



CITY OF
Vancouver
WASHINGTON



Pathways to Removing Obstacles to Housing (PRO Housing)

DRAFT Application for Federal Funding

FY24 U.S. Department of Housing and Urban Development
grant application for public review

September 24, 2024

D R A F T for Public Review

Executive Summary

The City of Vancouver is seeking funding from HUD's PRO Housing Grant to establish the Mill Plain Housing Opportunity Fund, a strategic initiative aimed at increasing the production of affordable housing along the Mill Plain Corridor. This Fund will target investments in high-opportunity areas that have historically lacked affordable housing options due to high competition from private development. The fund seeks to improve the competitiveness of affordable housing projects in the corridor to combat transit-induced gentrification from recent Bus Rapid Transit service that has opened on the corridor and affordable housing in communities with good existing availability of services, amenities, and well-paying employment opportunities.

The Mill Plain Housing Opportunity Fund will support the return of properties and buildings to public and non-profit ownership, ensuring that developments serve the community's needs in perpetuity. The grant, along with substantial matching funds from the City's Fee In-Lieu, Affordable Housing Fund, and in-kind staff time, will provide the necessary capital to launch the Fund and manage investments to boost affordable housing production.

Key activities funded by the Mill Plain Housing Opportunity Fund will include property acquisition for strategic parcels, low-interest revolving financing, equity support for bond offerings by the local housing authority, and interest buy-down assistance. These initiatives directly address the primary barrier to affordable housing in Vancouver, and particularly in the Mill Plain Corridor: funding.

The City has substantial experience managing Federal grants and a record of implementing similar affordable housing funds with a 9 to 1 match. Investment guidelines will ensure compliance with PRO Housing requirements, mandating that at least 51% of units benefit households with low- to moderate-income. Additionally, the Fund will adhere to the City's best practices on anti-displacement and equitable community engagement, prioritizing historically underserved and vulnerable populations.

Through these targeted investments, the Mill Plain Housing Opportunity Fund will play a pivotal role in transforming the affordable housing landscape in Vancouver, promoting mixed-income communities that support economic mobility, and advancing sustainable and equitable growth.

Housing Need

Demonstrate your progress and a commitment to overcoming local barriers to facilitate the increase in affordable housing production and preservation, primarily by having enacted improved laws and regulations. (15 points)

Vancouver has a history of prioritizing affordable housing and homelessness assistance. In 2015, the City established a Housing Task Force to address affordability challenges caused by high demand and very low vacancy rates, which gave Vancouver the unfortunate distinction of having the highest 2-BR rent increase in the nation (15.6%) between October 2014 and October 2015. This group quickly identified that a primary barrier to housing production is available funding. The Task Force recommended the creation of an affordable housing fund.

- The **first Affordable Housing Fund (AHF) levy** was passed by voters in 2016 and provided \$6M per year for 7 years. From 2017 to 2023, Vancouver used AHF funds to produce 709 units of affordable housing, preserve 339 units, and help 1,409 renter households maintain housing stability with rental assistance. An additional 300 people stayed in temporary shelter beds operated with AHF assistance. The AHF levy only serves households earning less than 50% AMI.
- An **increased AHF levy** was approved by voters when the first AHF levy ended in 2023. The newly approved levy allocates \$10M per year for 10 years. In 2024, Vancouver opened applications for the new levy and received 26 applications requesting over \$28.5M. With \$10M available, only 13 proposals were able to be awarded. The awarded projects will create or preserve 581 units of affordable housing within the next two years. In addition, 282 Vancouver residents with very-low to moderate income will be assisted through emergency shelter services, rental assistance, or affordable homeownership.
- Vancouver's **Homeowner Rehabilitation Program** has been offered since 2012, with a current loan portfolio of 52 loans in the program. From July 2023 – June 2024, Vancouver helped seven households preserve their single-family residence. This program has significant demand, with 59 households requesting applications in 2024. The program scale is limited by the amount of funding available for projects.
- **Vancouver's Municipal Code** has several incentives to support affordable housing development:
 - VMC 20.430.030: allows housing in a commercial zone without first-floor retail if the new housing is near high-capacity transit and provides at least 40% of the units affordable to tenants at 60% AMI or below for 30 years.
 - VMC 20.945.070: allows affordable housing units below 60% AMI to reduce their parking space requirements to 0.75 spaces per unit.
 - VMC 20.410.040 and VMC 20.420.040 allow projects devoted entirely to affordable housing to increase density up to 50% in single-family zones and 100% in multi-family zones, if consistent with all other standards.
 - VMC 20.915.080 offers fee waivers of up to 80% for park and traffic impact fees for new housing that remains affordable to households earning up to 80% AMI.
 - Recently, City Council approved an emergency interim zoning ordinance to expand ADU and duplex allowances in single-family zones, streamline infill

standards with smaller lots, and allow smaller cottage cluster developments. This ordinance was adopted to increase housing production in the short term while additional density and zoning policies are implemented through the completion of the 2025 Comprehensive Plan.

