City shall be compensated for its costs and expenses reasonably and actually incurred in the administration of the Seattle Social Housing Tax (“City Administration Costs”). In accordance with Initiative 137, annual compensation may not exceed the lesser of 5 percent of the tax revenue collected (after refunds and credits) from the Social Housing Tax during any year or \$2,000,000. City retains sole discretion to determine how to staff the administration of the Social Housing Tax, including by hiring new employees, utilizing contractors, or allocating a portion of existing employee time and any such staffing costs will be compensable up to the limits set in Initiative 137 as part of the City Administration Costs. Within sixty (60) days following the end of each calendar year, the Director shall prepare and submit to Developer, a detailed summary of the costs and expenses incurred by the City during the preceding calendar year in the administration of the Social Housing Tax. Developer may from time to time, but no more frequently than once per quarter, request the Director to provide an additional detailed summary of City costs and expenses for any calendar quarter, and the Director shall provide Developer such information in reasonable detail on a preliminary, unaudited basis within 60 days of receiving such request. Developer may request at the close any calendar year, at its sole costs and expense, a full financial review of the City’s books and records pertaining to the Social Housing Tax, including the costs and expenses of administering the tax and its allocation of costs and expenses. The City or its designee shall provide access to this information within 90 days of such request.

Section 5. Tax Collection and Transfer Procedures

(a) **General Procedures.** As set forth in Initiative 137, the City is and shall be the tax-collecting entity for all purposes. In each tax period, the City shall collect all Social Housing Taxes due, including interest and penalties. The revenues will be collected by the Director in accordance with general rules that have been established by the City, including the City's existing business excise tax collection procedures. No later than the last business day of February, May, August, and November (i.e., the second month following the end of each calendar quarter), the Director shall transfer to Developer the amounts remaining after first deducting from gross revenues (including interest accrued thereon) the amounts described in this section ("Social Housing Tax Net Revenues").

(b) **Collection and Distribution of 2025 Taxes.** As set forth in Initiative 137, the initial due date for the entirety of a taxpayer's 2025 tax liability is January 31, 2026. The date for transfer of these Social Housing Net Revenues shall be no later than March 2, 2026.

- (1) Prior to any transfer to the Seattle Social Housing Developer, the Director will deduct from the balance in the Social Housing Tax Fund:
 - (i) the full amount necessary to reimburse the City for all amounts then due (including both principal and interest) pursuant to any Loan Agreement or other loan arrangement between the Parties; and
 - (ii) the amount necessary to reimburse the City's Administration Costs incurred during calendar year 2025 pursuant to Section 4.
- (2) On or before March 2, 2026, the Director shall transfer the remaining amounts to Developer. Such transfer shall be accompanied by a copy of a statement describing the gross revenues received as of January 31, 2026, the interest earned thereon (if any), and the total loan repayment amount deducted and paid to the City, if any, pursuant to Section 5(b)(1), above.

(c) **Ongoing Tax Collection and Distribution.** In accordance with Initiative 137, beginning with the first quarter of calendar year 2026, the Social Housing Tax will be collected by the City on a quarterly basis in accordance with the City's generally applicable excise tax collection procedures, as they may be amended from time to time. Under these procedures, the tax filings are currently due on or before the last day of the month following the end of the calendar quarter, or other applicable reporting period (e.g., April 30, July 31, October 31, and January 31).

- (1) On a quarterly basis, the Director will deduct from gross revenues of the Social Housing Tax collected through the quarterly due date:

- (i) the full amount necessary to reimburse the City for all amounts then due (including both principal and interest) pursuant to any Loan Agreement or other loan arrangement between the Parties; and
- (ii) (A) for the first three calendar quarters, one-fourth of the budgeted annual City Administration Costs, and (B) for the fourth calendar quarter, an amount necessary to cover the remaining administrative costs actually incurred during the calendar year, not to exceed the cumulative annual cap set forth in Initiative 137; and
- (iii) those amounts necessary to process and fund credits, adjustments, and refunds pursuant to Section 8.

(2) Quarterly transfers of the net Social Housing Tax revenues after these deductions, including any interest earned on Social Housing Tax Net Revenues, will be initiated by the Director on or before the last business day of February, May, August, and November. Such transfer shall be accompanied by a copy of a statement describing the gross revenues received as of the quarterly due date, the interest earned thereon (if any), and the total loan repayment amount deducted and paid to the City in respect of any Loan Agreement or other loan arrangement between the Parties.

