

1 Sponsored by: Councilmembers Derek Young, Ryan Mello, Marty Campbell, Jani Hitchen, and
2 Robyn Denson
3 Requested by: County Council
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7 **ORDINANCE NO. 2022-81s**
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11 **An Ordinance of the Pierce County Council Levying an Additional Sales**
12 **and Use Tax of One-Tenth of One Percent for Housing and**
13 **Related Services as Authorized by RCW 82.14.530;**
14 **Amending Pierce County Code Chapter 4.28, "Sales and Use**
15 **Tax," and Section 4.48.020, "Special Revenue Funds"; and**
16 **Reaffirming Projects for Funding During 2023. (The Maureen**
17 **Howard Affordable Housing Act)**
18

19 **Whereas**, the cost of housing is a significant and ongoing hardship for many
20 residents and households in Pierce County; and
21

22 **Whereas**, approximately one-third of all households in Pierce County are
23 burdened by housing costs, with more than 40,000 households spending over half their
24 income on housing alone; and
25

26 **Whereas**, the supply of new housing is not keeping pace with demand as our
27 population grows, placing ever increasing upward pressure on housing prices and
28 amplifying housing costs for everyone; and
29

30 **Whereas**, safe, affordable housing is a key component to providing people with
31 stability and ensuring their access to essential needs such as education, employment
32 healthcare, and recreation; and
33

34 **Whereas**, the current housing shortfall places even more members of our
35 community perilously close to the point of displacement, inadequate shelter,
36 homelessness or worse, jeopardizing individuals' and families' mental and physical
37 wellbeing; and
38

39 **Whereas**, the 2022 Point in Time Count identified 1,851 people as homeless but
40 official estimates find 4,300 people are experiencing homelessness in Pierce County
41 with nearly a quarter of these individuals experiencing chronic homelessness; and
42

43 **Whereas**, as of March 2023, there are 4,318 students who are identified as
44 homeless under the federal law known as the McKinney-Vento Act (Education of
45 Homeless Children and Youth) in Pierce County schools making it significantly difficult
46 for these young people to focus on their learning and future, and
47
48



1 **Whereas**, without prompt action, worsening housing affordability will lead to
2 more individuals entering the homeless system leading to even greater challenges and
3 pressures placed on our already limited homeless resources; and
4

5 **Whereas**, Pierce County must work to address these problems throughout the
6 entirety of the housing spectrum, taking steps to increase the supply of affordable
7 housing while also finding safe, rehabilitative homes for those already displaced; and
8

9 **Whereas**, with continued investments in shelter and housing, we can
10 accommodate all Pierce County residents in appropriate housing options and eliminate
11 the public health, safety, and welfare concerns that have impacted our communities for
12 far too long; and
13

14 **Whereas**, in 2020, the Washington State Legislature passed House Bill 1590
15 (1590 Sales Tax), which amended Revised Code of Washington (RCW) 82.14.530,
16 Sales and Use Tax for Housing and Related Services; and
17

18 **Whereas**, as amended, RCW 82.14.530 authorizes the governing body of a city
19 or county to impose a local sales and use tax for housing and related services; and
20

21 **Whereas**, pursuant to RCW 82.14.530(2)(a), a minimum of 60 percent of the
22 revenue collected from this tax must be used for constructing or acquiring affordable
23 housing, behavioral health facilities, or facilities providing housing-related services, or to
24 fund the operation and maintenance costs of new units of affordable housing, facilities
25 where housing-related programs are provided, or newly constructed evaluation and
26 treatment centers; and
27

28 **Whereas**, the revenue from the tax that is used to construct, acquire or purchase
29 land for affordable housing must only be provided to housing that serves individuals
30 whose income is at or below 60 percent of the median income of Pierce County and are
31 persons with behavioral health conditions; veterans; senior citizens; persons who are
32 homeless or at-risk of being homeless, unaccompanied homeless youth or young
33 adults; persons with disabilities; or domestic violence survivors; and
34