- In addition, the City’s Community Development Department will sponsor rezone applications for projects that provide at least 40% of new units affordable to tenants with 60% AMI. This means there is no cost to the applicant to process a rezone request.

Since 2021, the City has increased its efforts to address the needs of the community and meet new state mandates. The accomplishments below demonstrate Vancouver’s commitment and preparedness to address the housing crisis and sustain a long-term effort to remove obstacles to building housing and build more permanently affordable housing.

- **Created new city department**, Economic Prosperity and Housing (EPH), to focus specifically on affordable housing development and equitable economic and redevelopment opportunities across the City.
- Completed a **Housing Needs Assessment** to review current housing supply, future housing needs, and rates of housing underproduction across the City. With single-detached housing comprising approximately 56% of Vancouver’s existing stock, allowing increased density is critical to increasing the housing supply.
- Expanded the **Multifamily Tax Exemption (MFTE) Program** from two to nine residential target areas and offering improved incentives for new affordable multifamily development near transit. The MFTE program has incentivized 5,508 new units as of September 2024; 402 of these units are income restricted. The program updates intended to encourage more multifamily development across the whole city where adequate transit and facilities were in place, demonstrating the City’s desire to target affordable housing development in higher opportunity areas.
 - As an example of the impact of these changes, the Vancouver Innovation Center (VIC) was initially proposed without any affordable housing component, but now includes affordable housing units that would be assisted through MFTE. The VIC’s revised masterplan proposes, “a maximum of 1,800 dwelling units which can be constructed within [a variety of zones]. The proposed increase in residential density is in response to the City’s continuing concern about housing availability, as well as to market demands for housing co-located with the future businesses on the site.”
- Created the **Affordable Housing Fee in Lieu (FIL) Fund** to receive contributions from market-rate developers receiving multifamily tax exemption. FIL funding will be used for new housing affordable to households earning less than 60% AMI.
- Completed an **Equitable Development Plan** to guide redevelopment of publicly owned land. The plan will initially inform development of the Heights District, a large redevelopment site in Central Vancouver, and, based on lessons learned in the Heights, will also be used in future City-led projects. The plan includes strategies to ensure that the most vulnerable and disadvantaged members of the community benefit from public investments, such as homeownership support, anti-displacement programs, opportunities for small, locally owned businesses and accessible, culturally relevant public amenities and spaces.

- The City has taken a major step toward addressing the affordable housing gap in the Mill Plain Corridor with its planned the Heights District development. as the first of its kind in the City of Vancouver which looks at housing and economic development from a holistic and integrated approach where affordable housing isn't segregated from market rate housing and employment needs are met within the 20-minute walkable district. The Heights district will include nearly 2000 units of housing, with 50% affordable across a range of income levels and housing types, as well as new commercial space for local small businesses and two new public parks.

In 2022 and 2023, Vancouver developed its **Housing Action Plan**, the plan is a living document that establishes housing as a Citywide priority and is intended to marshal the resources of all City departments to lower costs and barriers to housing production. Through the development of this Plan, the City determined that Vancouver must add 2,500 new housing units per year over the next 10 years to meet new and existing demand, with at least 1,000 new units affordable to households that earn less than 80% of the area median income. To accomplish this, the City must “use all policy levers to promote supply and affordability.”

The Housing Action Plan encompasses over 50 separate actions. Strategies are organized under land use and code updates, policies and process, investment and incentives, fee reductions, innovation, policy advocacy and data tracking and reporting. Several activities have already been completed including the affordable housing levy renewal and MFTE updates described above. Other accomplishments from the Housing Action Plan include:

- An assessment of development review processes was undertaken with input from developers and designers that frequently engage in the permitting process. This led to the permitting team being able to reduce cycle times, more streamlined pre-app reports and pre-submittal meetings. Development review was also streamlined by implementing simultaneous permit and plat review.
- Expansion of SEPA Category exemptions allowed all housing projects with fewer than 200 units to utilize a Type 1 process. The Type 1 process includes permits and approvals that are based on compliance with specific criteria that is nondiscretionary and clearly defined in the code.
- Accelerated approval and contracting of AHF awards for shovel-ready projects through implementation of new project management software.
- Mapped underutilized parking lots for targeted redevelopment into affordable housing

Other strategies that are underway in the Housing Action Plan include:

- **Land Use and Code Updates:** A new Comprehensive Plan will be adopted in 2025. The City is working with community members to create Our Vancouver, an updated plan that will guide the city's growth and development over the next 20 years. The City's Comprehensive Plan provides the overall long-term vision and policy direction to manage the built and natural environment in Vancouver and provide necessary public facilities to achieve our shared vision.

