

## **SUMMARY and FISCAL NOTE**

| <b>Department:</b> | <b>Dept. Contact:</b> | <b>CBO Contact:</b> |
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| City Budget Office | Lisa Gaccione         |                     |

### **1. BILL SUMMARY**

**Legislation Title:** AN ORDINANCE relating to the financing of the Seattle Social Housing Developer; authorizing the Director of Finance to enter into a loan agreement with the Seattle Social Housing Developer; authorizing a loan of funds in an amount up to \$2,000,000 from the General Fund as bridge financing to be repaid from future tax proceeds; 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 a Public Development Authority, the Seattle Social Housing Developer, to develop, acquire and maintain social housing in Seattle. On February 11, 2025, Seattle voters approved Initiative 137 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.

The new tax was imposed January 1, 2025 but the first proceeds of the tax will not be collected until January 2026. As a result, bridge financing is needed to cover staffing and other operational costs of the Social Housing Developer in 2025. This legislation authorizes the Director of the Office of City Finance to enter into a loan agreement with the Social Housing Developer for an amount of up to \$2 million. The legislation also authorizes the Director of the Office of Finance to make a non-revolving loan from the General Fund. The interfund loan will be repaid with tax proceeds from the Social Housing Tax in Q1 2026 immediately upon their receipt. The repayment will include interest at the rate of return of the City's consolidated cash pool.

The City has found that making the loan, to be repaid from the tax immediately as it is collected by the City, is the most efficient way to carry out the terms of Initiative 137. The City has also found that this method is the most financially responsible way to provide interim funding to the Developer.

### **2. CAPITAL IMPROVEMENT PROGRAM**

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

### **3. SUMMARY OF FINANCIAL IMPLICATIONS**

**Does this legislation have financial impacts to the City?** 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.**

N/A

**Please describe any financial costs or other impacts of *not* implementing the legislation.** Without access to the tax revenues approved in 2025 until early in 2026, the Social Housing PDA may not be able to fully advance its priorities until 2026.

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

The legislation does not impact other City departments.

### 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.**

N/A

**ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.**

N/A

- iii. **What is the Language Access Plan for any communications to the public?**  
N/A

**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

**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?**  
N/A

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

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| <b>5. ATTACHMENTS</b> |
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**Summary Attachments:** None.