35 **Whereas**, the remainder of the moneys collected from this tax must be used for
36 the operation, delivery, or evaluation of behavioral health treatment programs and
37 services or housing-related services; and
38

39 **Whereas**, in March 2022, the Pierce County Council approved Resolution No.
40 R2022-22s to adopt the Comprehensive Plan to End Homelessness which estimates
41 Pierce County currently spends \$40 million a year to operate the homeless crisis
42 response system and needs to spend an additional \$117 million a year to fully fund the
43 system and end homelessness in the next five years; and
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1 **Whereas**, in November 2022, the Pierce County Council approved Resolution
2 No. R2022-162s adopting the Housing Action Strategy (Strategy) which identified
3 housing needs and recommended several policies for increasing the availability of
4 affordable housing to residents across the income spectrum; and
5

6 **Whereas**, the adopted Strategy found Pierce County must build at least 50,600
7 housing units at 50 percent of Area Median Income (AMI) or less by 2044 and over half
8 of these units must be affordable to households earning 30 percent AMI or less, and
9 that the private market is not able to build housing for this population without significant
10 public subsidy such as the 1590 Sales Tax; and
11

12 **Whereas**, the Strategy recommends implementing the Housing and Related
13 Services Sales Tax (1590 Sales Tax) as a tool for generating additional local funding to
14 support income-qualified affordable housing; and
15

16 **Whereas**, the Pierce County Council recognizes the 1590 Sales Tax funds are
17 intended to advance the development of projects across the housing needs spectrum,
18 including workforce housing for residents with income between 50 percent and 60
19 percent AMI, in order to make housing more stable and affordable for Pierce County's
20 137,000 cost-burdened households; and
21

22 **Whereas**, Federal Low Income Housing Tax Credits (LIHTC) and the State
23 Housing Trust Fund are the primary federal and state funding tools to build affordable
24 housing projects. Local equity and local matching dollars, such as the 1590 Sales Tax
25 funds, are required to compete for both funding sources, and it has been documented
26 that projects in Pierce County are not competitive for these funding sources due to
27 Pierce County's lack of available local matching funds; and
28

29 **Whereas**, building and preserving affordable housing requires a multitude of
30 stakeholders to come together to provide the incentives and capital necessary to
31 achieve such goals; and
32

33 **Whereas**, with additional local dollars, nonprofit and private developers will be
34 well situated to compete for state and federal funding streams, maximizing the impact of
35 local investments and increasing the number of projects being built specifically for cost-
36 burdened populations; and
37

38 **Whereas**, the scale of our housing shortages is too great for any one
39 government or entity to solve alone; increasing housing supply and reducing
40 homelessness will require investment, participation, and coordination from throughout
41 the housing community, including nonprofit providers, public housing authorities, private
42 developers, builders, real estate professionals, municipal partners, and many more; and
43



1 **Whereas**, more housing of all kinds is needed throughout Pierce County in both
2 incorporated and unincorporated areas; cities will play a key role in determining where
3 new projects are targeted and how new revenue streams are effectively allocated to
4 work toward a more equitable and adequate housing situation for all of our residents;
5 and
6

7 **Whereas**, the Fair Housing act enshrines into federal law the goal of eliminating
8 racial segregation and ending housing discrimination based on race, color, religion, sex,
9 familial status, national origin, and disability; and
10

11 **Whereas**, the Fair Housing act also expanded civil rights protections to prohibit
12 discrimination in the sale, rental and financing of housing based on race, color, religion,
13 national origin, sex disability and familial status; and
14

15 **Whereas**, Pierce County is an inclusive community committed to affordable
16 housing and to promoting appropriate activities by private, non-profit, public, and faith-
17 based partners intended to provide or advocate for equal housing opportunities for all
18 residents and prospective residents of Pierce County; and
19