New policies included in this Plan will:

- Establish citywide housing and density goals and update codes to remove barriers to density and new housing types

- Update codes to eliminate limitations that slow new housing
- Update Land Use and Development Code to clarify Planning Commission’s role and narrow review authority
- Update single-family zoning requirements to allow higher density building types to achieve more infill and naturally affordable housing
- Offer density bonuses and greater flexibility on other requirements, such as parking minimums, to encourage affordable housing development
- **Policy and Process Strategies** to build and preserve more housing include streamlining development review process and timelines with a housing-specific review team for consistency and improved expertise; eliminating traffic studies for new affordable housing; implementing the City’s Green Building Strategy and establishing affordable housing requirements for discretionary land use decisions.
- **Investments, Incentives and Fee Strategies** include taking an inventory all City-imposed costs on to identify opportunities to reduce costs for affordable housing; encourage broader use of impact fee discounts and lowering the building fee cap; pursue local and state infrastructure subsidies to offset infrastructure costs; review City-owned property for affordable housing development potential; explore value capture mechanisms (local Improvement districts and tax increment financing) and establish the Construction Sales Tax Exemption program for affordable housing.
- **Innovative and Advocacy strategies** include promoting sweat equity and co-ops through partnerships with local land trusts, supporting condo reform legislation at the state level; seeking corporate support and sponsorships; establishing affordable homeownership programs and facilitating development or redevelopment of commercial property to mixed use.

All the work that is underway on the Housing Action Plan is reported annually and a new housing dashboard is being developed to show the impact of this work.

Additionally, the following activities are currently underway:

- A **Rental Habitability Program** is being developed by the City with input from a community advisory group of landlords, tenants, service providers, property managers and attorneys. The City plans to implement a rental registration and proactive inspection program to help preserve existing rental housing. This will also give the City better data on the available housing stock and support tenant health and stability. The City Council will review the Advisory Group’s final proposal before the end of 2024.

Do you have acute need for affordable housing? What are your remaining affordable housing needs and how do you know? (10 points)

- HUD recently approved Vancouver’s **2024-2028 Consolidated Plan**. Despite all the work done to date to address the housing affordability crisis, the Housing Needs Assessment in this plan shows that by far, the most common housing problem in Vancouver is cost burdening. Approximately 57% of all households in Vancouver are cost burdened, with 27% of households experiencing severe cost burden in housing. Housing supply and affordability remain the primary needs in Vancouver. According to the ACS, rents have risen by 60% since 2012, while median income has only risen 28% during the same period.

The Consolidated Plan indicates that Hispanic households and Pacific Islander households are disproportionately impacted by housing problems in Vancouver and Black households and Native American households are more likely to be cost burdened compared to other households. The Vancouver Housing Authority (VHA) indicated that the needs of households served by their units and the Housing Choice voucher program are similar to the needs of the community, except that the population at large also needs housing or housing assistance, since Vancouver is seeing its homeless rate increasing alongside rents. Further, even if a household can afford rent, housing barriers are steep. Deposits can be as high as \$5,000 and requirements for renters (e.g. clean rental history for five years, strong credit scores, income three times unit rent) are unattainable for most households.

- As part of the **Comprehensive Plan** update, a Housing Needs Assessment was completed by staff and consultants. This analysis shows that the City has seen substantial growth over the past two decades and is expected to continue this trend over the next two decades. Vancouver is currently the fourth largest city in Washington, and with a 39% increase in its population over the last 20 years, the City grew faster than Washington state as a whole. Due to relatively low property taxes, high quality public schools and housing prices that were comparatively more affordable than Portland until recent years, Vancouver has absorbed much of the Portland metropolitan region’s population growth over the past decade. The increased demand for housing associated with this growth as well as past decades of exclusionary housing policy and underproduction have led to stark housing price increases in Vancouver.
- This analysis also indicates that a total of 38,128 new housing units are needed from 2023 through 2045. Nearly half of the new units (18,700) are needed for low to moderate income households, those earning less than 80% of the area median income (AMI). The estimated unit types needed include:

1,374	Emergency shelter beds
2,651	Permanent Supportive Housing units
4,371	Units affordable to households earning less than 30% AMI
5,890	Units affordable to households between 30-50% AMI
5,788	Units affordable to households between 50 – 80% AMI

3,351	Units for households between 80 – 100% AMI
3,175	Units for households between 100 – 120% AMI
12,902	Units for households over 120% AMI

- Rental and ownership housing costs have rapidly increased, outpacing income growth. Although HUD considers Vancouver part of the Portland-Vancouver-Hillsboro Metropolitan Statistical Area (MSA), Vancouver median household incomes are lower than Clark County and the MSA region. Compared to the larger region, Vancouver has a higher share of households earning less than 60% AMI. Vancouver’s annual median household income was \$69,993 in 2021 which is almost \$27,000 less than the 2021 HUD 100% AMI of \$96,900.
- Ensuring housing has convenient connections to high employment areas in combination with economic development efforts is critical to improve regional affordability, economic opportunity, and lower the residents’ housing expense ratio.

