

The logo for South Sound Housing Affordability Partners (SSHAP) features the letters 'SSHAP' in a bold, black, sans-serif font. A small superscript '3' is positioned above the letter 'A'.

South Sound Housing Affordability Partners

2026 State Legislative Session in Review



Established in 2021,

the **South Sound Housing Affordability Partners (SSHA³P)** is an intergovernmental collaboration among the cities and towns of **Auburn, DuPont, Edgewood, Fife, Fircrest, Gig Harbor, Lakewood, Milton, Puyallup, Sumner, Steilacoom, Tacoma, and University Place; Pierce County;** and the **Puyallup Tribe of Indians**, working together to create and preserve **affordable, attainable, and accessible housing** throughout our communities.

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PRIORITIES | PROACTIVE ENGAGEMENT

These are issues that SSHA³P will lead on or dedicate staff time to advance or oppose.

Workforce Housing Accelerator Program

SSHA³P supports fully funding the Workforce Housing Accelerator Program. This revolving loan program is designed to provide a new avenue to facilitate the financing of affordable housing for households earning at or below 80% of the area median income.

SSHA³P worked prior to and during the session with stakeholders to develop two versions of our capital budget ask to fund the Workforce Housing Accelerator Program. The first ask, developed prior to session, was to fully fund the program with \$25 - \$50 million. This ask was a stretch goal, but one that stakeholders felt was appropriate. During session and after receiving legislative feedback, that goal was adjusted to reflect a pilot project funding goal of \$5 million. Our funding ask was not included in the adopted supplemental capital budget.

Fund Pierce County Affordable Housing Projects

SSHA³P seeks to ensure affordable housing projects throughout our communities are adequately funded and will actively support capital budget funding requests to further the creation and preservation of affordable housing in Pierce County.

SSHA³P worked with stakeholders to support two capital budget funding requests that were included in the adopted supplemental capital budget. The first was an appropriation increase for the Thrive Center Tacoma project in the 29th legislative district. The project was appropriated \$2 million in the 2025-2026 biennial capital budget and that appropriation was increased to a total of \$4 million in the supplemental capital budget. We also saw an appropriation for an affordable housing project in the 25th legislative district, where Step by Step received \$2 million for their Pathway to Homeownership project. These funds will be used to acquire property for future affordable housing development.

PRIORITIES | CONTINUED

Reduce Affordable Housing Costs

SSHA³P will advocate for policy options that seek to reduce the cost to construct and operate affordable housing. These options may include changes to the prevailing wage calculations, tax relief, and other options to make the development and preservation of affordable housing more achievable.

After two sessions of work, we were disappointed to see [HB 1717](#) fall just short of the finish line. This bill, which would have provided cities and counties with the ability to incentivize the development of affordable housing for low- and moderate-income households through a sales and use tax remittance program. This Representative Leavitt (28-University Place) sponsored bill was unanimously passed by the House, advanced quickly through the senate's Ways & Means and Rules committees but did not receive a floor vote. We expect to continue to work with Representative Leavitt and stakeholders to advance this bill in the 2027 session.

SSHA³P also supported [SB 6256](#), which did not advance beyond its house of origin. This bill, advanced by [Mercy Housing Northwest](#), would have amended certain statutes regarding property tax exemptions for affordable rental housing to both extend the construction period exemption from 2 to 3 years and allow portions of an affordable rental housing project that are co-located with non-profits offering certain types of services (childcare, early childhood education, etc.) to qualify for an existing property tax exemption.

On the positive side, we saw three bills in this arena pass these sessions. First, was [HB 2151](#) which concerns factory-built housing. This bill will establish certain criteria and options for the Department of Labor & Industries to consider when adopting rules and inspection requirements for factory-built housing.



PRIORITIES | CONTINUED

Next up was [HB 2664](#), which removes the certified mail delivery requirement for certain rental notices to be delivered by certified mail delivery. This costly and overly burdensome requirement was significantly impacting large scale affordable housing operators, having to pay for certified mail which costs 7 to 8 times more than first-class mail.

Finally, in this priority area we were glad to work with Homestead Community Land Trust to create a narrow expansion of a property tax exemption for land to be developed for affordable homeownership, if land is currently being used for community purposes and generating no profit. [This bill](#) is focused on the redevelopment of a site at [1105 MLK in Tacoma's Hilltop Neighborhood](#), where Homestead hopes to break ground in the next 2 years to create more than 200 affordable homeownership units and commercial spaces.

Support for Permanent Supportive Housing¹

SSHA³P supports ongoing operating and maintenance funding for permanent supportive housing (PSH) to keep these homes stable and sustainable over the long term. PSH units serve our most vulnerable and lowest income community members and advocating for reliable funding is essential to maintaining these units in the face of rising costs.

