



Legislation Text

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CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to low-income housing; requesting that a special election be held concurrent with the November 7, 2023 general election for submission to the qualified electors of the City of a proposition to lift the limit on regular property taxes under chapter 84.55 RCW in order to authorize the City to levy additional taxes for low-income housing for up to seven years; providing for interim financing pending tax receipts; creating a levy oversight committee; requiring annual progress reports; providing for implementation of programs with funds derived from the taxes authorized; exempting certain seniors, veterans with disabilities, and other people with disabilities who qualify under RCW 84.36.381; and ratifying and confirming certain prior acts.

WHEREAS, the \$290,000,000 housing levy authorized in Ordinance 125028 and approved by the voters in 2016 expires with the collection of 2023 property taxes; and

WHEREAS, the \$145,000,000 housing levy authorized in Ordinance 123013 was approved by the voters in 2009; and

WHEREAS, the \$86,000,000 housing levy authorized in Ordinance 120823 was approved by the voters in 2002; and

WHEREAS, the \$59,211,000 housing levy authorized in Ordinance 117711 was approved by the voters in 1995; and

WHEREAS, the \$49,975,000 housing levy authorized in Ordinance 112904 was approved by the voters in 1986; and

WHEREAS, the \$48,170,000 low-income elderly and handicapped housing bond issue authorized in Ordinance 110124 was approved by the voters in 1981; and

WHEREAS, the low-income elderly and handicapped housing bond approved in 1981 and four housing levies

approved in 1986, 1995, 2002, and 2009 have all exceeded goals for producing and preserving housing, and the 2016 Housing Levy programs are meeting or exceeding goals for housing production and assistance; and

WHEREAS, according to the Market Rate housing Needs and Supply Analysis commissioned by the Office of Planning and Community Development and conducted by BERK Consulting in 2021, Seattle lacked approximately 29,710 safe, sanitary, and appropriate rental homes affordable to households earning 0-50 percent Area Median Income (AMI); and

WHEREAS, the King County Growth Management Planning Council projects that Seattle will need approximately 112,000 new homes, including roughly 70,726 homes affordable to households with incomes under 80 percent AMI, of which approximately 43,596 must be homes affordable to households under 30 percent AMI, including 15,024 Permanent Supportive Housing (PSH) units, to meet the housing needs of all housed and unhoused residents by 2044; and

WHEREAS, operators of PSH face significant workforce shortages and, according to an internal analysis conducted by the Office of Housing (OH), currently face unfilled jobs openings rates of approximately 20 percent; and

WHEREAS, the United States Department of Housing and Urban Development (HUD) in their Comprehensive Housing Affordability Strategy (CHAS) 2015-2019 estimates found that 87,405 Seattle homeowners and renters had incomes at or below 50 percent AMI and made up 26 percent of all Seattle residents, but that 49 percent of these low-income homeowners and renters were severely cost-burdened paying 50 percent or more of their income on housing costs; and

WHEREAS, the same HUD CHAS data shows that 18 percent of Seattle homeowners and renters who are Black, Indigenous, People of Color, or Multi-Racial are severely housing cost-burdened while 15 percent of the overall population of homeowners and renters in the city are severely cost-burdened; 21 percent of Black homeowners in Seattle are severely cost-burdened as opposed to 10 percent of all

homeowners; and 27 percent of Black and Indigenous renters are severely cost-burdened compared with 19 percent of all renters in Seattle; and

WHEREAS, a worker making Seattle's \$18.69 minimum wage for large employers would need to work 75.5 hours per week to afford the \$1,881 fair market rent of a one-bedroom apartment in the Seattle-Bellevue HUD Metro Fair Market Rent Area; and

WHEREAS, the King County Regional Homelessness Authority's 2022 Point in Time Count found 13,368 sheltered and unsheltered people experiencing homelessness in King County; and

WHEREAS, chapter 84.55 RCW generally limits the dollar amount of regular property taxes that a city may levy in any year, but RCW 84.55.050 allows a city to levy taxes exceeding such limit by majority approval of the voters, and allows a city to include in the ballot proposition a limit on the purpose for which the additional taxes levied will be used and to provide for the expiration of the additional taxing authority; and

WHEREAS, RCW 35.21.685 authorizes a city to assist in the development or preservation of publicly or privately owned housing for persons of low income by providing loans or grants of general municipal funds to the owners or developers of the housing, including loans or grants to finance the acquisition, construction, or rehabilitation of low-income housing; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The City Council finds and declares:

A. The City of Seattle has insufficient safe, sanitary, and appropriate housing affordable to low-income households to meet the present and anticipated needs of such households, as documented in the Office of Planning and Community Development's Market Rate Housing Needs and Supply Analysis and projected by the King County Growth Management Planning Council.

