

# THE AFFORDABLE HOMES ACT



**HB 2276:** The Affordable Homes Act increases the supply of affordable and workforce housing by modifying taxes on the sale or transfer of real property including reducing the real estate excise tax rate imposed on most properties and imposing a tax on the transfer or sale of properties sold for over \$3,025,000.

- **Having a home is a basic need. However, Washington state's housing ecosystem, with rising rents and a low stock of housing at all levels, but especially affordable housing, has left working families struggling and exacerbated the homelessness crisis.**
- **The Affordable Homes Act will help ensure that Washington has predictable, sustainable funding to increase the supply of truly affordable housing by decreasing the Real Estate Excise Tax (REET) and adding a Real Estate Transfer Tax (RETT) on high value properties, which will reduce the share of taxes paid by lower- and middle-income families.**
- **Every taxpayer selling a property under \$3.025 million will see a tax cut.**

## HOUSING IN WASHINGTON IS NOT AFFORDABLE

Every community in Washington is facing a lack of affordable housing and the crisis of increasing homelessness. Low housing vacancy rates and the growth in population have produced a tight housing market in which existing inventory is priced at a premium. At the same time, household income increases for families with moderate and lower incomes have not kept pace with rent and purchase price increases, leaving more and more families at risk of homelessness. The problem is particularly acute for lower and fixed income households, including seniors, veterans, farmworkers, and people with disabilities.

This crisis exacerbates wealth gaps, pushes people living at the margins into homelessness, erodes public confidence, and undermines the shared values that have driven our state's prosperity. Working- and middle-class families often use homeownership as a stepping-stone to improved economic status, and senior citizens rely on profits of sales of their owned home to support their retirement. Housing that is affordable is an essential part of every community's infrastructure, serving as a platform for individuals and families to stabilize, build their economic futures, and thrive.

## BUILDING MORE HOUSING FOR ALL

In the next 20 years, our state will need over 1 million more units to accommodate a growing population, and over half of those homes need to be at 50% of the Area Median Income (AMI) or below. The private real estate market does not provide adequate affordable housing options to meet this need, and government assistance is needed to offer a full range of affordable housing options.

While recent state investments in housing have laid the foundation for success, these efforts must be sustained and expanded to ensure that everyone in our state has a safe and affordable place to live. By adding a Real Estate Transfer Tax (RETT) on high value properties and reducing the share of taxes paid by lower- and middle-income families, we can not only ensure that Washington has a predictable, sustainable funding source to increase the supply of affordable housing, but also have Washington's most wealthy share more equitably in the responsibility of funding this essential need in our communities.



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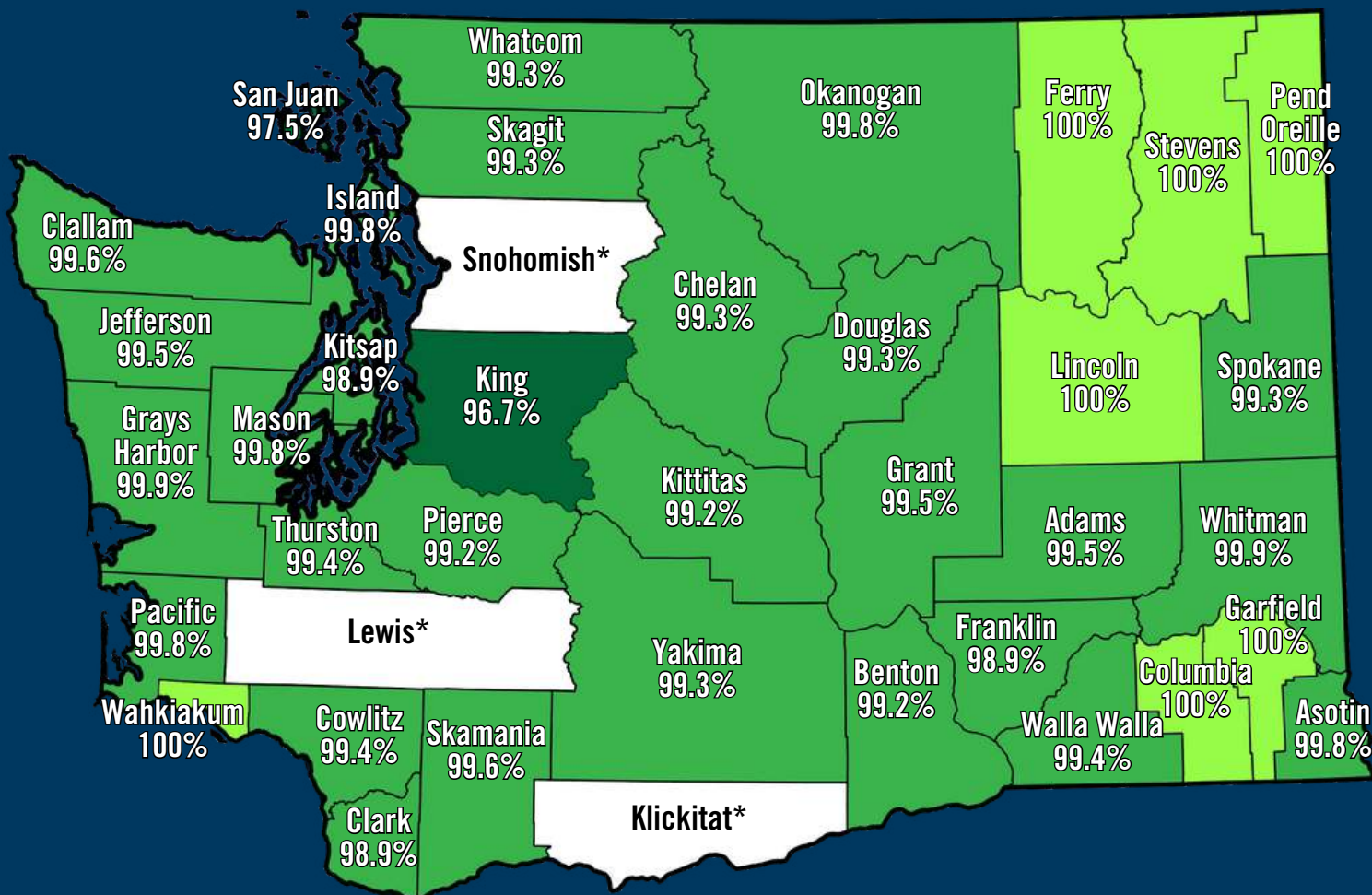
The Affordable Homes Act will:

- Modify first REET rate tier (1.10%) from selling price of \$525,000 to \$750,000
  - This reduces taxes on any property sold under \$3,025,000
- Impose a new Real Estate Transfer Tax (1%) on any property selling over \$3,025,000
  - The 1% is only calculated on the value over \$3,025,000

New revenue from the Real Estate Transfer Tax (RETT) is distributed as follows:

- 25% to Housing Trust Fund, with 5% for Farm Worker Housing
- 25% to Home Security Fund
- 25% to Apple Health & Homes Account
- 15% to Developmental Disabilities Housing and Services
- 10% to stabilize low-income housing in the Housing Trust Fund portfolio

## Percent of Property Sales with a Decrease in Real Estate Excise Tax (REET)



\*These counties do not report REET transactions to the Department of Revenue. All other counties based on DOR REET data for FY 2023.