

# State and Local Spending on Housing and Homelessness Has Increased Significantly

## Briefly

*Federal pandemic relief significantly boosted state spending on housing programs; as the federal funding has been drawn down, the state has added more funding from state sources. Similarly, even as overall spending by local governments has increased in recent years, the share dedicated to housing and homelessness services has increased.*

*From 2014 to 2024 (adjusted for inflation), city spending on housing and homelessness services increased by 252.4% and county spending increased by 362.3%. In 2014, cities and counties directed 2.0% of total spending to housing and homelessness services. In 2024, that percentage was 5.5%.*

*The state and local governments may use their general revenues for housing programs if they wish. Additionally, the state has some revenue streams that are dedicated to housing, and the state has authorized local governments to impose several taxes and fees specifically for affordable housing purposes.*

Counties and cities have several sources of funding, including taxes, intergovernmental revenues, and charges for goods and services. Over the past ten years, overall spending by local governments has increased. Further, state and local revenues are increasingly being used for housing and homelessness programs.

## How Much is Spent on Housing and Homelessness in Washington?

There is no single estimate of the amount of spending on affordable housing and homelessness programs in Washington. Tabulation is difficult because spending occurs at multiple levels of government, the private sector builds much of the housing stock, and government spending data is generally opaque.

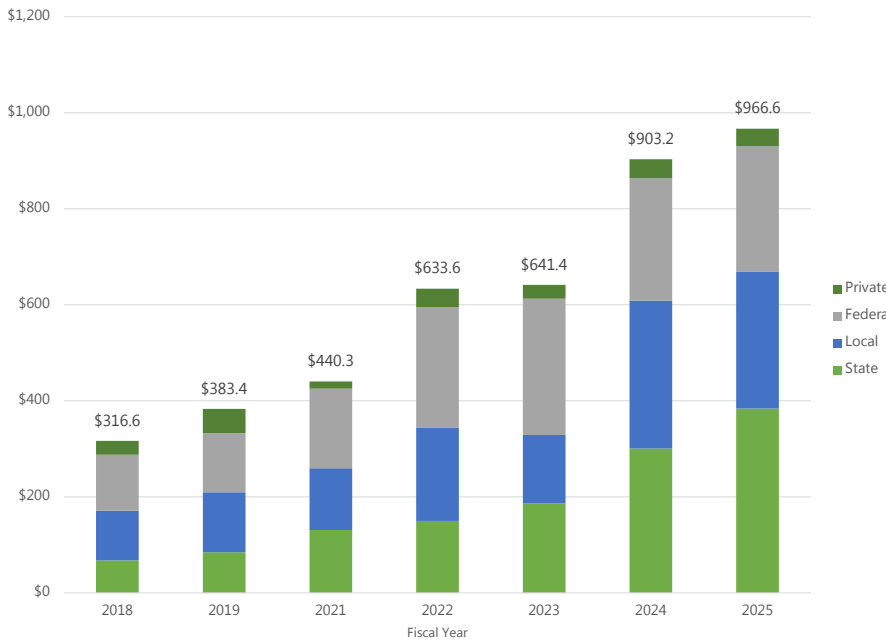
The Department of Commerce produces an annual expenditure report that shows spending on homelessness programs occurring in each county, along with the sources of funding. This includes projects like emergency shelter, permanent supportive housing, and homelessness prevention. It includes some capital spending, but it is certainly an underestimation of the total spent on affordable housing.

The report is available from 2018 through 2025 (but it was not completed in 2020). According to the report, in 2025, homelessness spending in Washington totaled \$966.6 million (Commerce 2025). Of that, 39.7% came from state sources, 29.5% came from local sources, 27.0% came from federal sources, and 3.7% came from private sources. (See Chart 1 on page 2.)

## Federal Pandemic Relief Fueled State Spending Increases for Housing and Homelessness

For 2025–27, \$2.208 billion has been appropriated for housing and homelessness programs across the

Chart 1: Homelessness Spending in Washington by Funding Source (Dollars in Millions, Adjusted for Inflation)



state operating and capital budgets. Appropriations for 2025–27 include, for example:

- \$728.6 million for Housing Trust Fund projects,
- \$137.1 million for the essential needs and housing support program,
- \$111.0 million for emergency housing and shelter capacity,
- \$117.6 million for grants to counties, cities, and other entities for homeless housing services,
- \$90.1 million to transition people from encampments to housing,

- \$62.0 million for operating costs of permanent supportive housing projects, and
- \$59.1 million for affordable housing supply and preservation.