20 **Whereas**, Pierce County has played a longstanding role as a center of
21 opportunity and upward mobility made possible by good jobs and safe workforce
22 housing; and
23

24 **Whereas**, Pierce County's housing shortage threatens our ability to attract
25 businesses, and retain a talented workforce, undermining Pierce County's long term
26 economic competitiveness; and
27

28 **Whereas**, to extend Pierce County's legacy of economic vitality and quality of life
29 into the future, the County must have a broad set of housing options for workers at all
30 income levels; and
31

32 **Whereas**, our social fabric, our economy, our health, and environment are
33 strengthened when housing of all types is included in our communities; and
34

35 **Whereas**, across all of our County, urban, suburban, and rural, communities
36 benefit from all types of housing including the people who reside in these homes, their
37 neighbors, schools, businesses, employers, and our strength is in our diverse, inclusive
38 neighborhoods; and
39

40 **Whereas**, if a city in Pierce County has imposed the tax authorized under RCW
41 82.14.530 prior to the effective date of this Ordinance, a credit will be provided against
42 Pierce County's tax for the full amount imposed by the City; and
43

44 **Whereas**, the City of Tacoma has already imposed this sales tax within their
45 jurisdiction; and
46
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1 **Whereas**, Pierce County has determined that the tax should be imposed and that
2 the proceeds will be used solely for purposes authorized by RCW 82.14.530; and
3

4 **Whereas**, Pierce County lost one of the strongest and most effective housing
5 and homelessness advocates when Maureen Howard died of cancer on January 5,
6 2023; and
7

8 **Whereas**, Maureen Howard spent her decades-long career fighting for housing,
9 shelter and dignity for those living on the streets and was always looking for a way to
10 give a helping hand; and
11

12 **Whereas**, Maureen Howard's contributions to the community will be greatly
13 missed; her fearlessness and dedication advocating for the homeless will forever be
14 remembered; and
15

16 **Whereas**, Pierce County dedicates this Act to Maureen Howard and it will be
17 known and cited as the Maureen Howard Affordable Housing Act; **Now Therefore**,

18
19 **BE IT ORDAINED by the Council of Pierce County:**
20

21 Section 1. Chapter 4.28 of the Pierce County Code, "Sales and Use Tax," is
22 hereby amended as shown in Exhibit A, which is attached hereto and incorporated
23 herein by reference, and an additional one-tenth of one percent sales and use tax is
24 hereby imposed in Pierce County pursuant to RCW 82.14.530.
25

26 Section 2. Section 4.48.020 of the Pierce County Code, "Special Revenue
27 Funds," is hereby amended as shown in Exhibit B, which is attached hereto and
28 incorporated herein by reference.
29

30 Section 3. The County Executive and Finance Director are authorized and
31 requested to execute any contracts with the State Department of Revenue that may be
32 necessary to provide for collection or administration of the tax imposed by Section 1 of
33 this Ordinance.
34

35 Section 4. The Finance Department shall take all necessary steps to effectuate
36 the adjustment of tax rates associated with this Ordinance as soon as possible.
37

38 Section 5. As appropriated in Ordinance No. 2022-76s2 for the Housing and
39 Related Services Tax in fiscal year 2023, the Council reaffirms funding the following
40 2022 Affordable Housing Financing Notice of Fund Availability Waitlist projects:
41

42 A. \$4,500,000 for the Inland Group Copper Way project which is anticipated to
43 create 253 affordable rental units for households at or below 60 percent of the area
44 median income.
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46



1 B. \$2,000,000 for the Southport/Rainier Viridian Gardens project which is
2 anticipated to create 95 affordable rental units for households at or below 60 percent of
3 the area median income.
4

5 Section 6. If any section, sentence, clause, or phrase of this Ordinance should
6 be held to be invalid or unconstitutional by a court of competent jurisdiction, or its
7 application held inapplicable to any person, property, or circumstance, such invalidity or
8 unconstitutionality shall not affect the validity of any other section, sentence, clause, or
9 phrase of this Ordinance or its application to any other person, property, or
10 circumstance.

