

# 2024 Housing Report

**Economic Prosperity and Housing** 

April 2025



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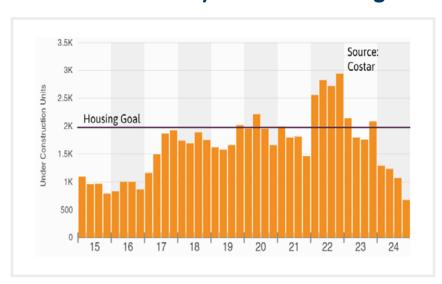
# Ongoing housing need

For Vancouver to meet its estimated growth projections and close our existing housing deficit in 10 years, the city must increase housing production to at least **2,000** new units per year, including at least **1,000** new units per year affordable to those earning 80% of the area media income (AMI) or less.

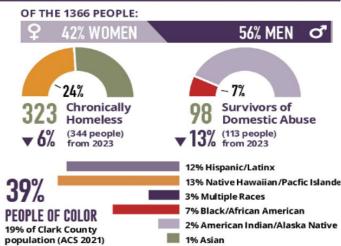
In 2024, despite the City's efforts, new housing development slowed. Market conditions greatly impacted development with higher interest rates and increasing construction and material costs. Labor shortages, increasing building standards and stagnant rent growth combined with increased operating costs also compounded the problem.

Due to the ongoing housing supply shortage, Vancouver continues to see additional people experiencing homelessness, as highlighted by the recent Point in Time Count data.

# Units under construction in Q4 2024 were 55% below the 10-year historic average







with 2023

comparisons

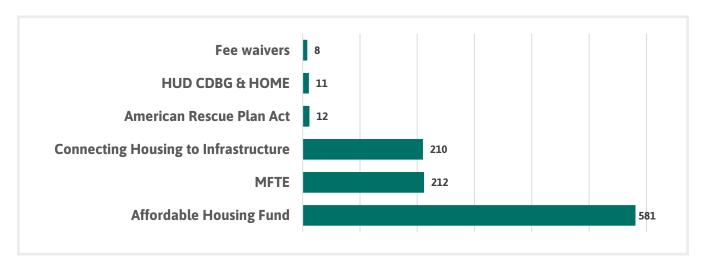


## **Summary of 2024 actions**

In 2024, the City of Vancouver took proactive steps to address the ongoing housing crisis despite challenging market conditions. The City continues to pursue time and cost savings for development and make processes and timelines more predictable. Key actions to help sustain housing production and improve affordability include:

- City Council adopted an emergency ordinance to facilitate expanded housing options, allowing more accessory dwelling units (ADUs), duplexes, cottage clusters and small-lot developments.
- Vancouver expedited review timelines for projects seeking funding through the local Affordable Housing Fund levy, helping to accelerate the delivery of affordable housing.
- A new Construction Sales Tax Deferral program was launched to reduce costs for affordable housing development on underutilized properties.
- The City deployed state and federal funding to connect new affordable housing to essential services and invest in affordable housing in the Fourth Plain area.
- The City continues to make progress on new housing development at City-owned sites such as Waterfront Gateway and the Heights District.

#### **2024 Units Assessed**



# Housing Action Plan updates

The Housing Action Plan, created in 2023, establishes housing as a citywide priority and is intended to mobilize the resources of all City departments to lower the cost and barriers to housing production. The plan was updated and reorganized in 2024 to remove actions that were complete and add new actions to respond to current market conditions.

# The Housing Action Plan includes 65 proposed actions to support housing development, organized in nine functional categories:

- Land Use and Code
- Policies and Process
- Investments and Incentives
- Fees
- Innovation
- Housing Preservation (new category)
- · Programmatic Support for Housing (new category)
- Advocacy and Partnerships
- Data Tracking and Reporting

A summary of each strategy and progress to date is attached as Appendix A.





## **Development incentives**

In 2024, the Vancouver implemented several zoning and code changes to facilitate housing development, including:

- ADUs and Duplexes: The city expanded allowances for ADUs and duplexes in single-family zones to promote middle housing options.
- **Infill Development Standards**: To streamline infill development, Vancouver eliminated the requirement for neighborhood meetings before application submittal and reduced minimum lot sizes, making it easier to develop smaller lots.
- **Cottage Clusters:** The minimum size for cottage cluster sites was reduced from 20,000 to 10,000 square feet, and code clarifications were made to support this form of housing.
- High-Density Residential Zoning (R-50): A new R-50 zone was introduced, allowing up to 50 units per acre with a minimum lot size of 800 square feet per unit to encourage denser multi-family housing development.