Operating spending on housing and homelessness programs at the state level is mainly appropriated through the state Department of Commerce. Unfortunately, historical state spending data groups spending for housing with spending for community services. Beginning in 2025–27, housing is its own category. Nevertheless, it’s clear that state spending on housing and homelessness has increased dramatically since 2020. (In Chart 2, spending for 2014 through 2025 includes housing and community services. Appropriations for 2026 and 2027 include only housing.)

In 2025–27, the operating budget appropriates \$1.245 billion in the housing program area. Of that, 47.3% is from the general fund—state, 46.9% is from state accounts dedicated to housing, and 5.7% is from federal and other funds. Federal pandemic relief significantly boosted housing

Chart 2: State Operating Spending on Community Services and Housing by Funding Source (Dollars in Millions, Adjusted for Inflation)

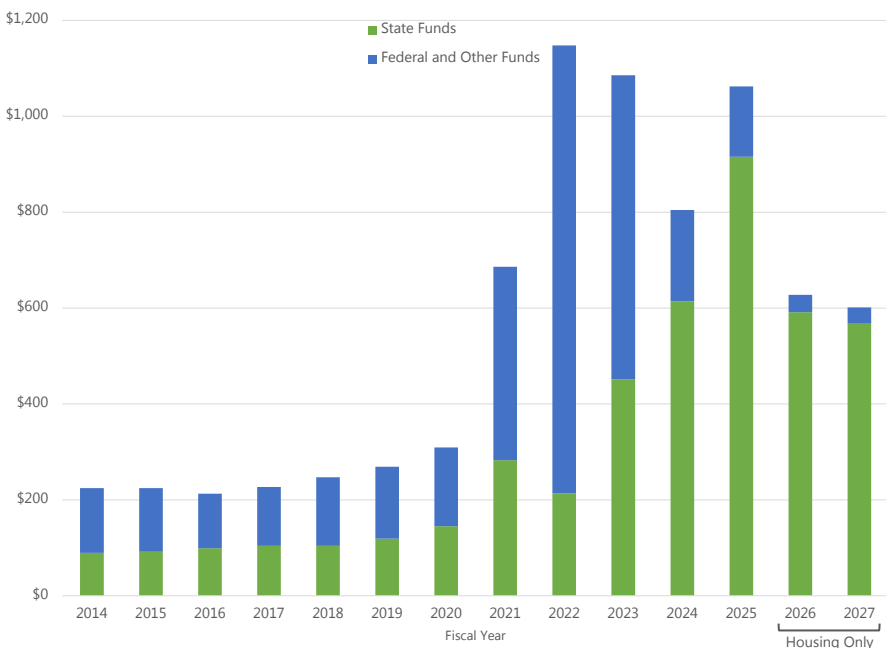
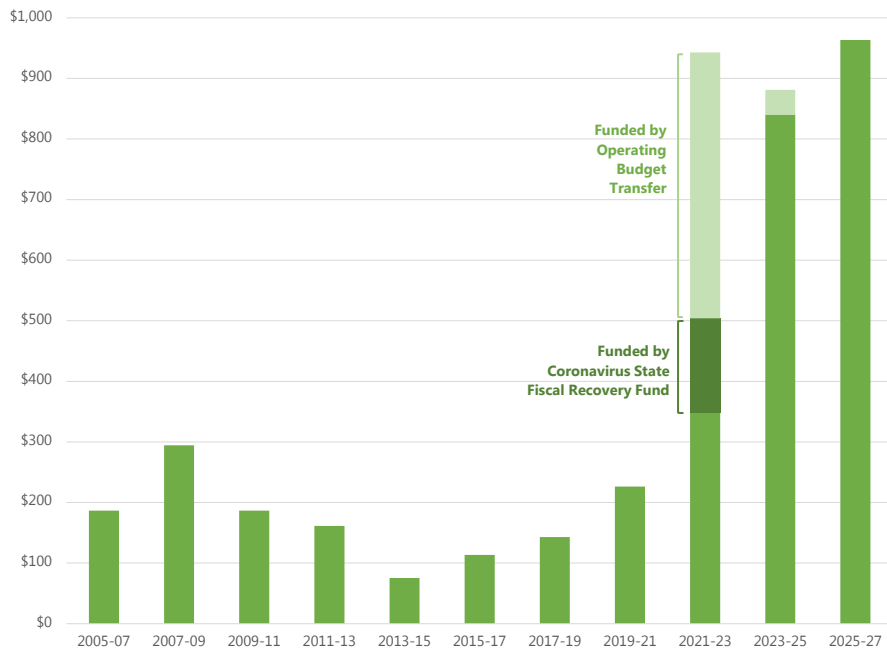


