SEATTLE CITY COUNCIL
CENTRAL STAFF

Seattle Social Housing Developer

JENNIFER LABRECQUE, ANALYST

HOUSING, ARTS & CIVIL RIGHTS COMMITTEE
2/11/26

Initiative 135 (I-135)

- Approved by voters in February 2023
- Established the Seattle Social Housing Developer (SSHD), a public development authority to develop, own, and maintain publicly financed mixed-income social housing developments.
- Per I-135, social housing must:
  - Be owned by the SSHD
  - To the extent possible, be mixed income, with units affordable to households earning 0% to 120% of Area Median Income
  - Allow tenants to remain in housing even if household income changes
  - Establish rental rates based on operations, maintenance, and loan payments
  - Allow residents opportunities for restorative justice conflict resolution prior to eviction proceedings
  - Not be sold or transferred to a private entity or public-private partnership
  - Allow residents have opportunities to participate in decision-making
  - Meet passive housing standards for new developments.

Initiative 137 (I-137)

- Approved by voters in February 2024
- Imposes a five percent tax on compensation paid in Seattle to any employee above $1,000,000 a year.
- At least 95 percent of such tax revenue must be allocated and promptly transferred to the SSHD; up to five percent can be retained by the City to administer the tax, not to exceed $2,000,000 per year.
- Tax went into effect on January 1, 2025. First tax payments were made on January 31, 2026.

Prior Grants and Loans to SSHD

- Under I-135, the City was obligated to fund start-up costs for eighteen months along with limited in-kind support. City provided:
  - $20,000 in initial funding in 2023 (did not count towards 18 months of start up support)
  - $850,000 in the 2024 Adopted Budget
- In 2024, Washington State Department of Commerce provided a $200,000 grant for SSHD for start-up costs
- In 2025, Council approved a $2 million bridge loan to SSHD to sustain operations until I-137 proceeds were transferred in Q1 2026.

SSHD Interlocal Agreement (ILA)

- CB 121153, authorizing the Executive to execute an ILA with SSHD, will be voted on by City Council on February 10, 2026.
- Under I-137, the City is responsible for administering and collecting the tax imposed by I-137 and then transferring it promptly to the SSHD.
- Council must approve an Interlocal Agreement between the City and SSHD prior to the transfer of any I-137 proceeds to the SSHD.
- ILA establishes terms such as the process by which the City will be compensated for administrative costs associated with I-137, the process for distributing I-137 tax proceeds collected in 2025, which reflect a full year's worth of proceeds; the process for collecting and distributing tax proceeds beginning in 2026 on a quarterly basis; process for handling refunds and appeals of refund denials; process for refund and credit adjustments; dispute resolution process, which includes mediation as an option.
- Under the ILA, 2025 tax proceeds must be transferred to SSHD by March 2, 2026.

Questions?