B. Affordable rental housing for low-income households, including people experiencing homelessness, persons with special needs, families, and older adults, requires a commitment of City funds for affordable

housing development, preservation, acquisition, operating, and other forms of assistance. More detail on programmatic investments can be found in Attachment A to this ordinance.

C. Permanent Supportive Housing and affordable housing serving extremely low-income households require ongoing investment to supplement rent paid by residents, to support annual operating, maintenance, and services costs, and to provide wage stabilization support for the workers needed to operate, maintain, and provide services for this housing.

D. Home ownership for low-income households prevents displacement, creates financial stability for families, and promotes mixed income neighborhoods. City investment is required to develop new high-quality homes regulated to be permanently affordable to low-income households, provide purchase assistance loans to low-income homebuyers coupled with homeownership education and counseling, provide grants to low-income homeowners to make critical health and safety repairs, and provide foreclosure prevention assistance.

E. Rental assistance combined with stabilization services supports low-income families and individuals to maintain stable housing, avoid eviction, and address homelessness.

F. The City supports short-term acquisition loans for cost-effective purchases of buildings or land for rental or homeownership development, to further expand the supply of affordable housing.

G. Providing funding to help develop, preserve, and finance housing affordable to low-income renters and homebuyers is also anticipated to support on-going employment opportunities, generate income for local businesses, create construction jobs, and advance labor equity goals - as well as identifying projects that will include the use of Community Workforce Agreements, with apprenticeship and priority hire provisions.

H. The additional taxes to be levied under this ordinance would help the City provide for the housing needs of low-income households and so help fulfill the purposes of federal, State, County, and City laws and policies, including without limitation the State Growth Management Act (GMA), the Countywide Planning Policies adopted under GMA, and the City's Comprehensive Plan.

Section 2. As used in this ordinance, unless the context requires otherwise:

"Household" means a single person, a family, or unrelated persons living together.

"Low-income household" means a household with income less than or equal to 80 percent of median income.

"Low-income housing" means housing that will serve low-income households.

"Median income" means annual median family income for the statistical area or division thereof including Seattle for which median family income is published from time to time by the U.S. Department of Housing and Urban Development, or successor agency, with adjustments according to household size in a manner determined by the Director of Housing. If an Administrative and Financial Plan adopted under Section 6 of this ordinance adopts a different definition of "median income," that definition shall apply to both the Plan and the rest of this ordinance instead of this definition.

To the extent permitted by State law, income determinations may take into account such exclusions, adjustments, and rules of computation as may be prescribed or used under federal housing laws, regulations, or policies for purposes of establishing income limits, or as may be established in City planning documents consistent with federal laws, regulations, or policies.

Section 3. The City submits to the qualified electors of the City a proposition as authorized by RCW 84.55.050, to exceed the levy limitation on regular property taxes contained in chapter 84.55 RCW for property taxes levied in 2023 through 2029 for collection in 2024 through 2030, respectively, raising up to \$970,260,175 in aggregate over a period of up to seven years. The proposition shall be limited so that the City shall not levy more than \$138,608,596 in additional taxes each year, in addition to the maximum amount of regular property taxes the City would have been limited to by RCW 84.55.010 in the absence of voter approval under this ordinance. Proceeds shall be used for the purposes specified in subsection 5.A of this ordinance. In accordance with RCW 84.36.381 and RCW 84.55.050, the City exempts the proposed increased regular property taxes for certain seniors, veterans with disabilities, or other persons with disabilities who qualify under RCW 84.36.381. Pursuant to RCW 84.55.050(5), the maximum regular property taxes that may be levied in 2030 for collection

in 2031 and in later years shall be computed as if the limit on regular property taxes had not been increased under this ordinance.

Section 4. Levy revenues

A. Unless otherwise directed by ordinance, all revenues collected from the additional taxes authorized pursuant to this ordinance shall be deposited in the Low-Income Housing Fund to finance housing for low-income households and provide for the housing needs of low-income households, and in the Office of Housing Fund for administrative costs. The Finance Director is authorized to create other accounts within the Low-Income Housing Fund as may be needed or appropriate to implement the purposes of this ordinance.