#### **Fee waivers**

In 2024, a development of eight tiny homes received an 80% reduction in traffic and park impact fees by committing to keep the units permanently affordable for households earning less than 80% of the AMI.

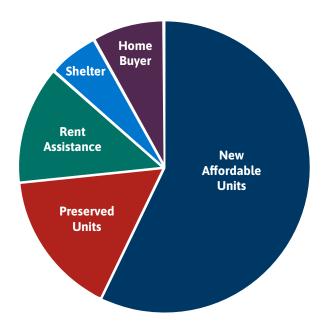


# **Affordable Housing Fund**

The City saw strong demand for Affordable Housing Funds (AHF) when applications opened in January 2024. A total of 26 applications were submitted requesting \$28.5 million in funding—nearly triple the \$9.5 million available. This year marked the first of the new \$10M voter-approved levy, which replaced the previous \$6M per year levy. The AHF supports creation and preservation of affordable rental housing, rental assistance and homelessness services. For the first time, the levy also included funding for homeownership assistance.

AHF funding will directly support 144 AHF-designated units and a 14-bed group home, 20 homeownership units, staffing for 28 shelter beds, and rental assistance for 54 households. In addition, AHF funding will be leveraged to assist in the construction and preservation of 581 affordable units. Construction projects have two years to get started from the date of Council approval.

Additional detail about AHF funding and past outcomes is available at <u>cityofvancouver.us/ahf</u>.





# For every one dollar of City investment, \$23 in additional funding was leveraged.



#### Laurel Manor, 82 affordable units

In 2024, the City celebrated the grand opening of Laurel Manor, a new development for seniors supported by a \$2M AHF award in 2023.



### State and federal resources

#### **American Rescue Plan Act (ARPA)**

The City received \$33.1 million in American Rescue Plan Act (ARPA) stimulus funding and dedicated **\$9.5M to affordable housing** through the Fourth Plain for All Investment Strategy. In 2024, \$900,000 was invested to create and maintain **12 affordable units** at Village 57 for 25 years.

# **Connecting Housing to Infrastructure Program (CHIP)**

The City received \$3,296,330 from the Washington Department of Commerce to support three affordable developments in Vancouver and a fourth development in Felida, totaling 177 rental units and 33 homeownership units. CHIP funding can pay for infrastructure and System Development Charges for new development.

#### Community Development Block Grant (CDBG) and HOME Investment Partnerships

Funding received from HUD is used for a variety of services benefiting people with low to moderate income. Detailed annual reporting is provided each year at <a href="mailto:cityofvancouver.us/cdbg">cityofvancouver.us/cdbg</a>. From July 1, 2023–June 30, 2024, the City achieved the outcomes below.

# \$4.4 million dollars

was invested in the community:



48 households stabilized with rent assistance



11 homeowners assisted 184 small businesses assisted



4,059
people accesses

6,359
people accessed
new or improved
community facilities



539
people
supported to
help resolve
homelessness



# Tax exemption and deferral

#### **Multifamily Tax Exemption (MFTE)**

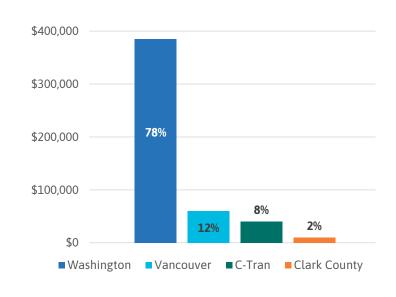
In 2024, Vancouver awarded 8-year property tax exemptions to two new developments. These projects will create 194 new rental units and 18 new homeownership units and contribute \$777,500 to the Fee-in-Lieu Fund to build new permanently affordable housing.

Three 2023 MFTE-approved projects, with a total of 539 units, are paused due to financing challenges for residential projects. The City remains committed to helping these projects advance. Though the City cannot control market conditions, it plays a critical role in maintaining a strong development pipeline, reducing barriers, and offering predictable support to encourage long-term investment in housing.

#### Construction sales tax deferral

New state legislation allowed Vancouver to implement a sales and use tax deferral incentive program for new affordable housing development on underdeveloped urban land used for parking lots.

