

## SUMMARY and FISCAL NOTE

<b>Department:</b>	<b>Dept. Contact:</b>	<b>CBO Contact:</b>
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

<b>5. ATTACHMENTS</b>
-----------------------

**Summary Attachments:** None.