

### Policy Summary

Under RCW 82.14.530, “Sales and use tax for housing and related services,” cities in Washington State may impose a sales and use tax not to exceed one-tenth of one percent to fund the construction, operation, maintenance, and evaluation of affordable housing, mental and behavioral health-related facilities, and housing and behavioral health services to individuals at or below 60% of the area median income (AMI).<sup>i</sup> The City of Spokane City Council will vote on whether to enact the 0.001% tax in Fall 2020.

Spokane Regional Health District staff completed this health note at the request of the City of Spokane to understand the potential health implications of the proposed policy decision.

### Summary of Findings

Health Impacts	Likelihood	Quality of Evidence	Affected or vulnerable population	Equity Impact
<b>Impacts of Sales and Use Tax Increase</b>				
Increased financial insecurity	Possible	Not well researched	Very low-income individuals and families	Negative
Increased stress	Possible	Not well researched	Very low-income individuals and families	Negative
<b>Impacts of Construction and Building Activities</b>				
Increased exposure to hazards and injury	Possible	Not well researched	Workers and individuals living near construction/building areas	None
Increased employment opportunities	Unlikely	Not well researched	Not predicted	None
<b>Impacts of Expanding Access to Quality Affordable Housing</b>				
Reduced environmental exposures	Likely	Very strong	Unstably housed or homeless individuals and families	Positive
Improved child development & achievement	Likely	Strong	Unstably housed or homeless individuals and families	Positive
Reduced domestic & family violence	Likely	Strong	Unstably housed or homeless individuals and families	Positive
Improved mental & behavioral outcomes	Possible	Fair	Unstably housed or homeless individuals and families	Positive
Improved health behaviors & chronic disease	Possible	Fair	Unstably housed or homeless individuals and families	Positive

### Methods Summary

This health note was produced by adapting the health note methodology and approach developed by the Health Impact Project at The Pew Charitable Trusts.<sup>ii</sup> The scope of this health note focuses on the impacts of an increased sales and use tax and affordable housing construction; behavioral health fell outside the scope as the connection to health is more proximal and apparent.

We prioritized the following research questions for analysis:

1. To what extent does an increase in sales and use tax affect: household financial security; stress?
2. To what extent does affordable housing construction affect: environmental hazards (noise and air pollution, traffic, injury); employment opportunities?
3. To what extent does constructing affordable housing affect: environmental exposures (lead, mold, asbestos); child development and children’s educational achievement; domestic violence, child abuse, and neglect; mental and behavioral health outcomes; and health behaviors and chronic disease?

Staff conducted an expedited literature review using a systematic approach to minimize bias and identify studies to answer each of the identified research questions. In this note, “health impacts” refer to impacts on determinants of health, such as education, employment, and housing, as well as impacts on health outcomes, such as injury, asthma, chronic disease, and behavioral health. The strength of the evidence is qualitatively described and categorized as: not well researched, a fair amount of evidence, strong evidence, very strong evidence. The full methodology and detailed literature review summary are available upon request.

## What Are the Potential Health Impacts?

### Impacts of Sales and Use Tax Increase

Building affordable housing can be costly; there is often a large gap between development costs and affordable rental income, disincentivizing developers. Federal grants, subsidies, and tax credits—such as the Low-Income Housing Tax Credit—help to fill that gap. Cities and towns may opt to raise revenue to fund and incentivize local affordable housing development; in the current case, Spokane will consider doing this through an increased sales tax. According to the Institute on Taxation and Economic Policy, Washington State has the most regressive state and local tax system in the nation.<sup>iii</sup> The wealthiest residents of our state spend just 1.7% of their income on sales and excise tax, so a tax increase of 0.001% may not be noticeable for these high earners. However, the poorest households in Washington spend much more on sales tax: one in five spend more than 13% of their income on sales taxes. As a result, lower-income households have less spending flexibility and may opt for less expensive—and less healthy—purchases on food, recreation, and children’s enrichment activities, and may feel more stress regarding even a small tax increase.

Research for this analysis did not yield high quality studies demonstrating the impact of sales tax increases on household financial security, changes in spending, or stress. One published analysis identified an increase in child maltreatment following an increase in tax on cigarettes, but this health impact needs more research.<sup>iv</sup>

### Impacts of Construction and Building Activities

Active construction activities contribute to truck and vehicle emissions and traffic, noise and light pollution, and residential displacement.<sup>v</sup> Construction projects can also bring employment opportunities to local job seekers.

Research for this analysis did not yield high quality studies demonstrating the impact of affordable housing construction and building activities on exposure to environmental hazards such as truck traffic, noise, and air pollution. While economically insecure individuals would plausibly benefit most from secure employment, more research is needed to demonstrate a connection between affordable housing construction and hiring a local workforce. Furthermore, it is unclear whether local residents would be physically able to work and have the necessary qualifications without a job training program.

### Impacts of Expanding Access to Quality Affordable Housing

Strong evidence documents the positive impacts of high-quality, affordable housing on population health.<sup>vi</sup> A systematic review of housing-related health impact assessments identified four features that contribute to health outcomes: quality,

affordability, location, and community.<sup>vii</sup> Together, these impact a range of health determinants and outcomes, described in more detail below.