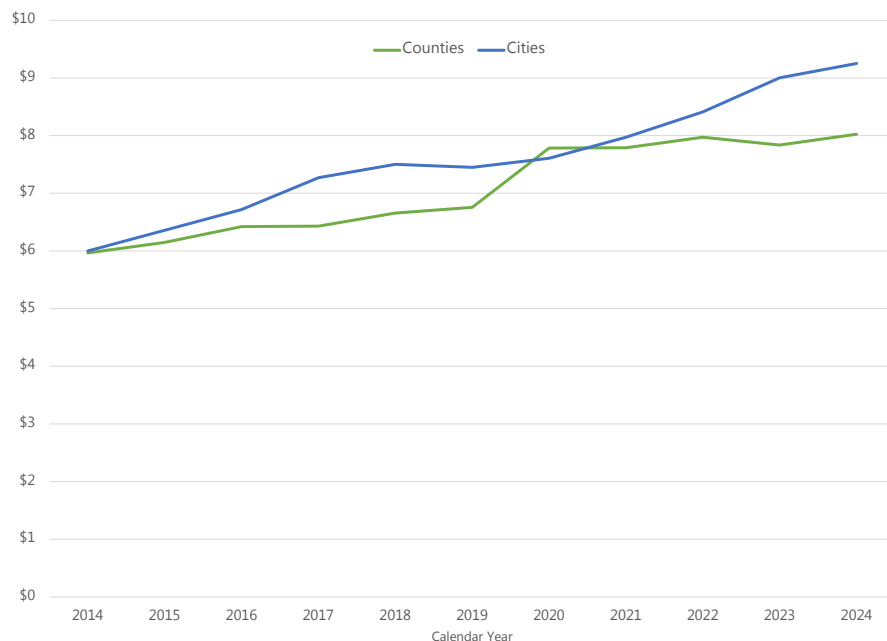
Chart 3: Capital Budget Appropriations for Housing (Dollars in Millions, Adjusted for Inflation)



proportions for housing total \$963.3 million in 2025–27. Housing projects account for 11.9% of the overall 2025–27 capital budget, compared to 1.5% in 2013–15.

### Local Government Spending has Increased Overall, and a Larger Share is Going to Housing and Homelessness

Chart 4: Total Local Spending from Governmental Funds (Dollars in Billions, Adjusted for Inflation)