- The tax deferral is for the use and sales taxes associated with development construction for new affordable housing
- The housing must remain affordable for at least 10 years, after which the deferred taxes are forgiven
- The largest share of the tax deferred is from the State of Washington



## Homeownership

Over the past year, Vancouver has prioritized affordable homeownership as a critical component of our housing strategy, recognizing the long-term stability and wealth-building potential owning a home provides for low- to moderate-income households. Despite market headwinds and limited partner capacity, we have continued to support this goal through local, state, and federal funding tools.

#### Affordable Housing Fund (AHF)

Affordable Housing Fund (AHF) In 2024, the City awarded \$1 million in AHF funding specifically for affordable homeownership projects. This investment is expected to assist 20 first-time homebuyers with moderate income.

#### **Nonprofit partners**

- Proud Ground is a long-time City partner using a shared-equity homeownership strategy. Their model keeps homes permanently affordable while allowing families to build equity. proudground.org
- Habitat for Humanity is a key partner in delivering new homes, acquiring existing homes, and rehabilitating homes for families earning at or below 80% AMI. ehfh.org

#### **Federal funding**

- HUD CDBG funding was used to support acquisition of 4 affordable homes in 2024, with HUD HOME funding awarded for the purchase of an additional 11 homes.
- ARPA funding has been dedicated to homeownership assistance and home rehabilitation, particularly focused in communities like the Fourth Plain neighborhood where housing needs are acute.





#### **Multifamily Tax Exemption (MFTE)**

While typically used to support affordable rental housing, MFTE has also been used to support mixed-income developments that include ownership units in targeted growth areas.



# Housing preservation

While building new homes is essential to meet growing demand, preserving existing housing is critical to maintain affordability and stability in our community. Many homeowners with lower-incomes live in aging homes that, without investment, risk becoming unsafe or uninhabitable.

In 2024, the City invested federal funding to help **7 homeowners** maintain their residence.

AHF funding awarded in 2024 will help preserve Smith Tower in downtown Vancouver and a portfolio of senior properties owned by VHA, for a total of **334 preserved rental units**.

## Home Electrification and Appliance Rebate (HEAR)

In addition, the City launched the Home Electrification and Appliance Rebate (HEAR) program, with **\$1.48M** in Washington Climate Commitment Act funding to provide energy improvements to for qualified homeowners.

# Rental registration

The City is implementing a new rental registration program to collect data on rental properties and ensure units meet safety and habitability standards. This program aims to improve tenant safety, enhance neighborhood quality, and streamline compliance for property owners.

In 2024, the City formed a community stakeholder group to assess the need for enhanced habitability measures and recommend elements for a proposed program.

Program implementation is underway and expected to begin January 2026.





#### **Housing Action Plan Status Report March 2025**

#### **Progress Indicators:**









Lan	nd Use and Code	Status	Detail and Updates
1	Complete Comp Plan		<ul> <li>Establish citywide housing and density goals</li> <li>Remove barriers to housing density and type</li> <li>Update zoning to achieve more infill and naturally</li> </ul>
2	Update code	$\odot$	<ul> <li>affordable housing</li> <li>Housing need assessed &amp; affordability goals established</li> </ul>
3	Update zoning	<b>③</b>	<ul> <li>Land Use possibilities developed and shared for community feedback</li> <li>EIS completed</li> <li>New land use and code strategies will be implemented through the Comp Plan update, which is on track to meet 2025 deadline</li> </ul>
4	Expand affordable housing bonuses		Offer density bonuses and flexibility on other requirements to encourage affordable housing development

Pol	icies and Process	Status	Detail and Updates
5	Streamline development review	<b>⊘</b>	<ul> <li>2023 audit identified strengths and areas for improvement.</li> <li>Further improvements needed to eliminate unnecessary steps and reduce review timelines</li> <li>Simultaneous permit/plat review implemented</li> </ul>
6	Increase staff capacity	9	<ul> <li>Add staff and increase expertise to aid quicker review and processing</li> <li>Form housing-specific review team for responsiveness and consistency</li> </ul>
7	Expand SEPA categorical exemptions	<b>③</b>	<ul> <li>Consider housing projects with 200 units or less as Type I; categorically exempt</li> <li>State SEPA updates implemented when approved by Council in December 2023</li> <li>Additional updates to SEPA may be included with Comp Plan updates</li> </ul>

