

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



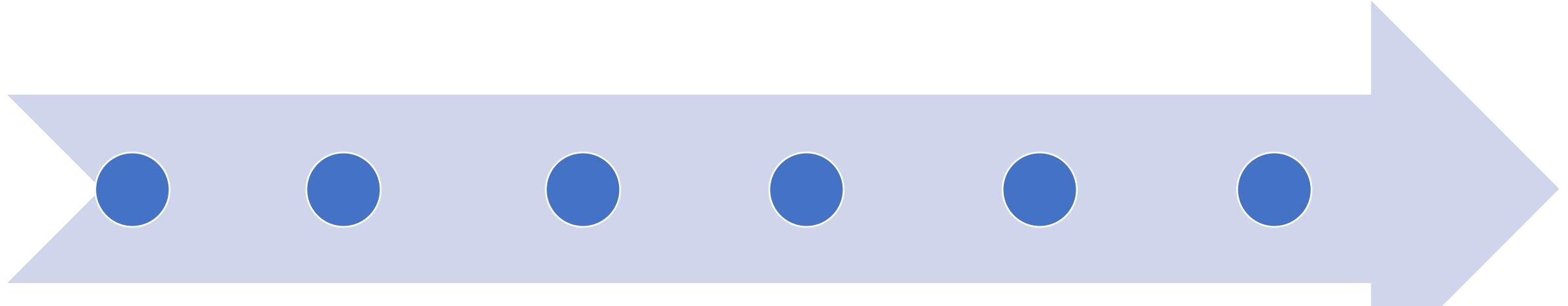
Appendix



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