

Seattle City Council Passes a Housing Tax Resolution to Fund Affordable Housing

Tuesday, October 28, 2014

On October 20, 2014, Seattle City Council passed a resolution that directs City staff to draft legislation for a housing tax, or “linkage fee,” that would impose a new tax on every net square foot of new residential and commercial development in Seattle. The tax could be as high as \$22 per square foot of new development. The idea behind the tax (which many have questioned) is that new development creates a demand for low-wage jobs, and these new jobs create a demand for affordable housing.

Unlike the current incentive zoning fees, the proposed housing tax is not related to any bonus or incentive, and it would apply in all zones across the City, except single family and industrial zones. The City plans to impose three tiers of tax levels, with the most expensive taxes in South Lake Union, Downtown, and First Hill. The tax would likely be phased in over three years.

At this point, the resolution is non-binding. The resolution sets a timeline that anticipates draft legislation in May 2015 and Council action on the legislation in June 2015. It is worth noting that the Mayor said he did not concur with the housing tax resolution, and he has assembled an affordable housing task force to study the issue. There will be an opportunity to comment on the legislation and engage with the City Council as the new legislation is being developed.

HCMP land use attorneys are ready to assist you, so that you can understand how this new initiative could affect you and respond with appropriate strategies.



Please contact [Holly Golden](#) for more information.

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