Poli	cies and Process	Status	Detail and Updates
8	Reduce environmental review for new development	*	Identify areas for Planned Action Ordinances, to simplify review of individual projects in study area
9	Update Title 20		Update as part of Comp Plan to clarify Planning Commission role and narrow review authority
10	Eliminate traffic study requirements for affordable housing	<b>S</b>	Update?
11	Support new ADU construction		<ul> <li>Share WA State approved pre-fabricated plans COV website.</li> <li>Explore development of pre-approved ADU building plans</li> </ul>
12	Reduce impact of Green Building Policy	9	<ul> <li>Green Building Policy was scheduled for completion 12/2024 but is currently paused for economic analysis</li> <li>Exempt affordable development from Green Building requirements</li> </ul>
13	Adopt Downtown Design Guidelines	*	<ul> <li>Limit most expensive requirements</li> <li>Exempt affordable housing from new guidelines and provide flexibility for lower cost options</li> </ul>
14	Avoid fee and cost Increases		Delay implementation of new policies and fees that will increase the cost of new development
15	Align development agreements with housing goals	(S)	<ul> <li>Incorporate City priorities when negotiating Development Agreements</li> <li>Establish consistency in required outcomes</li> </ul>

Inve	stment and Incentives	Status	Detail and Updates
16	Accelerate AHF funding	<b>⊘</b>	<ul> <li>AHF Levy was renewed in 2024</li> <li>More efficient software implemented in 2024</li> <li>First time providing forward commitments to assist projects with state awards</li> <li>In 2025, rolling application with quarterly reviews implemented</li> </ul>
17	Increase leverage for AHF	<b>(</b>	<ul> <li>2017 - 2023 levy achieved 9 to 1 leverage</li> <li>Goal = 10 to 1</li> <li>2024 awards leveraged 23 to 1</li> </ul>
18	Explore other City funding	<b>②</b>	<ul> <li>Potential resources could include Tax Increment Financing or REET funding</li> <li>Explore use of City bonding capacity</li> <li>New resources are being explored through the Heights and other redevelopment projects</li> </ul>
19	Establish Fee-in-Lieu Fund	$\odot$	<ul> <li>Completed in 2023</li> <li>Five MFTE projects have committed Fee-in-Lieu funding and are underway</li> </ul>

Inve	stment and Incentives	Status	Detail and Updates
20	Pursue local and State Funding	<b>⊘</b>	<ul> <li>Pursue local and state funding available for affordable housing</li> <li>4 CHIP applications submitted in 2024, 3 funded, total \$1.32M</li> <li>City submitted a capital request that provided \$1.2M to VHA for energy retrofits</li> </ul>
21	Access Federal funding	<b>③</b>	<ul> <li>Inventory underutilized programs</li> <li>Pursue CDS (earmarks) if available</li> <li>Support a CHDO partner to access HOME setaside</li> <li>City submitted unsuccessful HUD PRO Housing application in 2024</li> </ul>
22	Complete City property inventory	$\odot$	<ul> <li>Completed inventory and mapping of city-owned properties</li> <li>Further work to Identify strategic city-owned parcels for affordable housing development</li> </ul>
23	Acquire strategic parcels for affordable housing development		<ul> <li>2024 ARPA funding helped acquire Village 57, requiring long-term affordability</li> <li>Long term, citywide funding strategy needed</li> </ul>
24	Identify underutilized land for housing		<ul> <li>Identify available properties owned by public partners such as C-Tran, public schools, Clark College</li> <li>Identify religious partners with space and interest in housing e.g., McLoughlin Church</li> <li>Identify parking lots that can access Construction Sales Tax Deferral (CSTD)</li> </ul>
25	Leverage City facilities needs	•••	<ul> <li>Explore City uses in ground floor spaces to reduce cost of new housing projects</li> <li>Review facility needs and potential opportunities for co-location</li> </ul>
26	Encourage broader use of MFTE		<ul> <li>The MFTE program was updated to increase eligibility and density in 2023</li> <li>4 applications received under new guidelines</li> <li>Need additional marketing to promote program in new areas</li> </ul>
27	Encourage broader use of fee waivers	*	<ul> <li>Incentivize affordability by waiving impact fees for new income-restricted housing</li> <li>Added fee waiver program info to housing preapps to notify developers</li> </ul>
28	Establish CSTD Program	$\bigcirc$	<ul> <li>Program approved by Council and launched in 2024</li> <li>First application received in 2025</li> <li>Need to promote for additional use.</li> </ul>