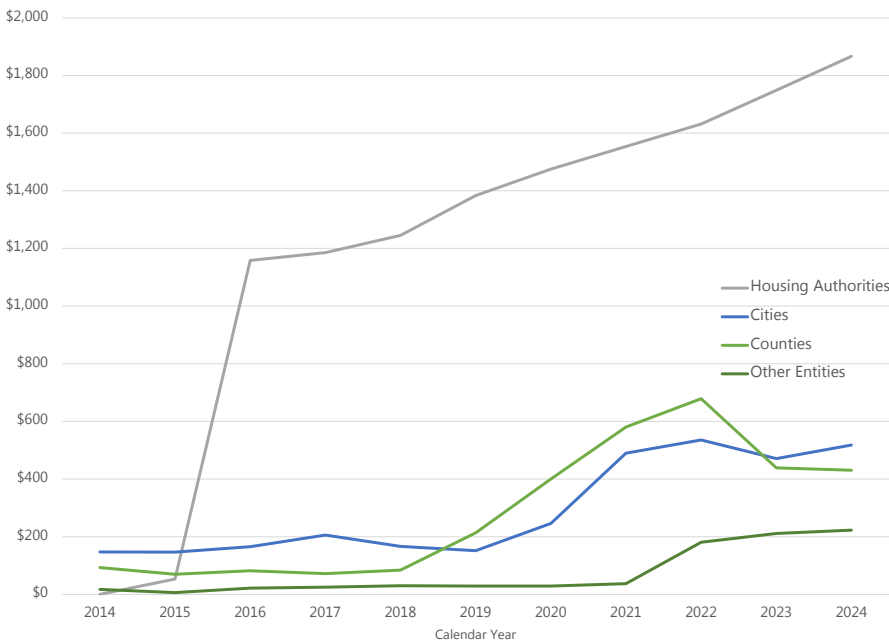


spending; as that has been drawn down, the state has added more funding from state sources. (See Chart 2 on page 2.)

Similarly, state capital spending on housing has increased. (See Chart 3. State fiscal data does not provide actual capital spending by program, so these figures are the final amount appropriated in each biennium.) In 2021–23, capital appropriations for housing increased substantially due to federal pandemic relief and a one-time transfer from the operating budget. The state has since continued that high level of appropriations for housing from state sources. Capital budget ap-

According to data from the State Auditor’s Office (SAO), in 2024 (the most recent year available), counties and cities collectively spent \$17.274 billion from governmental funds on all programs. In 2014, counties and cities spent almost the same amount as each other. Since then, spending by cities has outpaced that of counties. Adjusted for inflation, city spending from governmental funds increased by 54.2% from 2014 to 2024; county spending increased by 34.5%. (Note that Thurston County is missing from the 2024 data. Using its 2023 spending as a placeholder for 2024, the county increase from

Chart 5: Local Spending on Housing and Homelessness (Dollars in Millions, Adjusted for Inflation)



2014 would be 39%.) (See Chart 4 on page 3.)

Since 2019, this local spending has increasingly been directed to homeless and housing services. (See Chart 5.) The SAO data includes categories for homeless services, public housing, and public housing services. (It’s possible that additional spending on housing and homelessness could occur in other budget categories.) In 2024, for these housing and homelessness services, cities spent \$518.1 million and counties spent \$430.8 million. From 2014 to 2024 (adjusted for inflation), city spending on housing and homelessness services increased

by 252.4% and county spending increased by 362.3%. In 2014, cities and counties directed 2.0% of spending to housing and homelessness services. In 2024, that percentage was 5.5%.

Additionally, many jurisdictions have housing authorities that mainly receive funding from the federal government. Housing authorities spent \$1.867 billion on housing and homelessness services in 2024. In recent years, some jurisdictions have also established entities like the King County Regional Homelessness Authority that are supported with local funding. These other entities spent \$223.1 million on housing and homelessness services in 2024.

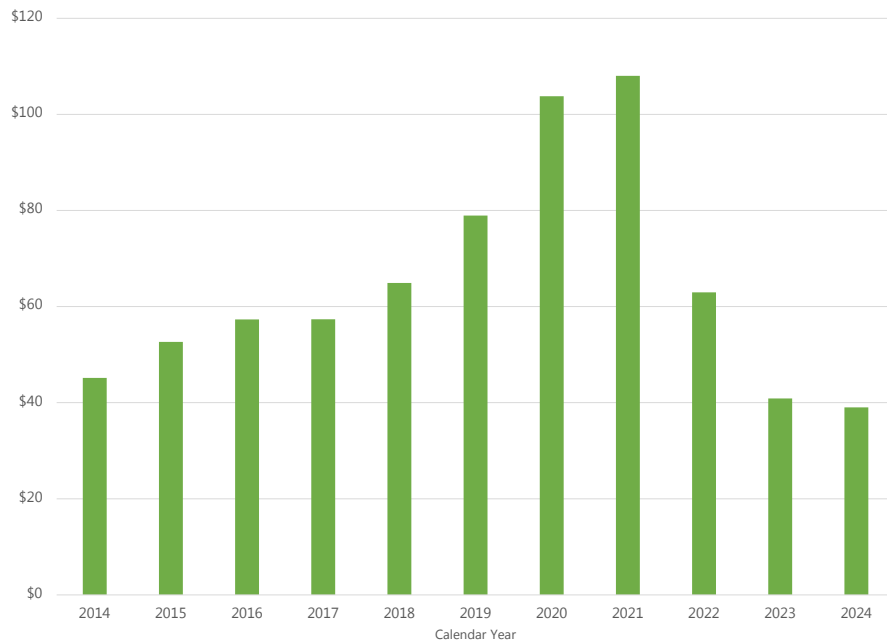
### Several Revenue Sources Are Dedicated to Housing

The state and local governments may use their general revenues for housing programs if they wish. Additionally, the state has some revenue streams that are dedicated to housing, and the state has authorized local governments to impose several taxes and fees specifically for affordable housing purposes.