What key barriers still exist and need to be addressed to produce and preserve more affordable accessible housing? (10 points)

- **Land Costs:** Acquisition of large parcels of developable land along transit-oriented corridors is prohibitively expensive. Public and non-profit purchases of land for affordable housing are overwhelmingly concentrated in lower opportunity areas which lack living-wage jobs. If the City is able to purchase developable parcels in high opportunity areas, this allows leverage with developers to indicate the level of housing affordability, duration of affordability, and density minimums as demonstrated by the Heights developments currently underway.
- **Funding Limitations:** Traditional sources of public funding for affordable housing often disallow or overly complicate the process for developing mixed income projects.
 - While the Washington State Housing Trust Fund and the Low-Income Housing Tax Credit provide critical resources for affordable housing, this funding is often limited and competitive. With many worthy projects vying for a finite pool of resources, only a fraction can receive the necessary support. Additionally, the application processes for state funding and LIHTC can be cumbersome and require extensive documentation, which can deter some developers, particularly smaller firms or non-profits that may lack the capacity to manage such processes.
 - Rapid increases in the cost of capital and construction have further pushed private developers toward the luxury rental market, leaving the affordable and workforce housing markets significantly underserved.
 - The time-consuming nature of applying for and securing funding can delay projects and increase costs. Developers may face rising construction prices while waiting for funding approval, making it more challenging to maintain affordability.
 - The high cost to deliver new affordable units overburdens existing funding sources and limits the region’s ability to meet the need.

Soundness of the Approach

1) What is your vision? (15 points)

The City of Vancouver intends to utilize the PRO Housing Grant to establish the Mill Plain Housing Opportunity Fund (“Fund”). The Fund will support strategic investments in affordable housing along Vancouver’s Mill Plain Corridor to increase production of affordable housing in high opportunity, affluent areas where resources and opportunities readily available.

The Mill Plain Housing Opportunity Fund will create lasting change by funding investments that will return the ownership of properties and buildings to public and non-profit entities that serve the community. PRO Housing grant funds and the City’s substantial matching Fee In-Leu and Affordable Housing Fund levy funds will support the necessary legal and financial administrative actions to establish the Fund and provide the initial seed money to commence fund operations. Potential uses of the fund to support affordable housing development include property acquisition costs for strategic parcels, revolving and low interest financing, equity for bond offerings by the local housing authority, and interest buy down support. It will help address affordable housings biggest current barrier in the City, funding. Guidelines for project investments will be established to capture the PRO Housing NOFO requirements that a minimum of 51% of units must directly benefit households with low- to medium-income and existing City best practices on anti-displacement and equitable community-actualization to ensure the affordable housing produced benefits historically underserved and vulnerable members of our community.

The Fund will be operated by the City’s Economic Prosperity and Housing department staff, who hold expertise in HUD grant administration, HUD reporting, real estate development, and finance. Working with community and non-profit developer partners, staff will be tasked with establishing and managing loans, identifying and acquiring sites, investing equity in affordable housing projects, and managing the fund. The Fee In-Leu fund is expected to provide enduring revenue for the fund allowing expansion and perpetual Fund investments. Utilizing a fund structure reduces the administrative burden on the grant by using existing staff and financial reporting structures instead of having to establish new legal entities and reporting. The Fund can be fully functional and operational shortly after the receipt of funds, and the City will seek to distribute its first investments by the summer of 2025.

How the visions addresses barriers, needs and goals

- The largest barriers are access to funding and cost of financing.
- Needs are very high throughout the City and surrounding region
- Goals are to deconcentrate affordable housing by funding affordable housing and land bank to reduce private market forces on housing affordability in areas without sufficient affordable housing due to historical underproduction.

Timeframe (and evidence) for implementation and benefits. The City of Vancouver is ready to implement the proposed project immediately due to the critical need for housing. With the high interest of recent years, housing production has slowed dramatically. Combined with

population growth and other economic factors, housing costs have significantly outpaced wages. Staff is prepared to act immediately upon the grant award and anticipates making its first strategic investments within six months of the grant agreement.

