



SEATTLE CITY COUNCIL
CENTRAL STAFF

Affordability and City Revenues

TOM MIKESELL, ANALYST & CALVIN CHOW, DEPUTY DIRECTOR, COUNCIL CENTRAL STAFF

COUNCIL BRIEFING

JUNE 1, 2026

Economic Context (1/4)

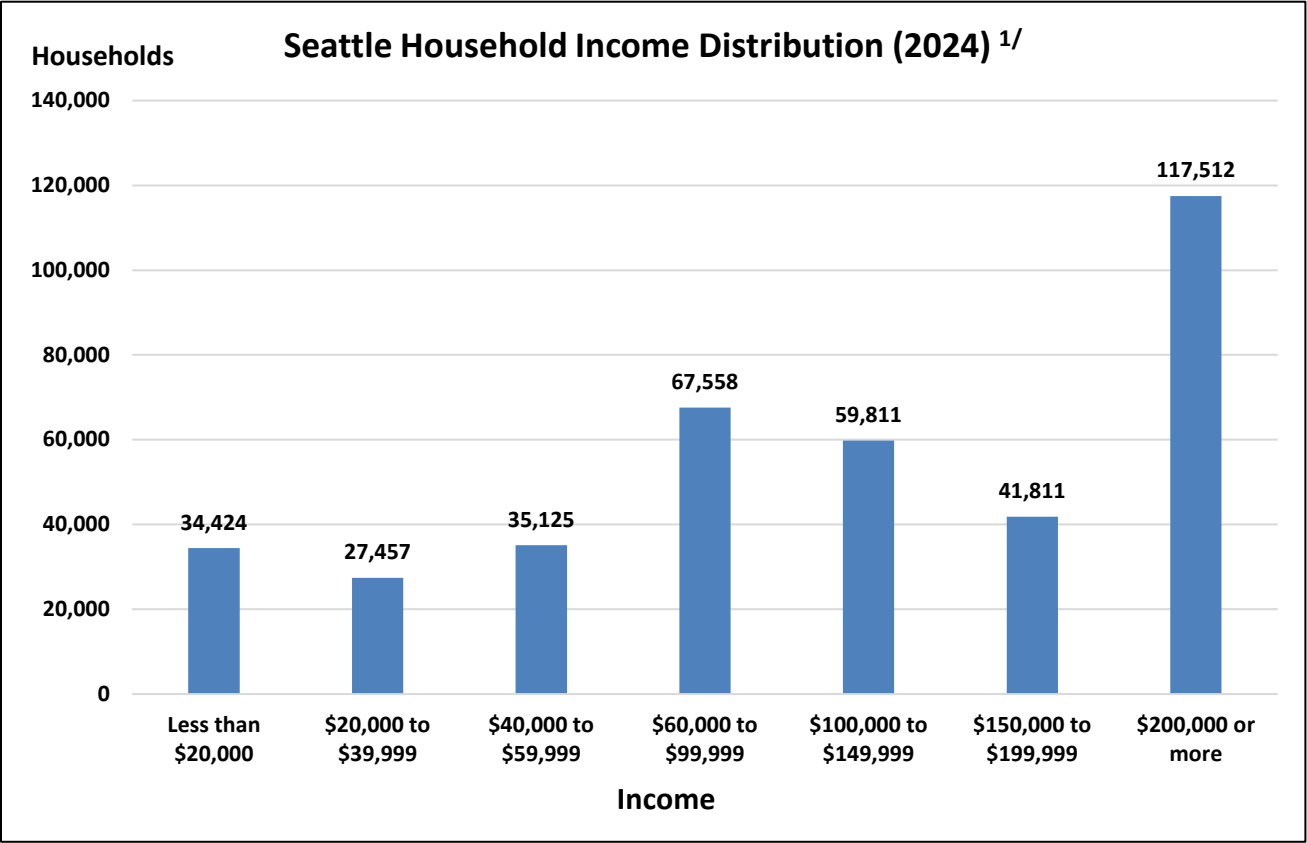
- “Affordability”, at a basic level, is the comparison of prices with the ability to pay them
- Inflation represents increases in prices that all consumers pay
 - Between ‘Great Recession’ and the pandemic, inflation was generally low
 - Since the pandemic, inflation has trended higher. The latest year-over-year reading for Seattle-area consumer price index is 4.9 percent
 - Prices of essentials have grown at elevated rates since 2019

