

Pierce County Council passes sales tax hike for affordable housing

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LIHI

The tax could help fund projects like this one in Lakewood, where a hotel is being converted into a 77-unit enhanced shelter.

Pierce County residents will soon fund development of affordable housing for low-income households following the passage of a 0.1% sales tax increase by the Pierce County Council on Tuesday.

The county expects the tax to raise about \$20 million per year for housing and related services. Its Comprehensive Plan to End Homelessness estimates it will cost about \$40 million per year to fund a homeless crisis response system and another \$117 million a year to fully fund the system within the next five years.

The Washington state Legislature granted authority for local governments to adopt a sales tax to fund affordable housing in 2020. Several governments in the Puget Sound area have already done so, including Tacoma and King County.

Pierce County's tax will be implemented under the Maureen Howard Affordable Housing Act, named for an affordable housing advocate who died in January. July 1 is the earliest the tax can take effect.

"This revenue source will give us access to much needed resources to help those in need of an affordable place to live, including our veteran community and those fleeing abusive and often deadly situations at home," said Council Chair Ryan Mello. "This act will also help those who get up every day for work, but simply can't find affordable housing in Pierce County. This act will help build and preserve 600 to 800 affordable housing units every year in Pierce County."

The tax will cost consumers 10 cents per \$100 spent. Pierce County sales tax rates vary by location, but currently range from 8% in some unincorporated areas to 10.3% in Tacoma, according to the state Department of Revenue.

As much as half the revenue generated by the tax will be used to fund housing for households making between 30% and 60% of area median income, or up to \$40,932 for a single-person household. Another 30% of the funds will be for housing for people earning less than 30% of AMI. The remaining 20% is for housing-related services, behavioral health treatment facilities and related programs.

Pierce County officials say the county needs to build 50,600 housing units for households making up to 50% of AMI by 2044, and that half should be for those making less than 30% of AMI.