B. Pending expenditure for the purposes authorized in this ordinance, amounts deposited in the Low-Income Housing Fund pursuant to this ordinance may be invested in any investments permitted by applicable law. All investment earnings on the balances shall be deposited into the Low-Income Housing Fund. Amounts received by the City from payments with respect to proceeds of sale or disposition of property, loans, recovery of grants, or insurance proceeds ("program income") shall be deposited into the Low-Income Housing Fund unless otherwise specified by ordinance. The Director of Housing or designee shall use any investment earnings and program income derived from revenues collected from the additional taxes authorized pursuant to this ordinance consistent with the provisions of any Administrative and Financial Plan (A & F Plan) adopted by the City Council under Section 6 of this ordinance.

Section 5. Administration; use of proceeds

A. Levy funds shall be used to finance affordable housing for low-income households, and otherwise to provide for the housing needs of low-income households, and for related administrative costs.

B. The Office of Housing shall administer programs funded with the additional taxes authorized pursuant to this ordinance, including through agreements with other departments, agencies, and organizations. Programs adopted by the City Council for use of the funds derived under this ordinance shall be referred to as "Levy Programs." Anticipated Levy Programs are shown in Attachment A to this ordinance.

C. The City Council, upon recommendation of the Oversight Committee described in Section 9 of this ordinance, or upon recommendation of the Mayor, or on its own, may review the timing of the allocations to particular Levy Programs and may by ordinance make changes to the programs, including but not limited to affordability levels and the amount of funds allocated to any program and/or additions and deletions of programs, consistent with the basic purposes of this ordinance and applicable law. Administration funding shown in Attachment A to this ordinance is intended to be used for administration of Levy Programs. In addition, administration funding may be used for monitoring performance of funded projects, administration of, or program support for, the Operating and Maintenance Program funding from prior levies, and administration related to the development and preservation of affordable housing.

Section 6. Administrative and Financial Plans

A. Every two years, or at another interval as the City Council may specify, the Director of Housing shall prepare an A & F Plan covering all Levy Programs. Such plans shall cover periods commencing in 2024 and continuing through 2030, and thereafter if the City Council specifies.

B. Unless the City Council otherwise requests, each A & F Plan shall include: amounts allocated to programs, which may vary from year to year in order to respond to changing housing market conditions, leveraging opportunities, or other circumstances; criteria for evaluating and selecting projects; guidelines for loans or grants, including any fees to be collected to defray costs; requirements for project sponsors; progress and performance reports for each Levy Program; program reviews to ensure that levy funds are used for their stated purposes; and guidelines for use of program income and investment earnings. An A & F Plan may include other information as the Mayor or Director of Housing may deem appropriate or the City Council may request.

C. The A & F Plan shall be submitted to the City Council for its approval, with such modifications as the City Council may require. All criteria, guidelines, and requirements contained in a previously approved A & F Plan shall remain in effect pending approval by City Council of a new A & F Plan, unless otherwise provided

by ordinance.

Section 7. The Director of Housing or designee is authorized to:

A. Select projects for funding and to approve, make, and modify loans, grants, or other expenditures to carry out the Levy Programs, provided that such authority is subject to the appropriation of sufficient funds; and

B. Execute and deliver such documents and instruments as the department head or designee determines are necessary or appropriate to implement the financing of specific projects or to otherwise carry out the Levy Programs.

Section 8. To the extent permitted by applicable law, the City may issue bonds, notes, or other evidences of indebtedness payable wholly or in part from the proceeds of the additional taxes authorized under this ordinance, and apply such tax proceeds to the payment of principal of, interest on, and premium (if any) on such bonds, notes or other evidences of indebtedness and to the payment of costs associated with them.

Section 9. Oversight Committee

A. Conditioned upon voter approval of the ballot proposition submitted by this ordinance, there is established an Oversight Committee for the purpose of monitoring the progress of Levy Programs and reporting to the Mayor and the City Council on the progress of Levy Programs. The Committee also shall perform monitoring and reporting functions for any funds remaining from the 2016 Housing Levy. The Committee shall inform the Mayor and the City Council of Levy Program accomplishments and challenges and make recommendations on the A & F Plan and on actions to be taken, including additions to or deletions of programs or amounts of funds allocated to the several programs, so that Levy Programs may be conducted in a timely and efficient manner. The Committee may elect officers and establish rules of procedure, including what shall constitute a quorum. The Director of Housing shall provide the Committee such information as is necessary for the Committee to determine the status of individual programs and projects. The Oversight Committee shall consist of 13 voting members, selected as follows: one shall be a City employee appointed by the Mayor or

designee; one shall be a City employee appointed by the City Council; the remainder shall be persons outside City government, of whom six shall be appointed by the Mayor and five by the City Council. The appointing authority shall remove any member who is absent from two or more consecutive meetings without cause. The appointing authority may remove any member for cause or to ensure compliance with subsection 9.B of this ordinance.

