

Seattle City Council Select Budget Committee
 Councilmember Budget Proposals | Wednesday, October 29, 2025

Office of Housing (OH)

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2026 COUNCIL BUDGET ACTION

V1

OH-001-A

Increase OH by \$5 million PET (one-time) and decrease FG by \$5 million PET (one-time) for the Seattle Housing Authority's Northgate Commons project

SPONSORS

Debora Juarez, Mark Solomon, Robert Kettle

BALANCING SUMMARY

Fund	2026 Increase (Decrease)	2027 Increase (Decrease)
General Fund	\$0	
Other Funds	\$0	
Total Budget Balance Effect	\$0	

CENTRAL STAFF SUMMARY

This Council Budget Action (CBA) would increase appropriations to the Office of Housing (OH) by \$5 million PET (one-time) and decrease appropriations to Finance General (FG) by \$5 million PET one-time for Seattle Housing Authority's Northgate Commons project.

The 2026 Proposed Budget transferred \$5 million PET from OH to FG for Northgate Commons, the first tranche of what will eventually be a \$20 million award. Funding was transferred to FG because if OH administered the funding a direct allocation to SHA would not be allowed under the current Housing Funding Policies. This CBA allows OH to provide the same oversight for Northgate Commons as it would for any other City-funded affordable housing project. Additional legislative action will be needed in 2026 to allow a direct allocation to SHA, either by amending the Housing Funding Policies or by adopting an ordinance approving the contract between SHA and OH for Northgate Commons.

ATTACHMENT: No

TRANSACTIONS - ONE-TIME

Dept	BSL	BCL	Year	Revenue	Expenditure
FG	General Purpose	14500-BO-FG-2QD00	2026		\$(5,000,000)
OH	Multifamily Housing	14500-BO-HU-3000	2026		\$5,000,000

2026 COUNCIL BUDGET ACTION

V1

OH-002-A

Increase OH by \$10 million Payroll Expense Tax (one-time) for rental assistance to tenants in OH-funded non-profit affordable housing buildings

SPONSORS

Sara Nelson, Rob Saka, Mark Solomon

BALANCING SUMMARY

Fund	2026 Increase (Decrease)	2027 Increase (Decrease)
General Fund	\$0	
Other Funds	\$(10,000,000)	
Total Budget Balance Effect	\$(10,000,000)	

CENTRAL STAFF SUMMARY

This Council Budget Action (CBA) would increase appropriations to the Office of Housing (OH) by \$10 million Payroll Expense Tax (PET) for rental assistance to tenants, including rent arrears, in non-profit affordable housing that has received capital funds from OH. Currently, PET is a place holder as the sponsor works to identify sources of funding.

OH will be releasing a \$28 million Request for Qualifications for operating stabilization funding to support affordable housing organizations in November 2025. Rent arrears will be an eligible use of this funding. In 2024, OH awarded \$14 million in operating stabilization funds to 24 organizations. 38% of funds were used for rental assistance, including rent arrears.

ATTACHMENT: No

TRANSACTIONS - ONE-TIME

Dept	BSL	BCL	Year	Revenue	Expenditure
OH	Multifamily Housing	14500-BO-HU-3000	2026		\$10,000,000

2026 STATEMENT OF LEGISLATIVE INTENT

V1

OH-003S-A

Request that OH update the Seattle Housing Investment Plan with additional information

SPONSORS

Robert Kettle, Maritza Rivera, Debora Juarez

CENTRAL STAFF SUMMARY

This Statement of Legislative Intent (SLI) would request that the Office of Housing (OH) update the Seattle Housing Investment Plan (SHIP) submitted by OH in September 2025 with 1) more specific information on the potential housing production, between 2026-2030, of other external housing partners that do not receive OH funding; 2) Strategic recommendations on how much PET funding should be set aside annually for operating stabilization support between 2026-2030; and 3) recommendations on acquisition of properties as compared to construction of new properties. More details of the specific update requests are provided below.

1) Information on external partners should include, but not be limited to:

- a. Seattle Social Housing Developer (SSHD). OH should engage with SSHD to understand, to the extent feasible, SSHD's plan to acquire and/or construct units between 2026-2030 and the anticipated affordability level for those units.
- b. Seattle Housing Authority (SHA). OH should engage with SHA to understand what, affordable housing projects SHA anticipates developing or acquiring between 2026-2030, regardless of whether or not project is anticipated to receive OH funding.
- c. King County Regional Homelessness Authority. OH should engage with KCRHA to understand what units have been created through master leases funded by the Washington State's Right of Way (ROW) program. OH should also understand the timeframe for those master leases and when funding ends for them. Outside of master leases created through the ROW program, KCRHA does not produce new affordable housing units.
- d. Other. Although unlikely, OH should incorporate anticipated affordable housing with income and rent restricted units that will be developed between 2026-2030 that does not have any OH funding, if possible to determine.

2) Strategic recommendations on how much PET funding should be set aside annually for operating stabilization support between 2026-2030. This should include:

- a. An assessment of remaining operating gaps after the \$28 million in Operating Stabilization Funding is deployed
- b. A breakdown of one-time operating shortfalls versus ongoing structural gaps that will need ongoing funding to address.
- c. Quantifying the ongoing needs related to providing security at buildings.
- d. Assessment of how vacancies rates are impacting operating stabilization needs.
- e. Description of actions by other public funders to address the operating needs of affordable housing providers and OH's response to those actions

2026 STATEMENT OF LEGISLATIVE INTENT

3. Recommendations on acquisition versus new construction. This should include:
- a. The factors OH considers when assessing the acquisition of a new property
 - b. The cost differential between acquiring units as compared to constructing them
 - c. Other considerations for acquisition, such as durability of units and availability of family sized units.