11
12 Section 7. This Ordinance may be known and cited as the "Maureen Howard
13 Affordable Housing Act."
14

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16 PASSED this 21st day of March, 2023.
17

18
19 ATTEST:

20
21
22 Denise D. Johnson
23
24 **Denise D. Johnson**
25 Clerk to the Council
26

27
28
29 **PIERCE COUNTY COUNCIL**
Pierce County, Washington

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31 Ryan N. Mello
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33 **Ryan N. Mello**
Council Chair
34

35
36 Bruce F. Dammeier
37
38 **Bruce F. Dammeier**

Pierce County Executive

39
Approved X Vetoed _____, this
28th day of March,
2023.

40
41 Date of Publication of
42 Notice of Public Hearing: December 2, 2022
43

44
45 Effective Date of Ordinance: April 7, 2023
46



Only those portions of Chapter 4.28 that are proposed to be amended or necessary for context are shown. Remainder of text, maps, tables and/or figures is unchanged.

Chapter 4.28

SALES AND USE TAX

Sections:

- 4.28.010 Imposition – Collection.**
- 4.28.020 Rate.**
- 4.28.030 Administration.**
- 4.28.040 Credit.**
- 4.28.050 Inspection of Records.**
- 4.28.060 Violations.**
- 4.28.070 Additional Tax – Imposition – Collection.**
- 4.28.080 Additional Tax – Rate.**
- 4.28.090 Additional Tax – Administration – Violations.**
- 4.28.100 Additional Tax – Relationship to City Tax – Credit.**
- 4.28.110 Criminal Justice Purposes Tax – Imposition.**
- 4.28.120 Criminal Justice Purposes Tax – Rate.**
- 4.28.130 Criminal Justice Purposes Tax – Allocation and Use.**
- 4.28.140 Criminal Justice Purposes Tax – Distribution.**
- 4.28.150 Criminal Justice Purposes Tax – Administration, Violations and Penalties.**
- 4.28.160 Behavioral Health and Therapeutic Courts Tax – Imposition.**
- 4.28.170 Behavioral Health and Therapeutic Courts Tax – Rate.**
- 4.28.180 Behavioral Health and Therapeutic Courts Tax – Allocation and Use.**
- 4.28.190 Behavioral Health and Therapeutic Courts Tax – Administration, Violations and Penalties.**
- 4.28.200 Housing and Related Services Tax – Imposition.**
- 4.28.210 Housing and Related Services Tax – Rate.**
- 4.28.220 Housing and Related Services Tax – Allocation and Use.**
- 4.28.230 Housing and Related Services Tax – Administration, Violations and Penalties.**
- ~~**4.28.200-300 Severability.**~~

4.28.200 Housing and Related Services Tax – Imposition.

Pursuant to the authority granted in RCW 82.14.530, there is imposed an additional sales and use tax, separate and apart from any other sales and use tax imposed by this title, upon every taxable event within Pierce County

4.28.210 Housing and Related Services Tax – Rate.

The rate of the sales and use tax imposed by PCC 4.28.200 shall be one-tenth of one percent of the selling price or value of the article.



Only those portions of Section 4.48.020 that are proposed to be amended are shown.
Remainder of text, tables, maps and/or figures is unchanged.

4.48.020 Special Revenue Funds.

S. Housing and Related Services Fund.

- 1. **Creation.** There is created a fund known as the Housing and Related Services Fund which shall consist of tax revenues deposited into the fund pursuant to Ordinance No. 2022-81 and PCC 4.28.200, plus any other investment or other income to the fund.
- 2. **Use of Fund.** Pierce County may use distributions from the Housing and Related Services Fund as authorized by RCW 82.14.530, and the Council may periodically establish funding priorities through resolution or the biennial budget.