	April 2019 CPI	April 2026 CPI	2019-2026 % increase	Annual Average
Food	276	387	40%	5.7%
Housing	327	455	39%	5.6%
Transportation	227	331	46%	6.5%
Tuition, fees and childcare	1561	1890	21%	3.0%

Economic Context (2/4)

- Select reasons for high inflation:
 - Tariffs instituted in 2025 are taxes on imports, which can be passed-through as price increases
 - Supply constraints and high demand keep housing prices high
 - Recent war in middle east has raised gas prices
- These national trends are outside local policy control yet contribute to the baseline costs that residents pay
- Tax and fee increases are applied on top of these factors

Economic Context (3/4)



1/American Community Survey Table K201901 "Household Income in the Past 12 Months (in 2024 Inflation-Adjusted Dollars)"

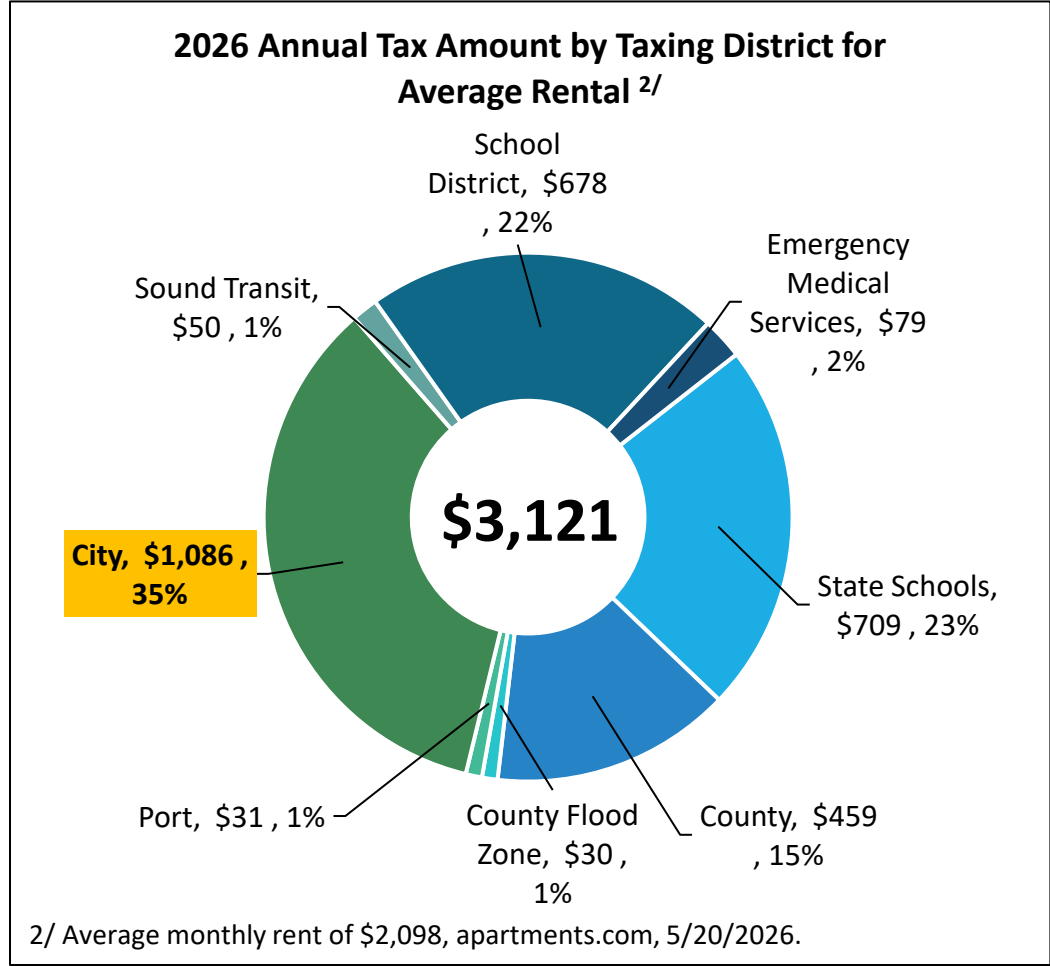
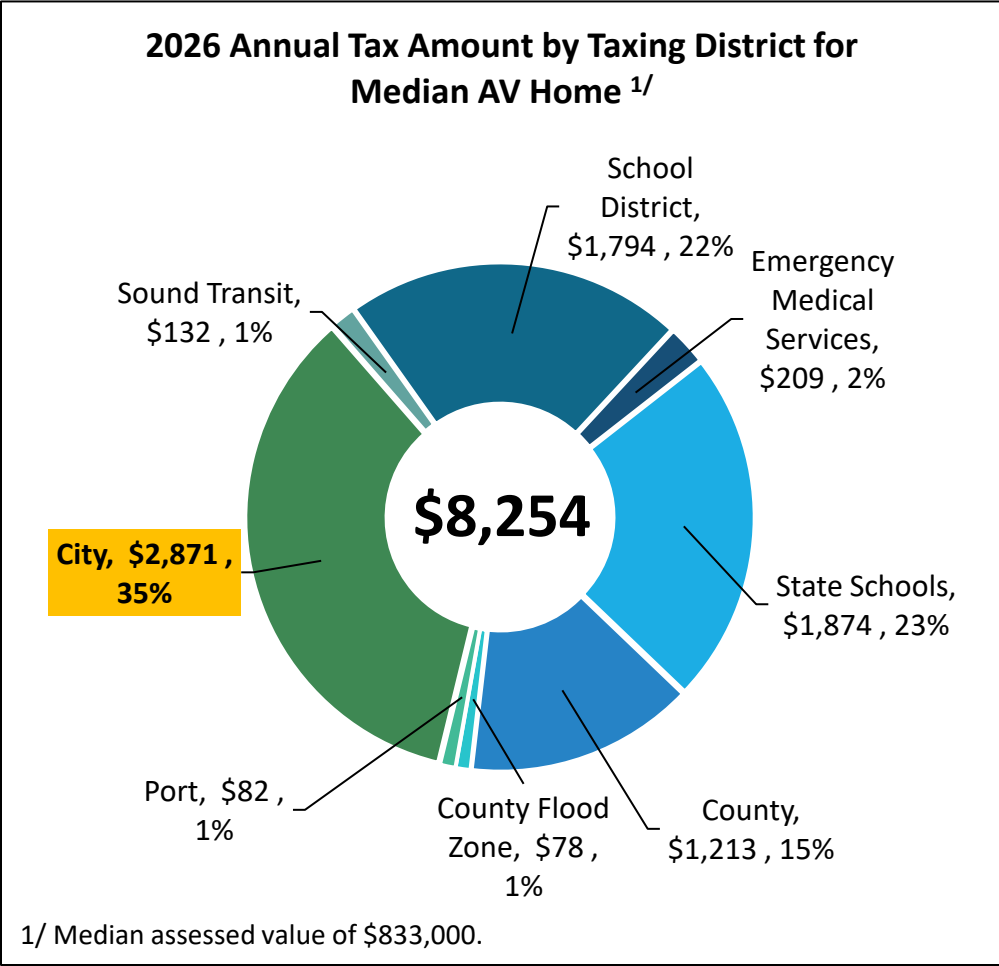
- Seattle’s income distribution shows households with high incomes than those with lower incomes
- 30 percent of households have income great than \$200,000
- What may be affordable to households on the right side of the graph may not be affordable to those on the left side
- ‘K-shaped economy’: gains from economic growth since the pandemic largely accruing to high income households

Economic Context (4/4)