Responsible Council Committee(s): Housing and Human Services

DUE DATE: June 30, 2026

2026 STATEMENT OF LEGISLATIVE INTENT

V1

OH-004S-A

Request that OH report on operating stabilization funding

SPONSORS

Maritza Rivera, Robert Kettle, Sara Nelson

CENTRAL STAFF SUMMARY

This Statement of Legislative Intent (SLI) would request that Office of Housing (OH) provide a report on the use of operating stabilization funding. The report should detail the use of:

1) The \$28 million for operating stabilization for affordable housing providers

A Request for Qualifications will be released in November 2025 utilizing \$10 million of 2025 Payroll Expense Tax (PET) and \$18 million of 2026 PET. OH anticipates making awards by January 1, 2026. Expenses incurred between January 1, 2025 and June 30, 2027 will be eligible. The report should include:

- a. The methodology used for distributing funds and the process for verifying the affordable housing provider's need before awarding funds.
- b. Eligible uses of funding
- c. The total amount of funding each affordable housing provider received.
- d. The amount and percentage going to different uses, such as rent arrears, staffing costs, security costs, insurance costs, repairs, and administration.

2) Operating stabilization support awards, focused on debt restructuring to improve cash flow.

The \$170 million 2025 Notice of Funding Availability included, for the first time, a category of "stabilization". Funds are intended to help restructure debt at OH-funded properties in order to improve cash flow. The report should include:

- a. The total amount awarded for operating stabilization in the 2025 NOFA.
- b. The projects funded and amount awarded to each project.
- c. The process for verifying the affordable housing provider's need before awarding funds.
- d. A description of how award will improve operational sustainability

3) Strategic recommendations on how much PET funding should be set aside annually for operating stabilization support between 2026-2030. This report should include:

- a. An assessment of remaining operating gaps after the \$28 million in Operating Stabilization Funding is deployed
- b. A breakdown of one-time gaps versus ongoing structural gaps that will need ongoing funding to address.
- c. Quantifying the ongoing needs related to providing security at buildings, including security infrastructure upgrades.
- d. An assessment of how vacancy rates are impacting operating stabilization needs.
- e. A description of actions by other public funders to address the operating needs of affordable housing providers and OH's response to those actions

2026 STATEMENT OF LEGISLATIVE INTENT

4) A description of trade-offs needed to meet OH's recommendation on use of PET to meet operating stabilization needs between 2026-2030, including any impact to the production targets included in the Seattle Housing Investment Plan and Housing Levy goals.

Responsible Council Committee(s): Housing and Human Services

DUE DATE: June 30, 2026

2026 STATEMENT OF LEGISLATIVE INTENT

V1

OH-005S-A

Request that OH explore use of the non-profit Housing Connector, report on rental unit vacancies, and identify barriers to renting units to very low-income households

SPONSORS

Sara Nelson, Mark Solomon, Debora Juarez

CENTRAL STAFF SUMMARY

This Statement of Legislative Intent (SLI) would request that Office of Housing (OH):

- 1) Explore fully integrating with the non-profit Housing Connector organization so that every OH funded- building participates in the Housing Connector program (excluding Permanent Supportive Housing projects). This should include utilizing the Housing Connector's system to: match people in need with subsidized housing, collect data on vacancies and housing outcomes 1 and 2 years after placement, and provide advanced warning signs of rental instability.
- 2) Quantify the number of buildings with vacancy rates above the industry standard of 5 percent and quantify the number of units vacant by their cause, such as unit repairs or lack of demand.
- 3) Provide actionable recommendations on how to support buildings with high vacancy rates in order to reduce vacancy rates.
- 4) Identify the barriers to utilizing vacant units that are regulated at 30-60 percent Area Median Income (AMI) for people who would otherwise be in units regulated at 0-30 percent AMI, the area where need is greatest. Information to analyze includes the cost to provide rental subsidies, the types of services or other support required, and the cost to provide those services.

OH may need to convene providers to collect the above information. OH should issue a final report with finding from each of the areas listed above.

Responsible Council Committee(s): Housing and Human Services

DUE DATE: September 1, 2026

2026 STATEMENT OF LEGISLATIVE INTENT

V1

OH-006S-A

Request that OH provide additional data in its Annual Investment Report on status of awarded projects and progress on meeting affordable housing production goals

SPONSORS

Robert Kettle, Maritza Rivera, Sara Nelson

CENTRAL STAFF SUMMARY

This Statement of Legislative Intent (SLI) requests the Office of Housing (OH) provide additional information in the Annual Investment Report submitted to City Council. The City Council requests that the Annual Investment Report include the following additional information.

More Information on Project Status

1) OH is already reporting on projects that have received an award or opened during the Annual Report Year. OH should supplement this information by also providing, for each project, the date of: loan closing, construction permit issuance, Certificate of Occupancy issuance, and final close out, meaning there is no balance of encumbered funds remaining. OH should provide this information for all projects that have been awarded, regardless of award year, that either have not yet opened or opened during the Annual Report year. The information should be provided in a single table, so that it is easy to see when the project was initial awarded and current status.

2) OH should provide an easy-to-read dashboard, with information similar to Slide 6 in the Office of Housing's presentation on the September 11, 2025 Governance, Accountability and Economic Development Committee.

Progress on achieving housing goals

OH should provide updated information on progress in achieving housing goals included in the Housing Investment Report, broken down by program, unit type and income level served. The Housing Investment Report articulates the City's affordable housing productions goals for 2024-2030 and gives an estimate of the number of units that will be provided with available city funds and programs over that time period. The City Council requested the Housing Investment Report through SLI OH-001S-A with the 2025 Adopted Budget. The Housing Investment Report was provided to Council in September 2025.

Responsible Council Committee(s): Housing and Human Services

DUE DATE: June 30, 2026