Fe	ees	Status	Work Completed in 2024
29	Inventory City-imposed fees and costs	<b>S</b>	<ul> <li>Develop reduced cost schedule for affordability</li> <li>Part of Comp Plan research and update</li> </ul>
30	Reduce impact fees for affordable housing	9	<ul> <li>Implement scaling of fees in accordance with RCW changes</li> <li>Encourage broader use of impact fee discounts for affordable housing</li> <li>Part of Comp Plan update</li> </ul>
31	Complete building fee rate study	$\odot$	<ul> <li>Completed in 2024</li> <li>100% cost recovery compared to other jurisdictions</li> <li>No increase planned</li> </ul>
32	Lower building fee cap		Current cap is \$7 million
33	Adjust fee schedule for affordable housing		Further discussion needed to exempt or decrease permit fees for affordable development/AHF investment
34	Update SDC payment requirements		Change payment timing of System Development Charges to reduce upfront costs of affordable development

Inn	ovation	Status	Detail and Updates
35	Explore sweat equity and co-ops		<ul> <li>Explore community co-op models and partners</li> <li>No progress in 2024: Need to identify partner interest for co-op model</li> </ul>
36	Explore at-cost housing models	*	Research models for developing housing built and rented at a price that covers only actual costs, eliminating speculative profits
37	Support innovative building types	•••	<ul> <li>Pilot permitting for innovative building types and off-site production: panelized, container housing or 3D printing</li> <li>No progress in 2024: Need partner interest and internal champion</li> </ul>
38	Redevelop commercial buildings	•••	<ul> <li>Facilitate redevelopment or adaptive reuse of commercial buildings into to add housing and retaining businesses</li> <li>No progress in 2024: Need partner interest and internal champion</li> </ul>
39	Explore bonding options	*	Research City bonding opportunities to access new funding for housing
40	Establish revolving loan fund	*	Research opportunities to create a revolving loan fund, assist with multifamily pre-development costs

Inn	ovation	Status	Detail and Updates
41	Identify financing for small development projects		<ul> <li>Developers of small projects and middle housing need access to additional funding options</li> <li>Researched funding, partners and other jurisdictions in 2024</li> </ul>
42	Establish Land Bank		<ul> <li>Explore establishing a land bank for housing as vehicle for property acquisition</li> <li>No progress in 2024: Fee in Lieu Fund may be used for land acquisition</li> </ul>

Но	using Preservation	Status	Detail and Updates
43	Preserve multifamily housing	<b>②</b>	<ul> <li>Support acquisition and maintenance of existing properties with naturally affordable units or expiring affordability requirements</li> <li>Smith Tower and Cedar Portfolio awarded \$2M AHF funding to preserve 334 units</li> </ul>
44	Establish Rental Registration Program	*	<ul> <li>Implement registration program to monitor and preserve existing rental housing condition</li> <li>Stakeholders advised program development and Council reviewed recommendations in 2024</li> </ul>
45	Fund homeowner rehabilitation	*	<ul> <li>Increase program funding to assist homeowners with limited income maintain housing</li> <li>Accessed state HEAR funds for energy retrofits</li> <li>Identified ARPA funding for rehab in Fourth Plain area</li> </ul>
46	Preserve mobile home parks	<b>②</b>	<ul> <li>Work underway for mobile home park zoning overlay to preserve existing parks</li> <li>Support low-income mobile home park residents to acquire park ownership if listed for sale</li> </ul>

Prog	grammatic Support for Housing	Status	Detail and Updates
47	Expand homeownership programs	<b>⊗</b>	<ul> <li>Support land trust partners for long-term affordability</li> <li>Awarded \$1M in AHF funding to support 20 new moderate-income homebuyers</li> <li>Support credit counseling, financial literacy and homeowner literacy education</li> <li>HUD-funded homebuyer programs require education for new homeowners</li> </ul>
48	Establish IDA Program	*	<ul> <li>Develop matched savings program to help households with low to moderate income save for homeownership</li> <li>ARPA funding slated for use to start new IDA program in Fourth Plain in 2025</li> </ul>

Prog	grammatic Support for Housing	Status	Detail and Updates
49	Promote shared housing	*	<ul> <li>Support roommate matching and other program models to increase current housing capacity</li> <li>Supported initial creation of HomeShare program in 2022</li> </ul>
50	Support construction trades	*	<ul> <li>Promote construction and development career paths in community</li> <li>Partnered with NWNC to train contractors on home energy improvements</li> </ul>
51	Build local development capacity	*	<ul> <li>Provide technical assistance and capacity building for local housing nonprofits</li> <li>Partnering with Community Foundation to select nonprofits for capacity building</li> </ul>