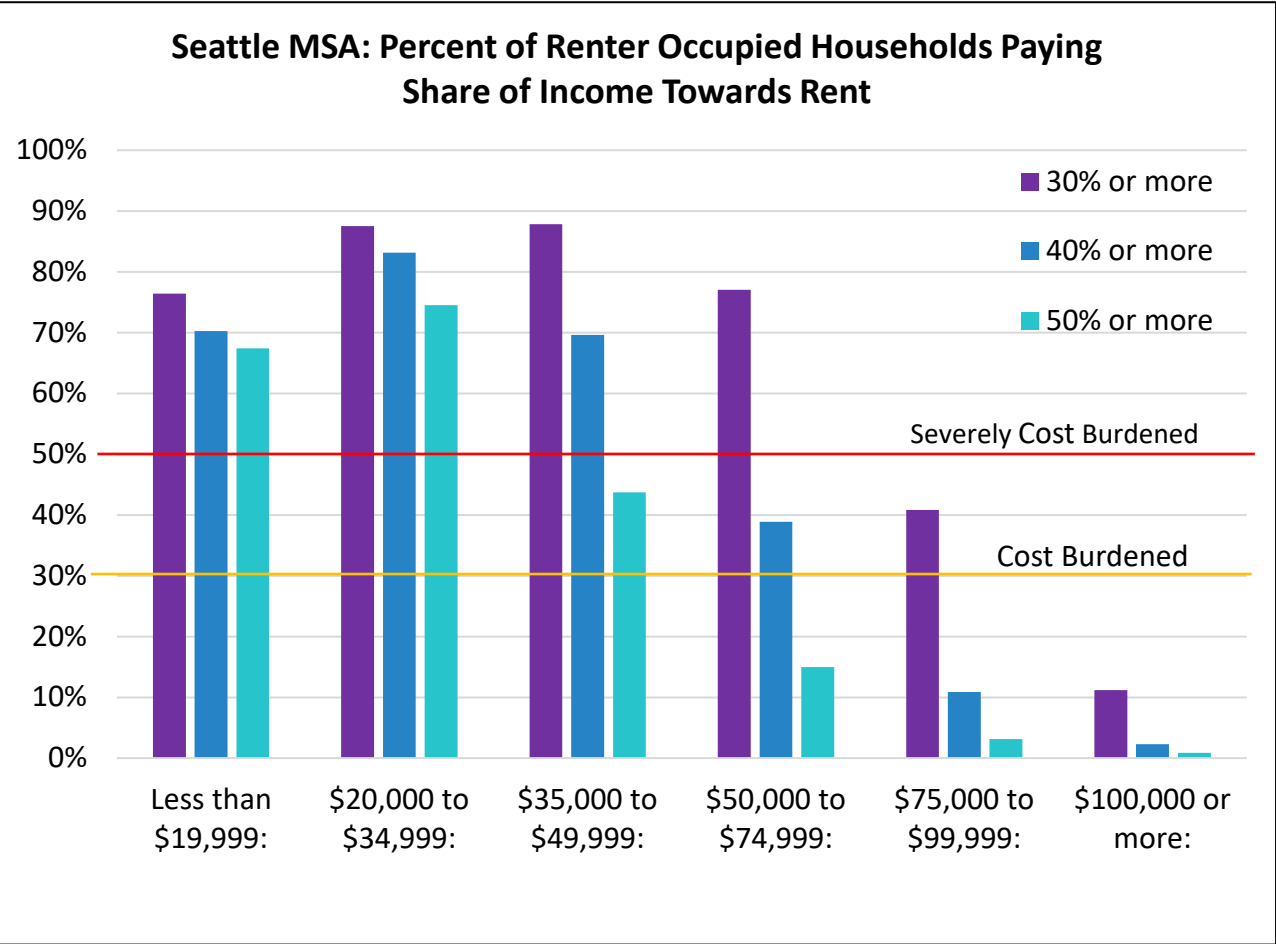
- Seattle Area Median Incomes at different household sizes are higher than similar state metrics
- Median incomes grow as households get bigger
- Percentages of median income are the basis for various tax and fee relief programs

Household Size	State Median Income	Area Median Income
1	68,846	110,000
2	90,017	125,700
3	111,206	141,400
4	132,377	157,100