Expansion on previous efforts

- Housing action framework

Alignment with ongoing initiatives

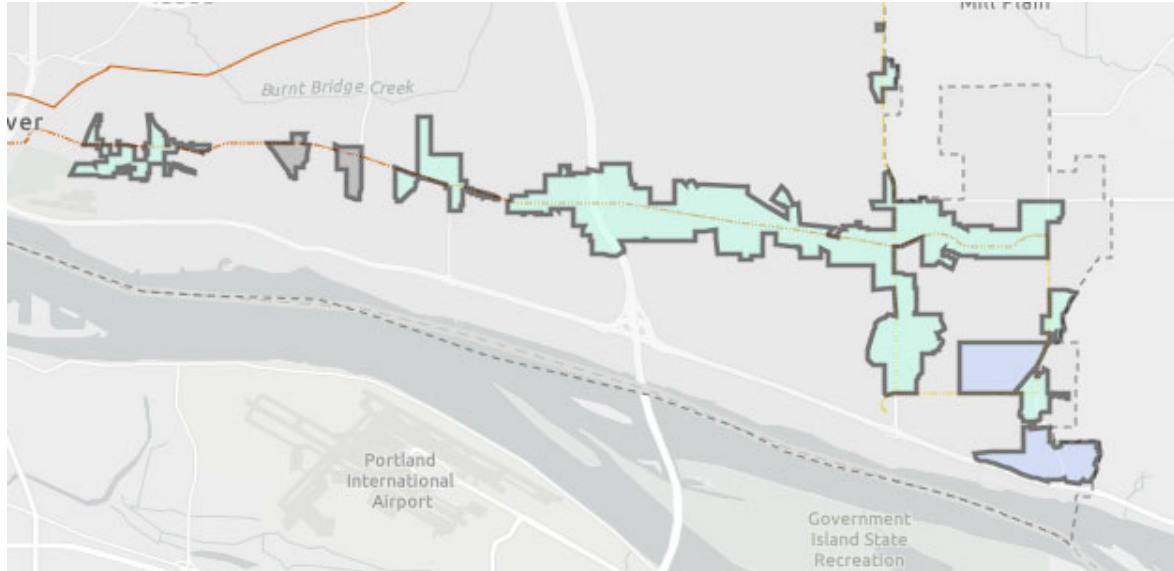
- Heights
- Fourth Plain for All Housing Fund
- 2024-2028 Housing and Community Development Consolidated Plan
- Multifamily Tax Exemption incentive program
- **Housing action framework ongoing**

What is your geographic scope (5 points)

Overview

- The proposed project is in the City of Vancouver, in Clark County in southwest Washington, part of the greater Portland Metro area. Despite not being in the HUD target priority area, the City is seeing significant housing cost increases and a historic undersupply of both affordable and market rate housing.
- More specifically, the PRO Housing funding will be focused on the Mill Plain Boulevard corridor, which runs east-west the length of Vancouver connecting downtown with East Vancouver. The corridor hosts several of the City's highest income and amenity-rich neighborhoods in Vancouver and is home to many of the city's largest and best paying employers including Peace Health, HP, Absci, and a range of high tech and other value-added employers in and around the Columbia Tech Center. Several large private market-rate master planned developments are under way, and additional incentives are needed to ensure affordable housing is included in them.

Mill Plain Target Area Map



Transportation

- In 2023, C-TRAN opened its second High-Capacity Transit corridor, the Mill Plain Bus Rapid Transit (BRT) line. This \$50 million dollar project covers approximately 10 miles along Mill Plain Boulevard between historic Downtown Vancouver and the growing Columbia Tech Center in East Vancouver. Implementation of the BRT improved travel time and reliability of transit for the major east-west arterial and improved mobility options, enhanced safety and access to transit, and integrated with pre-existing bicycle and pedestrian facilities.
- The BRT includes a nine-bay transit center with 21 stations along Mill Plain. The service operates every 15 minutes on weekdays in peak periods and on weekends, and every 30 minutes on weekday evenings. Mill Plain is a major east-west spine of Vancouver, with diverse land use patterns and varying corridor character, that includes many essential services, hospitals, clinics, colleges and multifamily affordable housing complexes. The service improves transit travel for nearly 3,000 passengers per day in a corridor that is expected to see rapid growth over the next 10 years.
- Mill Plain BRT serves as an economic development driver, contributes to lower emissions, and provides high quality and safer mobility options for the community. Buses are faster with larger capacities, and stations have increased passenger amenities and safety features.



Economic Opportunity

- With large mixed use master plans approved in the area such as HQ Vancouver, and the Vancouver Innovation Center, the corridor is expected to remain a significant concentration of employment for the region in both the near and long term. Growing the supply of affordable housing within this corridor will help ensure equitable access to well-paying employment opportunities and provide housing choice for employees of these companies, such as entry level workers, lower earning health care workers, and others who may not currently be able to afford to live near their work.
- Large education and vocational training organizations like Clark College at Columbia Tech Center also sit along this corridor.
- Given the economic opportunity of the corridor, demand for developable land has been high making it difficult for new affordable housing development to compete with market rate developments and the corridor has enjoyed several development booms that have catered primarily to higher income households. This market dynamic has resulted in an undersupply of affordable housing projects along Mill Plain Boulevard and concentrations of affordable housing in the City's historically underserved communities elsewhere in the City.

Multifamily Tax Exemption (MFTE) Program Coordination

- To maximize the grant’s leverage, the funds will be deployed within the boundaries of the existing MFTE program around the Mill Plain Corridor and adjacent large master planned areas including Mill Plain, East Vancouver, The Heights, and Evergreen and Grand MFTE target areas. Target areas for MFTE were chosen based on proximity to transit, commercial centers, and established neighborhoods, and areas that needed additional incentives to increase housing density and affordability.

