

Councilmembers,

We, the undersigned organizations, understand that Initiative 137 and a possible alternative may be on the September 10 Full Council agenda for a possible vote. For the following reasons, we would like to register our **strong support for adding an alternative** to the February 2025 ballot that uses an existing funding stream with accepted and reasonable accountability mechanisms to deliver social housing: the Seattle Housing Levy.

First, the Seattle Housing Levy has measures to ensure accountability and deliverability; I-137 has none. The social housing PDA has no requirements to provide regular reports to the city or the public nor define and meet any performance metrics. Despite having over a year to get organized, the PDA board has only hired one staff person, consistently violates basic open government laws, and has not publicly contemplated any development or acquisition. In fact, they have not delivered a single unit of social housing to date while the public is asked for \$50M in ongoing support. Using the Housing Levy as the revenue source wouldn't hinder the PDA's ability to acquire funding, but it would give the city means to hold the PDA to the same standards as the rest of the affordable housing community, which has added more than 2,800 affordable rental units in the past seven years using Housing Levy funds.

Second, the Seattle Housing Levy uses a stable and reliable revenue source to fund affordable housing; this proposal would create a tax that the city's own Office of Economic and Revenue Forecasts (OERF) [said](#) poses additional risks to job growth and city revenues. It would constitute the third increase to the payroll expense tax in the last four years, coming at a time when employers are making serious decisions about future operations. Several companies have not renewed their leases downtown or have moved their offices and employees elsewhere in the region. OERF says that employers would "perceive [the tax] as an additional uncertainty that they would take into account when deciding where exactly to create jobs." Our city cannot afford to lose any more businesses large or small and needs to prioritize job retention and creation more than it needs to fund an unproven housing strategy that primarily relies on the acquisition of existing units. You don't need to sacrifice one priority for another—putting the housing levy alternative on the ballot would not impact the PDA or undermine the concept of social housing, it will however provide the voters with a choice.

Third, the architects of the Seattle Housing Levy have been honest and clear with voters; the backers of I-137 have misled the public for the past two years. In 2023, proponents said there would be "no government subsidy necessary," to fund social housing, but now they want to raise taxes – \$50 million a year, for their sole purpose, with no accountability, in perpetuity. That is equivalent to the same amount other affordable housing providers receive over a decade, from multiple sources. Initiative backers [led the public](#) to believe that the PDA would help house our homeless neighbors by reserving 12% of the units for our lowest income residents, but I-137 will provide even less—only 3% (which totals six, 350sq.foot units in the first 10 years). The [business plan](#) they created makes their intentions even less clear. Supporters say that they would use this public money to prioritize homes for people who make 80- to 120% of the area median income – not our most needy residents. With the Seattle Housing Levy, voters know what to expect, and when the levy is up for renewal, they can hold the city accountable if production falls short. There's a host of equity concerns we have with I-137's approach as well—prioritizing higher income renters

in perpetuity will increase disparity and displacement, especially in buildings that are acquired and taken off the market completely.

Finally, the Seattle Housing Levy is a *legal* mechanism to fund housing; I-137 has serious vulnerabilities that could cost taxpayers millions if it's passed, challenged, and then defended by the City. We understand counsel has briefed you on these concerns. Since many voters have expressed interest in trying social housing in Seattle, it is incumbent upon you, as elected officials committed to good governance, to offer voters the chance to choose a legally sound alternative.

Collection of enough valid signatures **was a mandate** for placing an initiative on the ballot. However, there's **no mandate** to give voters only one option on the ballot, especially when that option is as problematic as the one before you. Seattle City Council has a history of giving voters choices when it comes to citizen initiatives – and did so most recently in 2022 for ranked-choice voting when voters ultimately chose the Council and Mayor-approved alternative. I-137 will still be on the ballot; by adding an alternative, you are simply giving voters an opportunity to select how they want social housing to be funded. **Council should take this opportunity to give voters a choice.**

We do not oppose Initiative-137 because we oppose social housing, but because the proposed plan is legally vulnerable, unaccountable, and fiscally irresponsible. Between philanthropic endeavors, tax revenue generated, and political advocacy for pro-housing policies and funding, the business community is the single greatest financier of affordable housing in our region. We understand the urgency of our housing crisis and leverage our resources and partnerships within the affordable housing community to maximize the number of affordable units built each year. We encourage you to put forward an alternative that gives Seattle voters a better choice to build social housing- one that is more accountable, legally sound, and more likely to deliver the new affordable housing units our city needs.

Sincerely,