Property Taxes: Estimates of Example Tax Bills

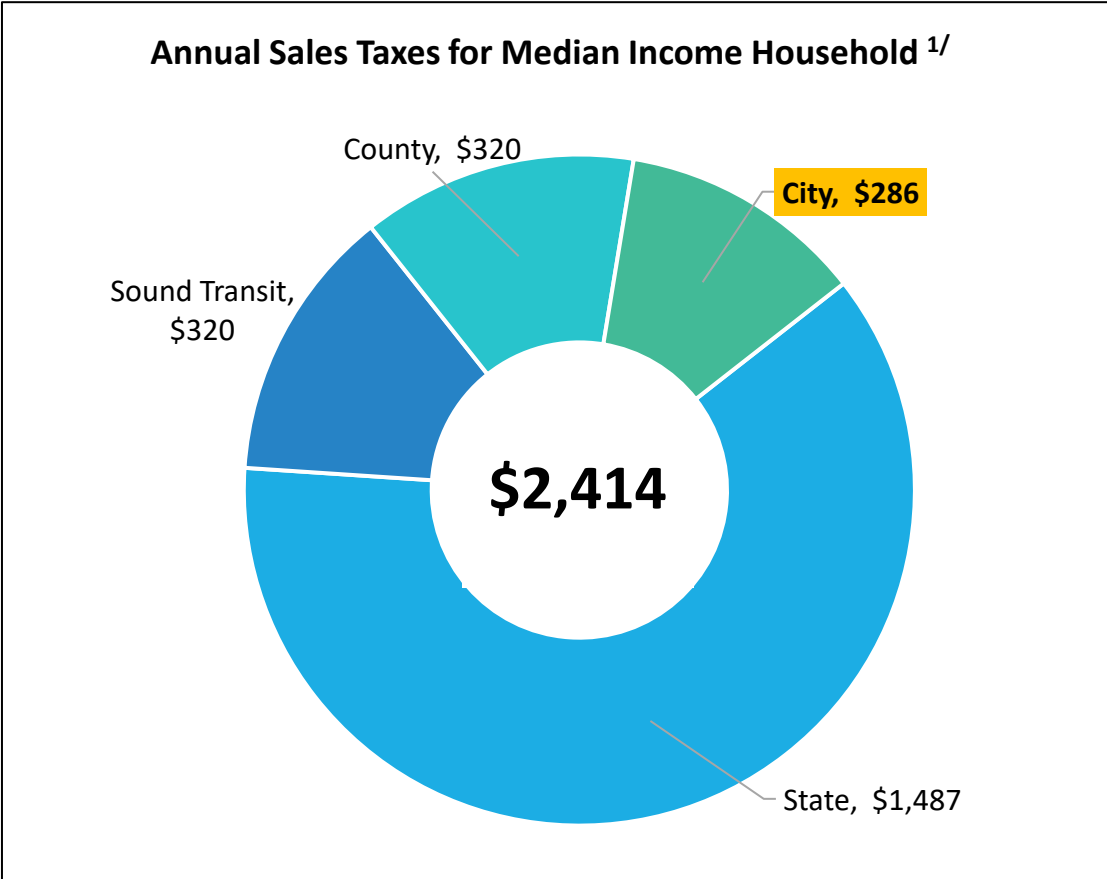


Rental Housing Cost Burden



- According to HUD, households are considered cost-burdened when they spend more than 30 percent of income on housing; severely cost burdened when 50 percent or greater.
- Based on American Community survey estimates for 2024, most renter households with income below \$75,000 are cost burdened
- Over 70 percent of households below \$35,000 are severely cost burdened.