## **ENVIRONMENTAL EXPOSURES**

Housing that is unsafe, unmaintained, and inadequately ventilated can expose residents to pests and contaminants, such as lead, radon, and mold. Health conditions associated with substandard housing can contribute to expensive hospitalizations among children in particular.<sup>viii</sup> The evidence connecting housing quality to reduced environmental exposures and resulting health outcomes—such as childhood lead poisoning and deaths from asthma—is very strong.<sup>ix</sup> Safe, quality housing can improve negative health outcomes like injuries, neurotoxicity, and poor mental health.<sup>x</sup>

## **CHILD DEVELOPMENT AND EDUCATIONAL OUTCOMES**

The first few years of a child’s life are critical for healthy physical, social, emotional, and cognitive development. Children who develop in safe, nurturing spaces grow to become educated, contributing community members. Unfortunately, strong evidence indicates that many children experiencing housing insecurity and homelessness face physical, emotional, and academic challenges.<sup>xi</sup> We identified fair amount of evidence connecting housing affordability and quality to children’s cognitive development and educational achievement.<sup>xii</sup> Households able to spend more on child enrichment—regardless of housing cost burden—had better child development and achievement outcomes.<sup>xiii</sup> A fair amount of evidence suggests that outcomes for children improve when housing interventions integrate evidence-based early child development interventions, such as nurse home visiting and Head Start.<sup>xiv</sup>

## **DOMESTIC AND FAMILY VIOLENCE**

Violence in and around the home causes negative health and emotional outcomes for perpetrators, victims, and those around them. A fair amount of evidence suggests that experiencing or even living near foreclosures contributes to violent behavior, while moving into newly constructed affordable housing in middle-income neighborhoods decreases exposure to violence among low-income residents.<sup>xv</sup> A fair amount of evidence indicates that housing affordability may improve rates of intimate partner violence.<sup>xvi</sup> We identified strong evidence that remediating vacant land and abandoned buildings for affordable housing reduces violence.<sup>xvii</sup>

## **MENTAL AND BEHAVIORAL HEALTH OUTCOMES**

Finding and keeping safe, quality housing can be challenging for individuals with mental and behavioral health conditions. Yet, stable housing is critical to support mental health and recovery from substance use disorder. We identified a fair amount of evidence that moving to newly constructed affordable housing in middle-income neighborhoods led to decreased substance use for low-income residents.<sup>xviii</sup> A fair amount of evidence indicates that experiencing a foreclosure or living near foreclosures contributes to poor mental health and increased anxiety.<sup>xix</sup> A fair amount of evidence suggests affordable housing may help individuals living homeless improve community integration; however, the effect was stronger when combined with psychosocial interventions to support mental health and substance misuse, such as in Housing First programs.<sup>xx</sup>

## **HEALTH BEHAVIORS AND CHRONIC DISEASE**

Homes with easy access to green space, recreation, quality schools, employment opportunities, public transportation, healthy foods, and medical care facilitate healthy behaviors like exercising and eating healthy. Lower income households often face barriers to these healthy behaviors, contributing to higher rates of some chronic diseases. A fair amount of evidence from one randomized controlled trial found lower rates of obesity and diabetes and improved rates of physical activity for low-income households.<sup>xxi</sup> Location matters though; affordable housing built on the “urban fringe” may lack public transportation and other infrastructure components critical for physical activity.<sup>xxii</sup> A fair amount of evidence indicates that children experiencing homelessness face higher rates of chronic disease later in life.<sup>xxiii</sup>

## Why Do These Findings Matter for Spokane?

Spokane, Washington, a beautiful city with diverse opportunities for outdoor activities, frequently ranks as one of the nation's top places to live for affordability, recreational options, and job opportunities. However, not all residents of Spokane have the same access to these resources. According to the Spokane Regional Health District's 2019 Quality of Life survey, only about half of residents reported their housing affordability as very good or excellent. More than one in ten Spokane residents reported living in unstable and insecure housing. Those individuals were more likely to be people of color, have earned less than a four-year college degree, be out of work or unable to work, and have very low incomes. The portion of housing-insecure residents jumps to 16.5% when considering only those who earn less than \$35,000 per year. Fewer than 8% of housing-insecure residents say their physical and mental health is very good or excellent. People with secure housing are not immune from mental health strains, however; about 27% of residents felt some housing-related stress in 2019.

## Considerations for Implementation

**Consider affordability, quality, community, and location in developing new housing.** Affordability is only one component of healthy housing; individuals and families can thrive when homes are safe from hazards, located in communities with high-quality resources, and integrated in neighborhoods free from segregation and concentrated poverty.<sup>xxiv</sup> Mapping community assets can help identify prime locations for affordable housing.

**Consider integrated services and strategies to maximize positive health outcomes.** Affordable housing can impact healthy child development, family and community violence, mental and behavioral health outcomes, and health behaviors and chronic disease especially when combined with services and interventions (for example, Housing First). Consider collaborating with behavioral health providers, early learning professionals, and other sectors to achieve a bigger impact.

**Consider promising programs to help low-income individuals purchase and maintain quality affordable housing.** Inequities in lending and home ownership contribute to a growing racial wealth gap. Resources such as County Health Rankings and Roadmaps catalog evidence-based actions, including community land trusts, housing rehabilitation loans and grant programs, land banks, and other housing policies and strategies.

**Apply an equity lens to housing development, siting, and services.** Housing and behavioral health solutions can best meet the needs of the community when residents with real-life experience have a role in decision making. Consider a resident housing task force with broad community representation.

**Consider a comprehensive health impact assessment to understand the potential health risks and benefits of implementation,** if the policy is adopted. Comprehensive health impact assessments bring together diverse stakeholders and scientific data to help decision makers make better choices. According to the National Center for Healthy Housing, health impact assessments can "help housing officials and public health professionals improve public health outcomes, lower health care costs for families and local governments, create healthier housing and communities, and better our built environment, while maintaining strong financial stewardship of local funds."<sup>xxv</sup>

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