**Responses to Common Questions About
HB 2263: Local Option Tax for Affordable Housing & Mental Health Facilities**

 **Q: What would the bill do, and what would it provide funding for?

A: The bill would create an option for local communities to implement a new 1/10 of 1% sales tax for affordable housing, mental health facilities, operations and maintenance, and services.** At least 60% of the funds would be used to build affordable housing, facilities to deliver mental health services, and/or operations and maintenance (O&M) for affordable housing or mental health services.

The funds would serve people with mental illness or people whose income is at or below 60% of the county’s area median income and who fall within one of the following population groups:

* Veterans
* Senior citizens
* Homeless families with children
* Unaccompanied homeless youth
* Persons with disabilities
* Domestic violence survivors

The remaining funds would be used for the operation, delivery, or evaluation of mental and behavioral health treatment programs and services, or housing-related services.

**Q: Isn’t a sales tax regressive? Don’t you think that raising the taxes on low- and middle-income families will actually make things worse for people?

A: The issue of housing affordability is one of the greatest challenges facing our state today.** While we strongly support progressive tax reform, urgent action is required to address the tremendous need for affordable housing, particularly for low-income Washington residents. According to a recent study by the Washington State Department of Commerce, nearly a million households in our state are burdened by unaffordable housing costs. Close to two-thirds of Washington’s lowest-income households are severely burdened with more than half of their income going to housing costs alone, leaving them in an extremely precarious position and at risk of homelessness. It is critical that we take action to ensure that everyone in our state has the opportunity to live in a safe, healthy, affordable home that is part of a thriving community.

**Q: Would this replace the current Mental Illness and Drug Dependency Tax**?

**A: No it would not.** This would be an additional local option that communities could choose to use to address urgent affordable housing and mental health needs.
 **Q: How much funding would go to affordable housing, and how much would to go mental health?

A: It’s up to the community.** The proposal is a local option, and as such it would give local governments and advocates flexibility to set local priorities based on identified community needs.

**Q: How does a community implement this tool?**

**A: Implementation requires a majority vote of the legislative authority, i.e. the county council.** If a county does not implement the option within two or three years (depending on the county population), then cities within that county would have the ability to implement the option.

**Q: Is this proposal just aimed at Seattle/King County, or is this a statewide solution?**

**A: The local option proposal is a statewide solution to help address urgent affordable housing and mental health needs in communities throughout Washington.** While it is true that affordable housing deficits are particularly acute in high-cost urban areas, particularly in Seattle and King County, every single county in Washington State is facing a significant deficit of affordable housing compared to what is needed by their communities. According to the Washington State Department of Commerce’s Housing Needs Assessment, Washington State needs more than 250,000 more units of affordable housing just to meet the current need.

The option is similar to the Mental Illness and Drug Dependency tax, which was implemented in 2005. As of April, 2015, 22 counties and the city of Tacoma have taken advantage of that local option.

 **Q: Will communities actually be able to use this?

A: Yes!** This funding stream is designed to enable communities to not just set priorities based on local needs, but to also use the funding for a variety of purposes in order to maximize their ability to leverage other funding sources and opportunities.

 **Q: How will this funding work with the Housing Trust Fund?**

 **A: The local option and the Housing Trust Fund are designed to complement one another.** If enacted, the local option will give communities the ability to stretch state capital investments in affordable housing made through the Housing Trust Fund much further. Together, the two funding streams will help communities address the extreme affordable housing crisis facing our state.

**Q: Who are the bill sponsors?**

**A:** Representatives Larry Springer (45 LD - Kirkland), Brady Walkinshaw (43 LD - Seattle), June Robinson (38 LD - Everett), Steve Tharinger (24 LD - Port Angeles), Reuven Carlyle (36 LD -Seattle), Joan McBride (48 LD - Kirkland), Joe Fitzgibbon (34 LD - Seattle), and Chris Reykdal (22 LD - Olympia).

**Q: How are the cultural access and affordable housing sections of the bill related?**

**A: They are not technically related.** Local communities do not have to implement both, and it is unlikely that they would be tied together. The cultural access and affordable housing sections of the bill are independent and provide separate opportunities for communities. If passed, the bill would provide communities with local taxing options to raise revenue for cultural access programs and/or affordable housing. The local taxing options are unrelated and would need to be implemented at the local level independently.

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