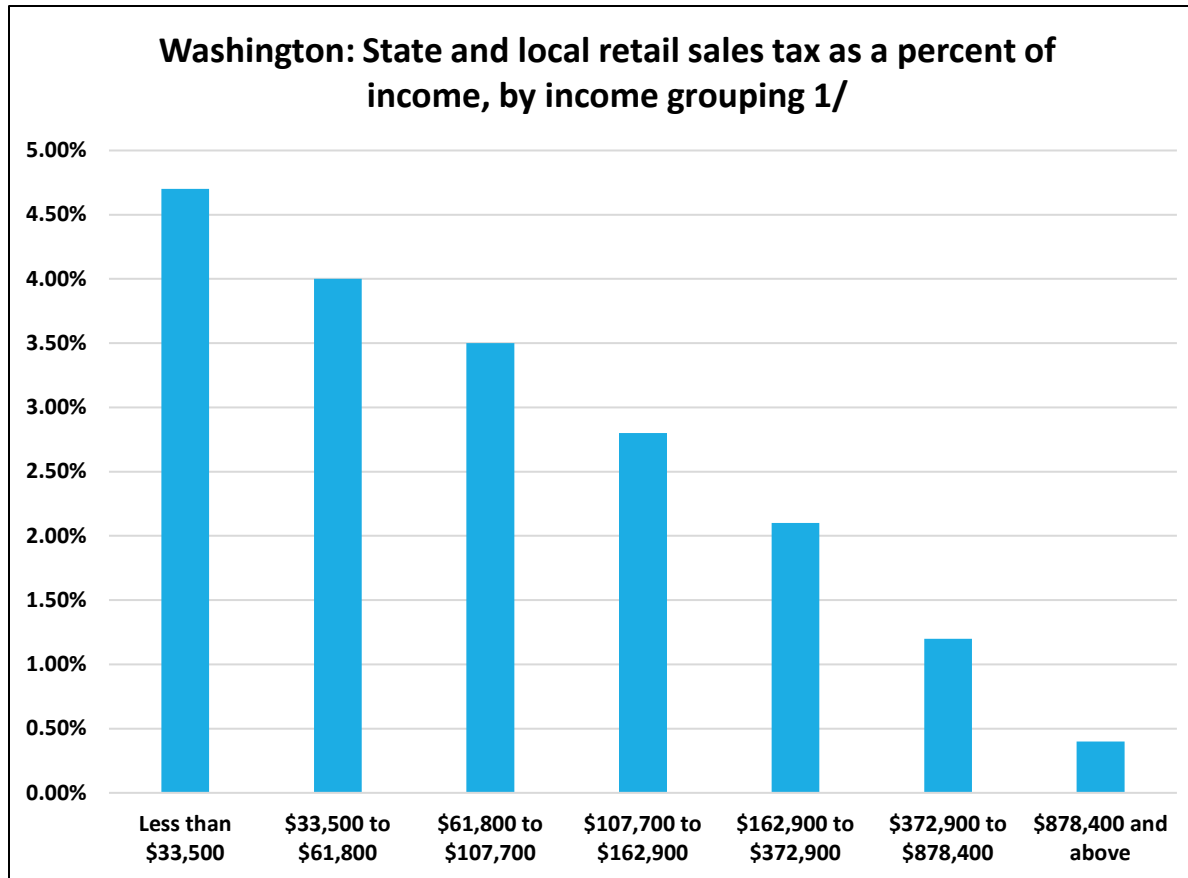
Retail Sales Tax



^{1/}Taxable expenditure estimate is derived using data from U.S. Bureau of Labor Statistics 2024 Consumer Expenditure Survey.

- Total estimated annual sales tax paid by a median income household (\$123,860) is \$2,414, which is allocated to four jurisdictions based on the total current tax rate of 10.55 percent
- As this is the median, half of households would pay more, and half would pay less

Sales Tax As Percent of Income



1/ Institute on Taxation and Economic Policy, "Who Pays? 7th Edition, Washington data.
<https://itep.org/whopays/washington-who-pays-7th-edition/>

- Sales tax is considered a “regressive” tax
- Analysis by the Institute on Taxation and Economic Policy indicates that retail sales taxes represent an increasingly higher percent of annual income as you move down the scale of household incomes.
- “Effective tax rate” is the total amount of tax paid divided by income
- Effective tax rate on a household income below \$33,500 is 9 times that of a household income above \$878,400

Taxpayer Relief Programs

Property Taxes:

- Exemption for seniors and people with disabilities
- Assistance for widows/widowers of veterans
- Deferrals based on income, age, disabled status

Sales Taxes:

- No specific relief programs, though many essential items are not subject to retail sales tax
 - Rent, mortgage payments
 - Food for at home consumption
 - Prescription drugs, some over the counter drugs, and certain medical equipment
 - Utilities (though specific utility excise taxes do apply)

Questions?