**Document Recording Fees.** The state requires county auditors to impose surcharges on recorded documents to fund housing programs. In 2023, the state consolidated several of these surcharges into one \$183 surcharge (RCW 36.22.250). Of the revenues, 30% is retained by the county (or distributed to cities) for local homeless housing programs and housing activities serving extremely low- and very low-income households (including housing projects, rental assistance, and emergency shelters). Remaining revenues (less 1% for administration) are deposited in state accounts (the home security fund account, the affordable housing for all account, and the landlord mitigation program account) and must be used for homelessness assistance grant programs, affordable housing projects, and the landlord mitigation program. (These surcharges were significantly increased in 2021, but the entire revenue increase was directed to the state accounts.)

According to the Department of Commerce, it expected state revenue from the \$183 surcharge to total

Chart 6: \$183 Document Recording Surcharge Revenues to Counties and Cities (Dollars in Millions, Adjusted for Inflation)



\$186 million in 2025–27 (Commerce 2024). Counties and cities collected \$39.0 million from this surcharge in 2024. (See Chart 6.)

Beginning in 2024, the state also imposes a \$100 document recording surcharge for the covenant homeownership program (RCW 36.22.185), which is appropriated by the state.

Finally, a \$2.50 document recording fee surcharge (RCW 36.22.240) was enacted in 2019 for growth management planning and review. Beginning in 2024, the surcharge may also be deposited in the state home security

fund account for permanent supportive housing and affordable housing.

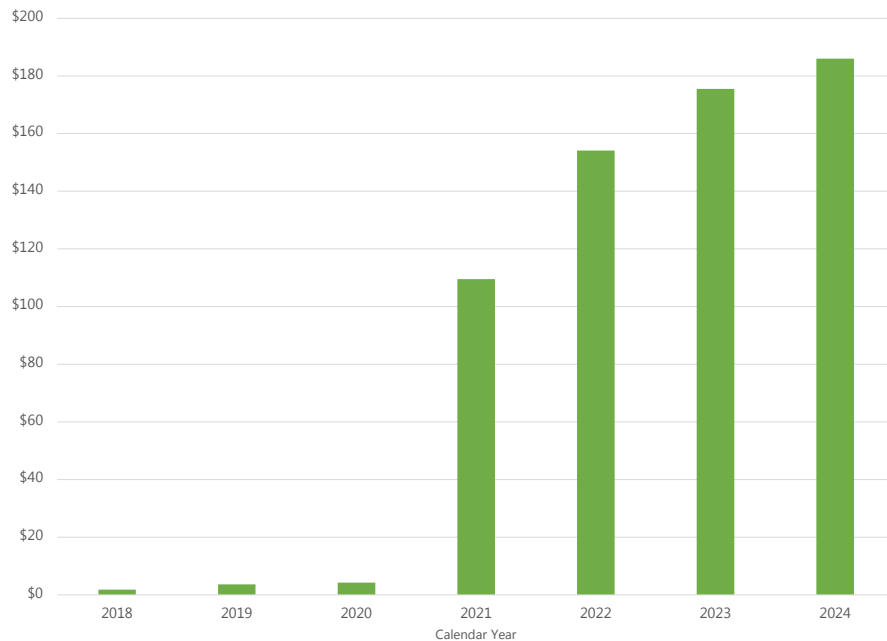
State revenue data does not differentiate between these surcharges; however, it is possible to show the overall fee revenue that was deposited into each account by biennium. The \$100 covenant homeownership surcharge increased revenues by \$99.2 million in 2023–25. The \$183 surcharge (and any home security fund portion of the \$2.50 surcharge) increased state revenues by \$181.3 million in 2023–25. (See Chart 7.)

