



# The Affordable Homes Act - Expanding the supply of affordable housing through investment

**The lack of housing affordability and related instances of homelessness are issues that affect every community in Washington. Rising rents are pushing people living at the margins into homelessness.**

## *The Lack of Affordable Housing is Evident Across Washington State*

### **1. Limited Supply of Affordable Housing**

The absence of housing affordability and related instances of homelessness is a growing problem caused by many factors, including rising rents pushing people living at the margins into homelessness.

Problems caused by rent increases are exacerbated by the associated issue of very low vacancy rates, which make it difficult for people to find a unit even when they have sufficient income or rental assistance to pay market rents.

Low housing vacancy rates and the growth in population have produced a tight housing market in which existing inventory is priced at a premium.

Incomes for those with middle and lower incomes have not kept pace with rent and purchase price increases. These trends, in combination with other market factors, have created a deficit of affordable and available housing, particularly for Washingtonians within the low-to-middle income range who are increasingly more vulnerable to homelessness.



## *Affordable Housing is Needed in Every Community*

### **2. Housing is Essential**

Housing that is affordable is an essential part of every community's infrastructure, allowing individuals and families to stabilize and build their economic futures. It serves as a platform for better health and creates jobs and attracts investment, making it a prerequisite to economic growth and stronger communities.

The private real estate market does not provide adequate affordable housing options for all economic segments. Therefore, government assistance is needed to offer the full range of affordable housing types necessary to provide options for families of all sizes and stages of life.

Increasing the supply of affordable housing and reducing homelessness is a priority for Washingtonians. And reducing homelessness lessens the fiscal impact to the state and improves the economic vitality of our businesses.

We must increase the supply of affordable housing through permanent, dedicated investment in the Housing Trust Fund and ongoing local option investment in affordable housing for Washington residents in the low-to-middle income range.





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## **Solution: Expand Housing Supply Through Investment**

*Create a new permanent revenue source for the Housing Trust Fund and authorize communities to enact local option revenue dedicated to affordable rental housing at 60% AMI and home ownership at 80% AMI*

### *Expand the Supply of Affordable Housing through State Investment*

#### **3. Expand the State Real Estate Excise Tax (REET)**

Create a fifth tier in the state graduated Real Estate Excise Tax at a rate of 4% for the portion of a sale over \$5 million.

- Dedicate the new revenue to the Housing Trust Fund and related accounts, ensuring current General Fund dollars are not diverted.
- Allocate 30% of the new revenue to the Housing Trust Fund; 30% to the Apple Health & Homes account to build permanent supportive housing statewide; 25% to the Affordable Housing for All account for operations, maintenance and service costs for permanent supportive housing; and 15% for housing programs serving populations with developmental disabilities.



### *Expand the Supply of Affordable Housing through Local Investment*

#### **4. Authorize a Statewide Local Option Third Quarter REET**

Authorize a new local option 0.25% REET for affordable housing.

- At least 50% of the revenue must be dedicated to capital construction or acquisition of affordable housing at 60% of the Area Median Income (AMI) and below for rental housing and 80% AMI and below for home ownership.
- Up to 50% of the new revenue may be used for operations, maintenance, and services directly tied to the affordable housing uses allowed in the 0.25% REET increase for affordable housing.
- Modeled after REET 1 and REET 2, all cities & towns may implement REET 3 by councilmanic action and authorize subregional pooling of resources through interlocal agreements.
- Counties may implement REET 3 by councilmanic action in unincorporated areas.



*Affordable Housing in our Community*