(3) No later than these quarterly dates, the Director will provide written notice to Developer of all monies deducted from or added to the Social Housing Tax proceeds for any previous period including but not limited to gross receipts, actual administrative reimbursements to the City, aggregate credits and refunds, interest, and any other related inflows or outflows.

Section 6. Refunds and Appeals

The City will be responsible for processing refunds and handling appeals of refund denials in accordance with its generally applicable excise tax collection procedures. To the extent permitted by applicable law, the Director will provide Developer with an annual summary of the total dollar amount of taxpayer appeals and settlements for amounts subject to this Agreement. The Director shall within 7 days notify Developer of any civil, criminal, judicial, or administrative proceeding, of which it has received notice, relating to or arising out of the Social Housing Tax.

Section 7. Legal Challenge

The Director shall within 7 days notify Developer of any legal challenge to the Social Housing Tax and reasonably cooperate with Developer on potential responses or defenses. The City shall be responsible to pay its own legal fees and expenses incurred in any such litigation from funds other than the Social Housing Tax. The City recognizes the Developer retains the

right to independently intervene or otherwise join the lawsuit and defend against such legal challenge.

Section 8. Refund and Credit Adjustments

If the actual amount of tax receipts attributable to the Social Housing Tax for any reporting period differs from the amount previously reported or transferred to Developer, whether due to reconciliation, error, audit, or other correction, the Director shall adjust the next scheduled transfer of Social Housing Tax proceeds to account for such difference. Any overpayment shall be deducted, and any underpayment shall be added to the subsequent transfer(s), unless otherwise mutually agreed upon in writing.

All amounts necessary to process and pay refunds of and process credits against the Social Housing Tax shall be charged to Developer and shall be deducted prior to any subsequent transfer of Social Housing Tax revenues to Developer. All refunds and credits will be deducted from the Social Housing Tax proceeds prior to the transfer to Developer. The Director will provide to Developer a summary of the aggregate refund and credit amounts, and the administrative costs of processing such refund and credit amounts, for each filing period to the extent permitted by law.

Section 9. Amendments

This Agreement may be amended only by the mutual written agreement of the Parties. Developer and/or the City shall submit in writing to the other party any proposed amendments. Within 60 days of a Party submitting proposed amendments, the Parties shall agree to a process and timeline for resolving any disagreement about proposed amendments. The Parties commit to working in good faith to come to agreement on any amendments.

Section 10. Administrator

The City shall administer this Agreement through the Director of its Office of City Finance consistent with its terms and the terms of Initiatives 135 and 137 for the mutual benefit for the City and Developer.

Section 11. Nondiscrimination and Compliance with Applicable Law

Developer shall comply with all applicable City, State and federal laws, regulations and constitutional provisions, including without limitation, provisions regarding the use of public funds, public records, public meetings, and nondiscrimination laws and regulations.

Section 12. Dispute Resolution

(a) **Informal Negotiation.** The Parties shall first attempt to resolve any dispute informally through good faith negotiations between designated representatives. These

representatives shall meet within fifteen (15) business days of written notice of the dispute and shall endeavor to resolve the issue within thirty (30) business days.

(b) **Mediation.** If the dispute is not resolved through negotiation, either Party may initiate mediation by providing written notice to the other Party. Mediation shall be conducted by a mutually agreed-upon neutral third party, preferably with experience in public sector or intergovernmental disputes. Mediation shall be held in Washington State and administered under the procedures of the Washington Arbitration & Mediation Service (WAMS), unless otherwise agreed. The Parties shall cooperate fully to schedule a mediation session within 30 days of a mediation request by either party. The costs of mediation shall be shared equally by the Parties.

(c) **Litigation.** If mediation fails to resolve the dispute, any party may give notice to the other party of its intent to initiate a lawsuit, which shall not be filed until 5 court days after the notice is received.

(d) **Continuity of Services.** During the dispute resolution process, both Parties shall continue to perform their respective obligations under this Agreement to the extent reasonably possible.

(e) **Equitable Relief.** Either Party, without complying with any of Sections 12(a), (b) or (c), may seek specific performance or injunctive relief in a court of competent jurisdiction for breaches or threatened breaches where monetary damages would be inadequate and such relief is necessary to enforce the terms of this Agreement.

(f) **Governing Law and Venue.** This Agreement and any dispute arising under it shall be governed by the laws of the State of Washington. Any legal action or proceeding arising from or related to this Agreement shall be brought in a court of competent jurisdiction located in King County, Washington.

Section 13. Information Sharing and Taxpayer Confidentiality

The Parties shall, in carrying out their respective obligations under this Agreement, comply with all applicable laws.