Chart 7: Document Recording Surcharge Revenues to the State (Dollars in Millions, Adjusted for Inflation)



**Sales and Use Taxes.** The state allows counties and cities to impose sales and use taxes of up to 0.1% for affordable housing or behavioral health (RCW 82.14.530). Before 2020, this housing and related services sales tax was subject to voter approval. According to the Municipal Research and Services Center (MRSC), the voters of four cities had approved the tax as of 2020 (MRSC n.d.a). Since then, the legislative bodies of 12 counties and 16 cities have added the tax (MRSC n.d.b). In 2024, collections totaled \$186.0 million. (See Chart 8 on page 6.) In 2026, the Legisla-

Chart 8: Housing and Related Services Sales and Use Tax Revenues (Dollars in Millions, Adjusted for Inflation)



ture expanded the allowable uses of these revenues (ESHB 2442).

Additionally, in 2019, the state allowed counties and cities to impose a sales and use tax of 0.0073% or 0.0146% (depending on circumstances) by July 28, 2020, for affordable and supportive housing (RCW 82.14.540). The tax is deducted from state sales taxes collected, and the taxes expire after 20 years. According to the Department of Commerce, 37 counties and 90 cities imposed the tax (Commerce n.d.). Revenues totaled \$26.9 million in FY 2025.

Rural county legislative authorities may impose a sales and use tax of up to 0.09% to fund public facilities (RCW 82.14.370). The tax is deducted from state sales taxes collected. In 2024, the state allowed this tax to be used for financing the construction of affordable workforce housing. In 2024, 32 counties reported revenues of \$55.0 million. Of that, at least \$983,723 was used for affordable workforce housing (SAO 2024).

**Property Tax.** Counties and cities may impose additional regular property tax levies of up to \$0.50 per \$1,000 of assessed value for up to 10 years (RCW 84.52.105). Funds must be used for affordable housing, affordable homeownership, home repair, and foreclosure prevention. According to the MRSC, voters in three cities have approved housing levies (MRSC n.d.a):

- Seattle’s 2023 housing levy is expected to raise \$970 million over seven years (King County 2023).
- Vancouver’s 2023 housing levy is expected to raise \$100 million over ten years (Vancouver n.d.).
- Bellingham’s 2018 housing levy is expected to raise \$40 million over ten years (City of Bellingham 2024).

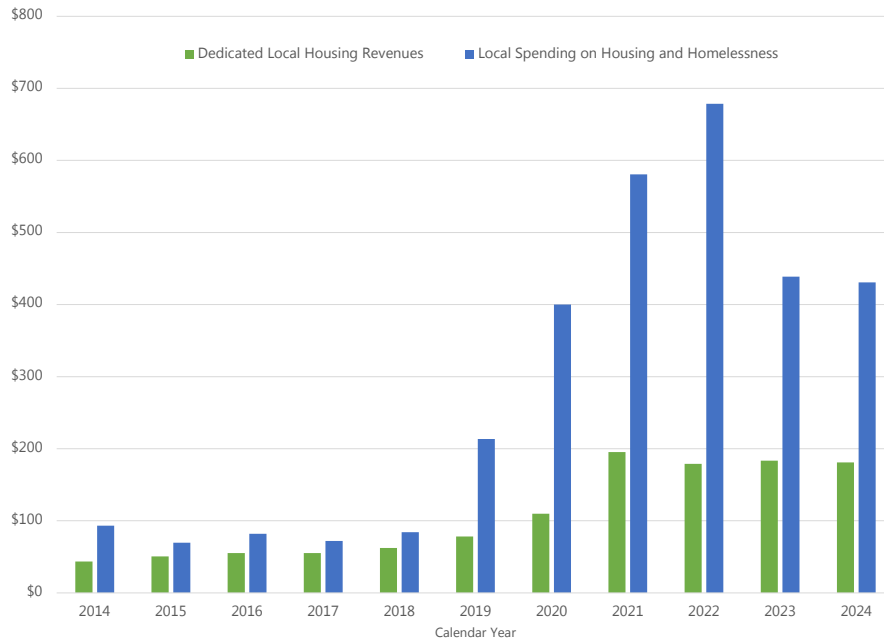
(Revenues from the affordable housing property tax levy are not visible in the SAO data.)