The Human Services Department, in collaboration with the Pierce County Community Development Corporation, the Behavioral Health Advisory Board, the Comprehensive Plan to End Homelessness Implementation Advisory Board, or successor organizations and community partners, shall create a six-year advisory expenditure and implementation plan based on the allowed uses of the fund, the Council's identified priorities, and the goals and strategies contained in the 2022 Pierce County Housing Action Strategy adopted by Resolution No. R2022-162s, or the County's most recent housing plan, the Comprehensive Plan to End Homelessness adopted by Resolution No. R2022-22s, or the County's most recent plan addressing homelessness, and the most recent Behavioral Health Improvement Plan. The advisory plan must describe the Human Services Department's process for consulting with the above-referenced advisory boards or successor organizations to evaluate the funding applications and detail the annual costs to the Human Services Department for administering the fund.

By December 1, 2023, the Human Services Department must present the advisory plan to the Council for review and adoption by resolution or ordinance. The advisory plan must be updated biennially by July 1 in odd years, and these biennial updates must also be submitted to the Council for review and adoption.

The advisory plan must account for the following factors as evident from the current data: the need for various types of housing by various populations, the need in various localities within Pierce County, the availability of capable development and service organizations to effectively use the financing, and the opportunities to use the county's financing to leverage financing from other sources.

To the extent practicable, the initial advisory plan must incorporate the Council's policy goals to:

- a. Attract affordable housing development and preservation and permanent supportive housing throughout the County;
- b. Address the racial and rural wealth gap through increasing homeownership; and
- c. Dedicate up to:
 - (1) 30 percent of the funds to projects serving individuals whose income is at or below 30 percent of the area median income;



- (2) 50 percent of the funds to projects serving individuals whose income is between 30 and 60 percent of the area median income; and
- (3) 20 percent of the funds to housing-related services and behavioral health treatment facilities and related programs.

3. **Expenditures.** The Human Services Department shall solicit funding applications and provide recommendations for uses of this fund to the Council in written memorandum and expenditures shall be authorized by resolution or ordinance of the Council.

To the extent practicable, the Human Services Department shall use the advisory plan to guide their funding recommendations and shall consult with the Pierce County Community Development Corporation to evaluate affordable housing funding applications, the Behavioral Health Advisory Board to evaluate behavioral health related and supportive services funding applications, and the Comprehensive Plan to End Homelessness Implementation Advisory Board, or successor organization, to evaluate funding applications for projects aimed at preventing homelessness or serving individuals experiencing homelessness.

All expenditures from the fund must be approved by the Council.

- 4. **Oversight.** Beginning July 1, 2025, and every two years thereafter, the Human Services Department shall develop and submit to the Council a biennial performance report reflecting priorities and strategies, describing accomplishments and outcomes achieved, outlining specific deliverables and action steps for the next biennium, and setting and tracking performance measures by the uses of the fund. These biennial performance reports may be submitted with the biennial updates to the advisory plan.
- 5. **Performance Audit.** By April 1, 2030, and every six years thereafter, the Performance Audit Committee established under Chapter 1.26 PCC shall complete a comprehensive assessment of all the projects, services and programs receiving funding from the fund.
- 6. **Required Council Review.** No later than May 1, 2030, and every 10 years thereafter, the Council shall hold a public hearing to consider public input regarding the continued need for the tax collected pursuant to PCC 4.28.200. The Finance Department shall submit a report to the Council, which includes an accounting of all funds collected and expended. The Human Services Department shall submit a report to the Council which includes the number of units developed or preserved, populations served and other impact the investments have made in implementing the Comprehensive Plan to End Homelessness, the Behavioral Health Improvement Plan, and the Housing Action Strategy and their successive planning documents
- 7. **Excess Monies.** Any unexpended funds remaining at the end of any budget year shall be carried forward from year to year and not be transferred to the general fund or otherwise lapse.