This SSHA³P Advisory Board recommendation was advanced via [SB 6027](#) which provided local jurisdictions collecting funds under RCW 82.14.530, 82.14.540, and 36.22.250 with greater flexibility to deploy these funds to support the operations of existing permanent supportive housing, services, and rental assistance. Pierce County was a key partner in this work and SSHA³P collaborated with county staff to develop a set of potential amendments prior to the session, with more than half of those recommended amendment being reflected in the final bill.

¹SSHA³P Advisory Board recommendation

ACTIVE ENGAGEMENT

Reactive or Supportive Engagement

These items are not lead priorities but could have significant impact. SSHA³P may provide testimony, communicate with legislators, or join coalitions as needed.

Capital Budget Housing Investments

SSHA³P encourages the legislature to make significant capital budget investments in programs that fund the creation and preservation of affordable housing, including in the Housing Trust Fund, the Connecting Housing to Infrastructure Program, and SSHA³P will advocate for a funding backfill should federal HOME Investment Partnership Program (HOME) funding be cut or reduced.

The supplemental capital budget included \$123 million for the state Housing Trust Fund including, \$40 million for preservation program, \$50 million for affordable rental projects, and \$55 million for affordable homeownership project development.

Local Affordable Housing Funding Options

SSHA³P supports the creation of local affordable housing funding options to give jurisdictions the tools they need to meet community housing needs. Creating and/or expanding local revenue sources ensures sustained investment in building and preserving homes affordable to low-income households.

The legislature worked on several bills that would have created local revenue options for affordable housing development and programs, but did not advance any to passage. The primary vehicles for these options were HB 2259, which would have created a local, councilmanic option to improve up to a 4% excise tax on short term rentals and HB 2442, which in its original version, contained a voter-manic option for a .5% real estate excise tax to fund affordable housing and housing programs, but this portion of the bill was removed before its final passage.

ACTIVE ENGAGEMENT | CONTINUED

Siting of STEP Housing

In its current form, [House Bill 1195](#) would prohibit cities and towns from prohibiting transitional or permanent supportive housing (e.g. STEP housing) in any zone where residential units or hotels are allowed. SSHA³P oppose this approach and encourages the Legislature to – at a minimum – allow cities to require STEP housing to be sited in zones that allow at least seven multifamily residential units. This approach would be better suited to the siting these types of needed developments in areas more aligned average number of units produced by STEP housing projects.

The legislature passed [HB 2266](#), establishes siting requirements for STEP housing and restricts what type of other requirements that may be imposed on STEP housing. The bill allows cities and counties to maintain development regulations and standards for STEP housing as long as it is not more restrictive than for other types of housing.

Property Tax Exemption Program Eligibility

SSHA³P supports the expansion of eligibility criteria for homeowners to access the Senior and Disabled Household Property Tax Exemption Program.

The 2026 session did see the legislature take action to increase the income thresholds for households to receive the senior and disabled property tax exemption. [SB 6162](#) adjusted each of the three income thresholds was increased by 10 percent of the area median income (AMI), as shown below:

- *Income Threshold 1: 50% AMI increased to 60% AMI*
- *Income Threshold 2: 60% AMI increased to 70% AMI*
- *Income Threshold 3: 70% AMI increased to 80% AMI*