Neighborhoods

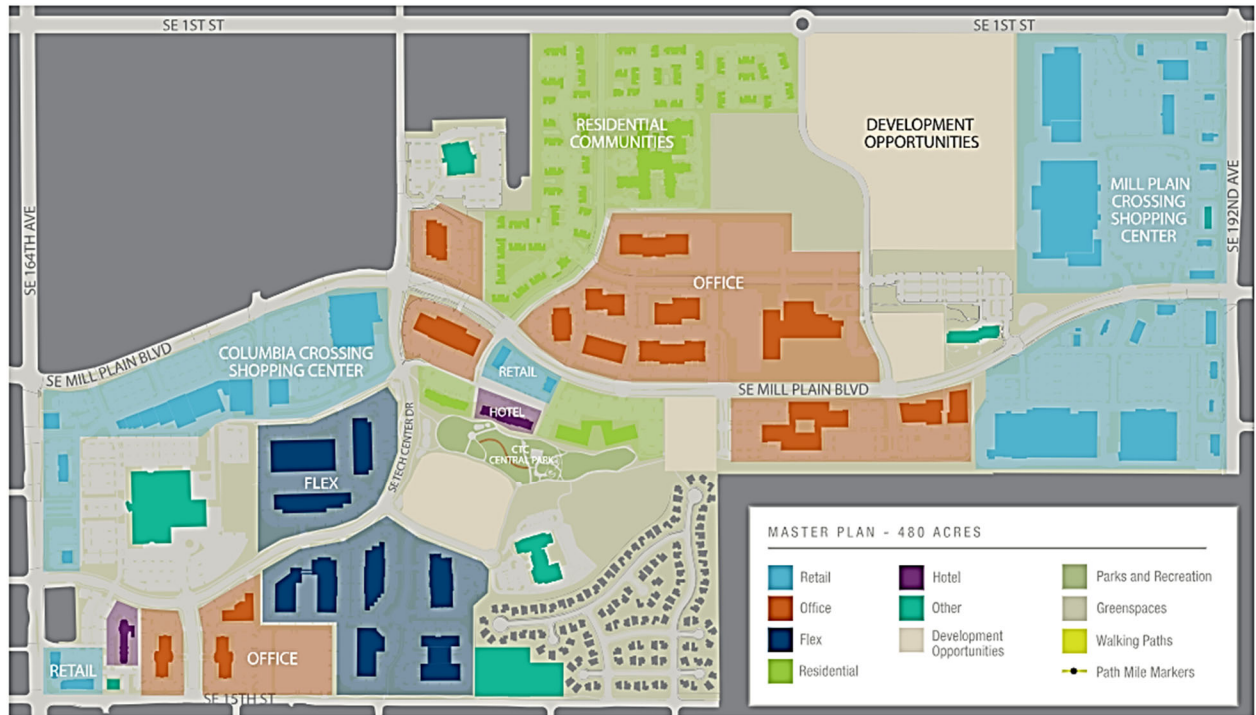
- **Fircrest** is a large neighborhood east of I-205. It has residential, commercial and agricultural uses. Most of the homes were built in the 1970’s; a majority of the housing is single family residential, with a few large apartment complexes. Bordered on the south by Mill Plain, businesses such as restaurants, shops and hotels thrive. Along the western border is a popular urban farm that offers produce for sale and is well-known for its autumn pumpkin patch. Many services are available within the neighborhood, including two churches, an ambulance service, fire station, the Fircrest Community Center and Cascade Park Public Library. Fircrest also enjoys many parks and open spaces – Haagen Community Park; Fircrest Neighborhood Park, adjacent to Fircrest Elementary School; the Starke Natural Area; and Evergreen Memorial Gardens Cemetery.
- **Cascade Highlands** lies between Mill Plain and McGillivray to the north and south, and Blairmont/Parkcrest and SE 164th to the west and east. This neighborhood is mainly residential with both single-family and apartment complexes, with some retail establishments and additional specialized living situations. There is easy access to public transportation, major highways, grocery stores, restaurants and other shopping and entertainment establishments.
- **East Mill Plain** neighborhood is located north of Mill Plain, from Hearthwood to 164th Avenue. Glenwood is primarily residential, with easy access to amenities and nature, appealing to families and outdoor enthusiasts.
- **Bennington** Neighborhood encompasses Mill Plain to the north and south between 164th to 192nd Avenue. This neighborhood includes the Clark Community College east side campus and the Columbia Tech Center. Established in 1996, Columbia Tech Center has continued to grow and develop into the premier East Vancouver live-work-play community. Columbia Tech Center is a thriving master-planned community offering nearly four million square feet of retail, office and flex/office space, multi-family homes and amenities.

Mill Plain Businesses

There are a large number of businesses along the Mill Plain corridor.