B. No more than three Committee members appointed by the Mayor and no more than two Committee members appointed by the City Council shall: be an officer, director, board member, trustee, partner, or employee of an entity that receives or competes for funding under this ordinance; or be a member of the immediate family of, or an individual residing with, an officer, director, board member, trustee, partner, or employee of an entity that receives or competes for funding under this ordinance; or be a person seeking or having an arrangement concerning future employment with an entity that receives or competes for funding under this ordinance. For the purposes of this ordinance, an individual's "immediate family" means the individual's spouse, domestic partner, child, child of a spouse or domestic partner, sibling-in-law, parent, parent of a spouse or domestic partner, a person for whom the individual acts as a guardian, or a person claimed as a dependent on the individual's most recent federal income tax return. Subject to the preceding sentence and applicable law, an individual serving as an officer, director, board member, trustee, partner, or employee of an entity that receives or competes for funding under this ordinance, or who has an interest in such an entity, shall not thereby be disqualified from serving on the Committee, but shall fully disclose any such relationships and shall not vote on any matter in which the interest of such entity is directly involved. For purposes of this subsection 9.B, "entity" does not include a City department or office.

C. The City Council shall prescribe by ordinance or resolution the terms of office of Committee members, which may be staggered to provide continuity, and the initial committee members shall be selected within six months after voter approval of the proposition submitted by this ordinance. The City Council may prescribe such other rules relating to the operation of the Committee as shall be necessary or appropriate.

D. Upon the resignation, retirement, death, incapacity, or removal of a Committee member, the authority who appointed that member may appoint a replacement for the balance of the term.

E. Committee members shall serve without compensation.

F. The Oversight Committee shall continue in existence through 2030, and thereafter if so provided by ordinance.

Section 10. The Director of the Office of Housing will prepare and submit to the Oversight Committee, City Council, and the Mayor an annual progress report on the implementation of the Housing Levy.

Section 11. The City Council directs that the City Clerk file this ordinance with the King County Director of Elections, as ex officio supervisor of elections, requesting that the Director call and conduct a special election in the City in conjunction with the general election to be held on November 7, 2023, for the purpose of submitting to the qualified electors of the City the proposition set forth in this ordinance. The City Clerk is directed to certify to the King County Director of Elections the ballot title approved by the City Attorney in accordance with the City Attorney's responsibilities under RCW 29A.36.071. The following ballot title is submitted to the City Attorney for consideration:

Proposition No. 1

Property Tax Levy Renewal for Affordable Housing

The Mayor and Seattle City Council passed Ordinance **XXXX**, concerning renewal of the Seattle Housing Levy.

If approved, this proposition would replace the expiring Seattle Housing Levy and fund housing and housing services for low-income households, including seniors, working families, people with disabilities, and people experiencing homelessness.

It authorizes a seven-year property tax increase for collection beginning in 2024 at approximately \$0.45/\$1,000 in assessed value, up to a maximum \$3.60/\$1,000. The 2024 regular levy amount would be used to compute limitations for 2025-2030 levies. Seniors, veterans, and others qualified under RCW 84.36.381 are

exempt.

Should this proposition be approved?

Yes

No

Those in favor shall vote “Yes”; those opposed shall mark their ballots “No”.

Section 12. Section titles are for convenient reference only and do not modify or limit the text of a section.

Section 13. The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance, or the invalidity of its application to any person or circumstance, does not affect the validity of the remainder of this ordinance or the validity of its application to other persons or circumstances, including the validity of authorizing additional taxes by levy.

Section 14. Any act consistent with the authority of this ordinance taken after its passage and prior to its effective date is ratified and confirmed.

Section 15. Those portions of this ordinance providing for the submission of a ballot proposition to the voters shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020. Those portions of this ordinance that are dependent upon voter approval of said ballot proposition shall take effect in accordance with applicable law.

Passed by the City Council the _____ day of _____, 2023, and signed by
me in open session in authentication of its passage this _____ day of _____, 2023.

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2023.

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2023.

Anne Frantilla, Interim City Clerk

(Seal)

Attachments:

Attachment A - 2023 Housing Levy Programs

Attachment B - 2023 Seattle Housing Levy Community Engagement Report