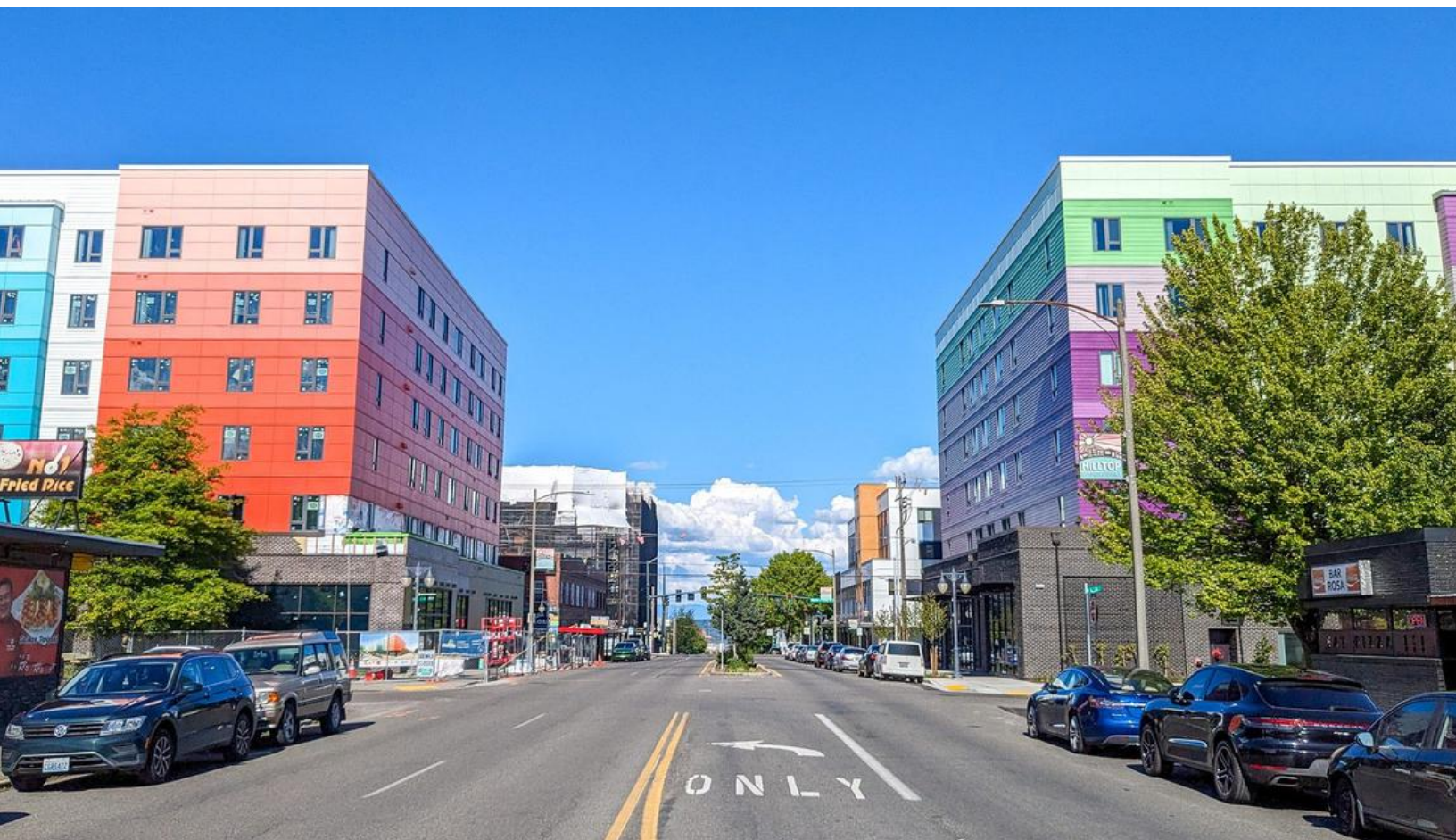


ACTIVE ENGAGEMENT | CONTINUED

Recreational Vehicles as Permanent Housing Units

SSHA³P opposes legislation to allow the siting of recreational vehicles as permanent housing units. Recreational vehicles (RVs) are not constructed as permanent housing units and relying on RVs for permanent housing risks creating substandard living conditions and diverts attention and resources away from developing safe, durable, and affordable homes that truly meet community needs.

The legislature did not take action during the short session on [HB 1443](#), which would have required cities and counties to allow at least 2 recreational vehicles on each residential lot.



ACTIVE ENGAGEMENT | CONTINUED

Mixed-Income Housing²

SSHA³P supports modifying project funding requirements and adding greater policy flexibility to encourage the development of mixed-income housing. Expanding these tools helps create more viable project proposals, access private investment, and create a diverse range of affordable and attainable housing options for households across incomes.

We saw two bills in this engagement area, one passing and another dying. On the passing side we had HB 1859, which decreases the amount of affordable units required to qualify for a density bonus for affordable housing developed on property owned by a religious organization from 100 percent of housing units to either

- *At least 50% of units affordable to households earning less than 80% AMI; or*
- *At least 20% of units affordable to households earning less than 50% AMI.*

This bill also clarifies the requirement that cities and counties must develop policies to implement a density bonus if it receives a request from a religious organization.

On the not passing end, we had a bill we did not expect but were pleased to support and hope to continue to work on with its sponsor. SB 6028 would have created a revolving loan program to fund mixed-income homeownership developments if a portion of units are permanently affordable for low-income households. This bill would, like the Workforce Housing Accelerator Program, require capital budget funding which complicated its passage in a short session.

²SSHA³P Advisory Board recommendation

ACTIVE ENGAGEMENT | CONTINUED

Source-of-Income Discrimination in Rental Housing³

SSHA³P supports a Department of Commerce recommendation that the Legislature enact legislation to place source-of-income protections under Washington's Law Against Discrimination, RCW 49.60. While the Legislature did add source-of-income protections to the Residential-Landlord Tenant Act in 2018, that still requires the resident to file a lawsuit rather than putting it under RCW 49.60 which would allow it to be filed directly as a fair housing complaint.

No bills were filed on this issue in the 2026 session.

Investments in Rental Assistance

SSHA³P supports continued investments in rental assistance to keep individual and families stably housed during times of financial hardship. These programs are critical tools for preventing avoidable evictions, reducing displacement, and protecting vulnerable households.

We saw no additional investments in rental assistance programs, although SB 6027 did provide more flexibility to utilize funds collected under RCW 82.14.530 to be utilized for rental assistance.



³SSHA³P Advisory Board recommendation

SSHAIP³



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