Date:

CITY OF SEATTLE

By: _____
_____, for the City

SEATTLE SOCIAL HOUSING DEVELOPER

Date:

By: _____
Roberto Jimenez, CEO

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
Office of City Finance	Andrew Robinson	Lisa Gaccione

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the Social Housing Tax; authorizing the Executive or designee to enter into an interlocal agreement with the Seattle Social Housing Developer to establish the terms and procedures for the implementation, administration, transfer, reporting, and oversight of the Social Housing Tax, including provisions for reimbursement of the City's administrative and implementation costs and outstanding loan balances; creating the Social Housing Tax Fund; and ratifying and confirming certain prior acts.

Summary and Background of the Legislation:

On February 14, 2023, Seattle voters approved Initiative 135, a citizen-initiated measure to create the agency to develop, own, and maintain public affordable social housing in Seattle. On February 11, 2025, Seattle voters approved Proposition 1A which imposes a 5% tax rate on annual compensation above \$1,000,000 paid in Seattle to any employee for employers doing business in Seattle. Proceeds will support the Seattle Social Housing Developer, a public development authority.

The new tax was imposed January 1, 2025, but the first proceeds of the tax will not be collected until January 2026. The tax will be collected quarterly beginning in tax year 2026. Due to the tax collection timeline, the City and the PDA entered into a loan agreement for an amount up to \$2 million. This legislation authorizes the Executive or the Executive's designee to enter into an Interlocal Agreement with the Seattle Social Housing Developer to define how the tax will be implemented, administered, and transferred for tax year 2025 and each subsequent year. This includes the reimbursement of the implementation and administrative costs associated with the tax, and the reimbursement for all loan balances (and interest thereon) extended by the City to the PDA.

2. CAPITAL IMPROVEMENT PROGRAM

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

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City? Yes No

3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.

No

If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.

The additional costs will be reimbursed by proceeds of the Social Housing Tax.

Please describe any financial costs or other impacts of *not* implementing the legislation.

The City risks a lawsuit if it cannot collect and distribute the Social Housing Tax.

Please describe how this legislation may affect any City departments other than the originating department.

4. OTHER IMPLICATIONS

a. Is a public hearing required for this legislation?

No

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

No

c. Does this legislation affect a piece of property?

No

d. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.

i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.

This legislation sets the processes for the Seattle Social Housing Developer to receive the proceeds of the Social Housing Tax. Tenant income range for Social Housing is 0-120% of average median income, so it will offer housing to those with below median income.

- ii. **Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.**
- iii. **What is the Language Access Plan for any communications to the public?**

e. **Climate Change Implications**

- i. **Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.**
N/A
- ii. **Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**
N/A

f. **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)? What mechanisms will be used to measure progress towards meeting those goals?**
No

g. **Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?**
No

5. ATTACHMENTS

Summary Attachments: None.

Social Housing Developer Interlocal Agreement

January 20th, 2026

Seattle Social Housing Tax

- In February 2025 Seattle voters approved Initiative 137, authorizing a Seattle Social Housing Tax
- The City is responsible for collecting and transferring tax revenues to the Seattle Social Housing Developer (SSHD)
- The City and the Developer entered into a loan agreement for \$2 million in July 2025 to allow the Social Housing Developer continue its operations until the initial tax proceeds are available

Purposes of the interlocal agreement

- Establish terms and conditions under which the Social Housing Tax will be collected by the City and transferred to the Developer
- Define how the City will provide administrative support as outlined in SMC 5.37.70
- Define roles and responsibilities of the City and the Developer
- Set schedule for transferring Tax proceeds, reporting on administrative costs, and notifying the Developer of aggregate tax refunds and credits

Proposed interlocal agreement with PDA

Provision	Terms
Duration	<ul style="list-style-type: none">• Five-year initial term with automatic renewals for successive five-year terms• Either party can terminate the agreement by providing at least 365 days notice prior to the expiration of the term
2025 Tax Collection & Transfer	<ul style="list-style-type: none">• Filing for tax year 2025 due by January 31, 2026• Returns received on or around February 20, 2026• Reimbursement to the City for outstanding loan balance and administrative costs• Transfer of remaining Tax proceeds to the Developer by March 2, 2026<ul style="list-style-type: none">• ILA must be in place prior to transferring any funds to the Developer
Ongoing Tax Collection & Transfer	<ul style="list-style-type: none">• Tax to be collected quarterly beginning in tax year 2026• Quarterly tax filings due one month after the end of each quarter (Q1 - April 30th, Q2 - July 31st, Q3 - October 31st, Q4 - January 31st)• Quarterly transfers to be initiated one month after filing deadline