**Real Estate Excise Tax.** Subject to voter approval, counties may impose a 0.5% additional real estate excise tax (REET) for affordable housing (RCW 82.46.075). However, to be eligible, a county must also have imposed, by 2003, an additional REET for conservation. San Juan County imposes the REET for affordable housing; it is the only county eligible. In 2024, revenues totaled \$1.8 million.

Additionally, counties and cities that fully plan under the Growth Management Act may impose an additional 0.25% REET (RCW 82.46.035). Affordable housing is an allowable use of this REET, but there is no central reporting of how jurisdictions use this revenue. Currently, 23 counties and 151 cities impose this REET. It generated \$222.4 million in 2024, some of which could have been used for affordable housing.

**Payroll Expense Tax.** In Seattle, voters approved a social housing tax in 2025. The tax is 5% on compensation paid to an employee that exceeds \$1 million, effective Jan. 1, 2025. Revenues are directed to Seattle’s Social Housing Developer, which is a public development authority. (It is one of the other entities in the SAO data.) According to the City of Seattle, the revenues totaled about \$115 million in 2025 (Seattle 2026).

Chart 9: County Housing Revenues and Spending (Dollars in Millions, Adjusted for Inflation)



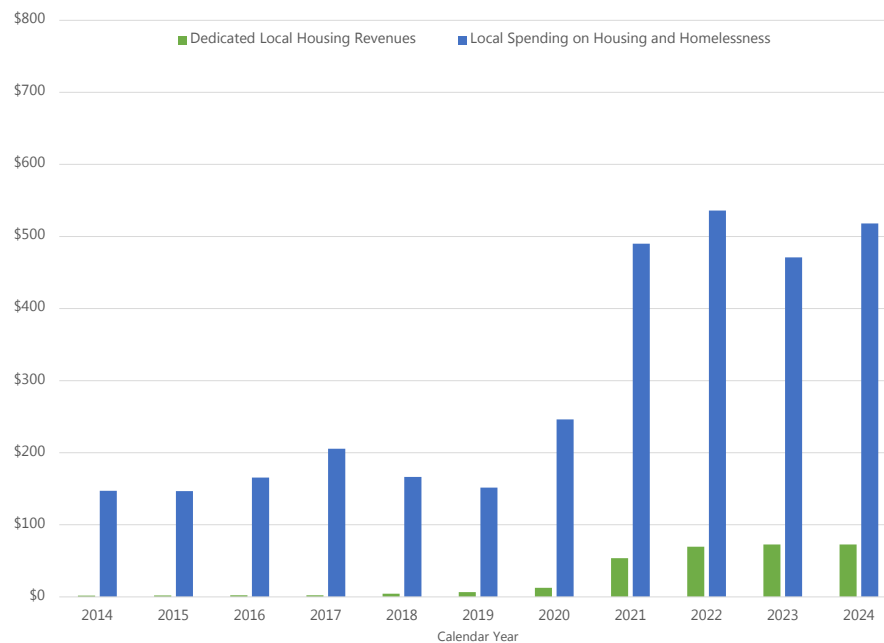
### Local Spending on Housing Exceeds Dedicated Revenue Sources

As noted above, local governments may choose to use general revenue sources for housing. Increasingly, they are. Counties collected \$181.0 million from revenue sources dedicated to housing in 2024 and spent \$430.8 million on housing programs. (See Chart 9.) Cities collected \$72.6 million from revenue sources dedicated to housing in 2024 and spent \$518.1 million on housing programs. (See Chart 10.) Note that the dedicated revenue sources included in Charts 9 and 10 are document recording fees, the affordable housing sales and use taxes, and the affordable housing REET. Due to data limitations, they do not include property taxes or the other taxes that could be used for housing.

### Comment

All available data sources show that state and local government spending on housing and homelessness programs has increased significantly in recent years. The state has authorized local governments to levy several taxes specifically for housing and homelessness services. Many ju-

Chart 10: City Housing Revenues and Spending (Dollars in Millions, Adjusted for Inflation)



risdictions are choosing to impose these dedicated taxes, and they are also spending more on housing and homelessness from general revenue sources.

If the state authorizes local governments to impose additional taxes for housing purposes, they wouldn't necessarily increase spending on housing. Instead, they might shift existing spending to the new dedicated sources.

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