Advocacy & Partnerships		Status	Detail and Updates
52	Advocate for State policy changes	<b>③</b>	<ul> <li>Develop annual agenda for state funding and policy in support of affordable housing</li> <li>Ongoing work with CMO and city lobbyist</li> </ul>
53	Support condo reform	9	<ul> <li>Develop advocacy agenda for condo legislation reform and increase condo development</li> <li>No progress in 2024: Included in City legislative priorities</li> </ul>
54	Change SDC cost recovery statute	•••	<ul> <li>Pursue legislative change to SDC financial cost recovery statute to allow discounts or waivers for affordable housing</li> <li>Legislation moving forward in 2025 session</li> </ul>
55	Review building codes		<ul> <li>Advocate for changes to building code at the state level if limitations are identified</li> <li>Under review by building department</li> </ul>
56	Strengthen partnership with WSHFC & Commerce	•••	<ul> <li>Build better understanding and closer partnership with state housing officials for LIHTC and Housing Trust Fund (HTF)</li> <li>No SW WA projects funded by HTF in 2025</li> </ul>
57	Seek corporate support	<b>③</b>	<ul> <li>Identify businesses, banks, credit unions and philanthropies for housing partnerships</li> <li>Funders, banks and philanthropies included in County Plan workgroups</li> </ul>
58	Promote employee housing initiatives	*	Partner with large employers to support housing for staff, e.g., co-finance workforce housing, downpayment assistance
59	Reduce financing costs	*	<ul> <li>Companies partner with lenders to offer employees below-market interest rates or subsidize interest costs or loan fees</li> <li>Will research CDFI programs, potential Amazon or MS funding</li> </ul>

Advocacy & Partnerships		Status	Detail and Updates
60	Establish Funders Collaborative	*	<ul> <li>As part of County's Affordable Housing Plan, establish collaborative fund that pools public, private and philanthropic resources</li> <li>Work group decisions and plan development completed in 2024</li> </ul>
61	Develop Housing Consortium	*	As part of the County's Affordable Housing Plan, develop a formal consortium of government, nonprofit, private and community members to coordinate and advocate for affordable housing in Clark County

Data Tracking and Reporting		Status	Work Completed in 2024
62	Publish annual report	<b>(</b>	<ul> <li>Annual report on housing outcomes, including HUD, AHF, MFTE, FIL, Fee waivers</li> <li>First report delivered 3/31/24; 2025 report underway</li> </ul>
63	Provide regular housing action updates	$\odot$	<ul> <li>Part of annual report; ongoing updates provided as needed Planning Commission update February 2024</li> </ul>
64	Create online housing dashboard	9	<ul> <li>Report on new housing by neighborhood and affordability restrictions, expanding AHF dashboard</li> <li>Development underway in coordination with EPH and CDD</li> </ul>
65	Track housing demand and project economics	*	<ul> <li>This work started through Housing Needs         Assessment in Comp Plan</li> <li>Identify minimum viable rent for market units and         track over time</li> <li>Started research to analyze construction costs,         rent levels &amp; financial feasibility</li> <li>Analyze Incomes vs. Affordable Units</li> <li>Identify number of household income thresholds         relative to availability of income restricted units         and track over time</li> </ul>

# 2023 Consolidated Annual Performance Evaluation Report (CAPER)

July 1, 2023 - June 30, 2024

# **HUD Funding Administered by City of Vancouver**

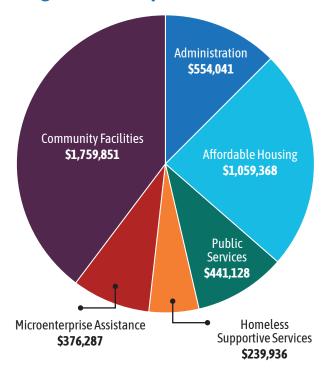
The City of Vancouver administers U.S. Department of Housing and Urban Development's Community Development Block Grant (CDBG and CDBG-CV) and HOME Investment Partnerships (HOME and HOME-ARP) allocations.

In 2023, CDBG funding was used for a variety of programs and projects that benefit people with low to moderate income, including:

- · community facilities for health and services
- · case management for rental assistance programs
- homeowner rehabilitation
- · microenterprise assistance
- homeless outreach and other public services

HOME funds were primarily used for rental assistance to households exiting homelessness and homeless supportive services.

#### **Program Year Expenditures**



During this period, over

## \$4.4 million dollars

was invested in the community:



48
households
stabilized with
rent assistance



homeowners assisted







4,059

6,359
people accessed
new or improved
community facilities



539
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