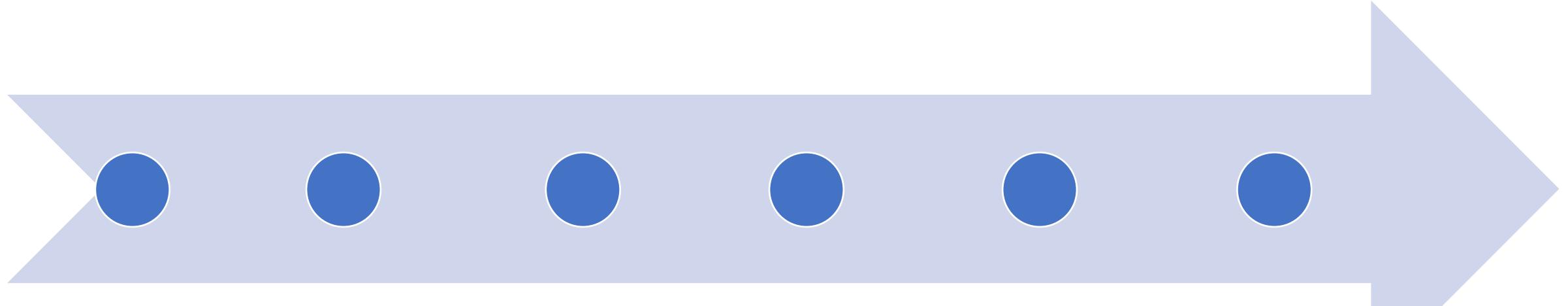
Appendix



Timeline of the interlocal agreement

Date	Terms
July 2025	<ul style="list-style-type: none">Initial draft of ILA term sheet shared with Developer
August 2025	<ul style="list-style-type: none">SSHD returns term sheet with proposed changes
October 2025	<ul style="list-style-type: none">First ILA draft completed and shared with all parties involved
October 2025 – December 2025	<ul style="list-style-type: none">City and SSHD representatives held several meetings to discuss the ILA terms and exchanged updated drafts of the agreement
December 3, 2025	<ul style="list-style-type: none">SSHD CEO approved the draft ILA
December 18, 2025	<ul style="list-style-type: none">SSHD Board approved the draft ILA
March 2, 2026	<ul style="list-style-type: none">First transfer of the tax proceeds to SSHD is initiatedILA must be in place prior to the funds transfer

Social Housing Tax Timeline



December 2025:
Tax implementation completed and ready to accept returns

January 31, 2026: Deadline for employers to file return for Social Housing Tax for tax year 2025

February 20, 2026: Tax receipting for 2025 completed on or near this date

February 23-27, 2026: City to be reimbursed for loan/interest and administrative costs

March 2, 2026: City initiates transfer of net tax proceeds to the Social Housing Developer

2026 and beyond: Quarterly tax filings due one month after the close of each quarter

Social Housing Developer Background

- In February 2023 Seattle voters approved Initiative 135, which created an independent public development authority, the Seattle Social Housing Developer, to develop, acquire and maintain public affordable social housing in Seattle
- Initiative 135 required the City of Seattle to provide start up support for the first eighteen months of operations
 - City appropriated \$850,500 in the 2024 budget for eighteen months of start-up costs
 - Additionally, in 2023, the City Council funded \$20,000 in consulting assistance and the State provided \$180,000

Amendment 1 Version 1 to CB 121153 Seattle Social Housing Developer ILA ORD

Sponsor: Councilmember Strauss

Require City Council Approval to Amend Social Housing Interlocal Agreement

Effect: The proposed CB 21153 would allow the Social Housing Developer Interlocal Agreement (ILA) to be changed in the future without approval from City Council. This is not typical practice, as normally City Council approval is needed both to adopt an ILA and to make future changes. This amendment would require City Council approval for future changes to the ILA.

Amend Section 1 of CB 121153 as follows:

Section 1. The Mayor or designee is authorized to enter into an interlocal agreement with the Seattle Social Housing Developer substantially in the form attached to this ordinance as Attachment 1, with such changes as the Mayor deems appropriate and are consistent with this ordinance. ~~The Mayor or designee is further authorized to execute amendments from time to time during the term of the agreement as the Mayor deems appropriate and consistent with this ordinance. The interlocal agreement may not be modified or amended, except by a written agreement executed by the City and the Seattle Social Housing Developer, which is subject to approval by the City Council.~~