- **Retail Centers:** Mill Plain is lined with shopping centers that host grocery stores, big-box retailers, and specialty shops, providing residents with convenient access to everyday necessities.
- **Dining:** The boulevard features a variety of restaurants, ranging from fast-casual eateries to sit-down dining, catering to diverse tastes.

- **Health and Wellness:** Numerous healthcare facilities, fitness centers, and wellness clinics can be found along Mill Plain, making it a hub for health services.
- **Professional Services:** The area also hosts various offices for financial services, real estate, and other professional services, contributing to the local economy.



Overall, the combination of residential areas and diverse business offerings along Mill Plain Boulevard creates a dynamic environment that supports both living and working, making it a target area for the MFTE program.

- The additional funding support is expected to allow affordable housing developments to better compete with private development so that more affordable housing developments will be completed in neighborhoods with existing high-quality amenities and economic opportunity.
- With the recent launch of the Vine Bus Rapid Transit line along Mill Plain Blvd, transit induced gentrification is a serious concern as the corridor becomes increasingly desirable and amenities. This fund will give the City leverage to promote more equitable development before land prices become prohibitive, so the most vulnerable members of the community are able to benefit from the recent transit investments without fear of displacement. The Vine also provides convenient, reliable, and low-cost access to services, employment, and education thereby improving access to opportunities for economic mobility for those living along it.
- The Fund will establish opportunity areas within the corridor to focus investment activity and ensure that housing options are created throughout the corridor.

Who are your key stakeholders? How are you engaging them? (5 points) (Sam)

The City of Vancouver has a variety of critical housing stakeholders involved in the planning, development, and management of affordable housing. These stakeholders are engaged through regular planning conversations, collaboration on project development. City staff and leadership, to include the Mayor and City Manager, have regular recurring meetings with the VHA's Chief Executive Officer, Chief Real Estate Officer, and key board members. The City also regularly surveys and requests feedback from a large variety of social service providers, housing-focused agencies, and the public through its Consolidated and Comprehensive Planning process.

- **Vancouver Housing Authority (VHA):** The housing authority is a primary stakeholder, with a steady pipeline of new development, including mixed-income, Public Housing, permanent supportive housing, and other affordable housing programs. They also manage housing choice vouchers in the city.
- **Multifamily Developers and Builders:** Local and regional developers are vital stakeholders. Private developers such as Ginn Development, Wolf Industries, and Palindrome, have accessed Affordable Housing Funds, partnered with nonprofit developers, and /or advised the City on various policies and processes that impact housing development.
- **Nonprofits and Community-based Organizations:** Various nonprofits, such as Second Step Housing, Mercy Housing NW and Council for the Homeless provide extensive work and partnership to the City in providing affordable housing options and support for households with very low to low-income.
- **Clark County and State and Federal Agencies:** Other government and public agencies, such as Clark County, Washington State's Department of Commerce, Washington State Housing Finance Commission, and HUD regularly provide funding and resources for housing initiatives in the City of Vancouver.
- **Neighborhood Associations:** Over the years, the city has increased opportunities for citizen involvement and built strong partnerships between city hall and the community through special programs and benefits for recognized neighborhood associations. In 1990 there were 14 recognized neighborhood associations; today there are 71 officially recognized associations. The Office of Neighborhoods provides City residents, City Council and staff with responsive, coordinated services that promote and support collaboration and communication among residents and City government through recognized neighborhood associations.

PRO Housing Fund Advisory

- The Fund will be governed by a community advisory committee comprised of Vancouver residents and stakeholders with experience in affordable housing and community development. The Committee will establish priorities for the Fund and approve all investments. An existing committee that oversees development on City-owned property in the Heights can expand to advise on development throughout the Mill Plain Corridor given the critical mass of existing activity in the Heights project.
- The advisory committee may decide to allocate some or all of the funding or acquired properties through periodic RFPs to allow local developers to propose projects that meet the priorities established by the Fund.

- The Fund will partner with affordable housing developers on a project-specific basis, either directly or as a result of an RFP.

2) How does your proposal align with requirements to affirmatively further fair housing?

- The **Analysis of Impediments (AI)** is how local governments report progress on affirmatively furthering fair housing. This process is meant to eliminate racial and ethnic segregation, illegal barriers to persons with disabilities, and other discriminatory practices in housing, based on the requirements of the 1968 Fair Housing Act. Vancouver drafted an Analysis of Impediments in 2019. This document states that although the state of fair housing in the City is generally good, concerns remain. One of the top concerns indicated that the cost of housing remains a significant barrier. Although this AI was developed five years ago, this is true today:

- “The citizen participation, stakeholder input, and demographic analysis all point to cost burden as a key factor in the concentration of protected classes in certain areas of the city. There are only three census tracts in the City where house values are less than \$150,000, and only four tracts where more than a quarter of houses rent for \$500 or less. According to 2017 ACS data, 34% of Vancouver households paid more than 30% of their income in housing costs, which is defined by HUD as cost burdened. Among renter households, 50% are classified as cost burdened. Between 2010 and 2017, the buying and renting power of Vancouver residents declined. Specifically, the median contract rent for apartments in the city was \$1,407 per month in 2019. This is a 72% increase from the median rent in 2009 of \$820. The income required to afford the median rent in 2009 was \$32,800, which is in line with the median renter income at that time. In contrast, the current income required to afford median rent is \$56,280, 36% higher than the current median renter income of \$41,335. The median house price in Vancouver has risen 67% since 2009, from \$193,000 to \$322,000 in 2019. As renter incomes have only risen 26%, it is increasingly difficult for renter households to move into homeownership.

Stakeholders surveyed for this study identified the income levels of minority and female-headed households as the top fair housing barrier in the region, which is linked to lack of affordable housing. Residents also rated their low incomes and, secondly, lack of affordable housing to rent as the city’s top fair housing barriers.”

- All investments from the Fund will be used for the development of housing that is affordable to tenants earning 30% to 100% AMI in historically affluent portions of the City, providing greater access to high-quality jobs and schools and allowing for less economically segregated social networks improving the support available to vulnerable community members, improving stability, and sense of belonging.
- Ensuring that housing is built along existing frequent high quality transit service with convenient access to employment centers improves access to employment opportunities for future residents and provides opportunities for lower transportation cost burdens.
- Center the historically underserved community’s voice in the plan for the future of their community to reduce displacement impacts of future investments and ensure that community members maintain a sense of ownership of their community
 - Anti-displacement practice

What are your budget and timeline proposals? (5 points)

The City is requesting \$7,000,000 in HUD PRO Housing funding and is committing to matching \$3,511,704 in City funds (see below). All costs align with industry standards and are appropriate for the proposed scope. Project management costs include invoicing, monitoring and reporting on PRO Housing funding. Rates for personnel were calculated using average salary ranges published on the City’s website and overhead rates calculated. No consultants are planned to be hired as part of this proposed project.

Personnel – the City will contribute staff time to operate the project as part of the matching funds including one Project Manager and one Administrator.

Task	Annual Cost*	# of Yrs	Total	PRO Housing Grant	Local Match	Total
1. Project Management						
Staff time	\$24,926	4	\$99,704		\$99,704	\$99,704
2. Housing Fund						
Staff Time	\$103,000	4	\$412,000		\$412,000	\$412,000
Property Acquisitions Fund	\$7,000,000	1	\$7,000,000	\$7,000,000		\$7,000,000
Revolving Loan and Interest by Down Fund	\$3,000,000	1	\$3,000,000		\$3,000,000	\$3,000,000
Total				\$7,000,000	\$3,510,880	\$10,511,704

* Staff time is represented as fully burdened

Scaled Project Option

If reduced PRO Housing funding is awarded, the project would remain the same, but its impact would be limited. Property acquisition in particular would be slower and more difficult due to the high cost of assets. If funds are reduced to a point where property acquisitions are unfeasible, the project would prioritize offering gap financing and interest rate buydowns. Unfortunately, this would limit the City’s impact as land banking and site control would be less available, but the City would still be willing to support a pared down project.

Timeline

Estimated Dates	Milestones
January 2025	PRO Housing grant awarded and funds released
February 2025	Funds are allocated to the project. Staff develops specific project guidelines and develops a rubric to analyze investment opportunities' alignment with the project goals
March 2025-December 2027	Research to identify investment, loan, and site acquisition opportunities
July 2025-June 2029	Fund investments, loans, and sites acquisitions for projects that align with the projects goals and perform well on the project investment opportunity rubric
July 2026	Construction on first affordable housing projects supported by the Project expected to break ground.
July 2028	First affordable housing projects supported by the Project expected to start welcoming residents
June 2029	Project performance reporting end date

Capacity

What capacity do you and your partner(s) have? What is your staffing plan? (10 points)

Management of Federal Funds. The City of Vancouver has a strong track record of managing grants. In 2023, the City secured 58 new grants and pending awards totaling \$46.9M. The City's total grant portfolio includes 154 grants totaling \$146.8M of which \$XX are from federal sources. Economic Prosperity and Housing team, who will be administering the grant, includes staff to assist with quarterly reporting who are experienced in administering and reporting on HUD grants. As a CDBG and HOME grantee for the past 20 years, the City of Vancouver is very experienced with working with HUD, including its reporting and financial systems. The City is experienced with NEPA, federal procurement and labor requirements, program audits, National Objectives and eligibility documentation, Citizen Participation, planning and outcome reporting, as well as other systems already in place to monitor and expend federal funds in a responsible and effective manner.

Management of Project. The project will be led by the City's Economic Prosperity and Housing department. The team will include one project manager, and one administrator level staff who will both be working part-time on the project. The project manager role will be filled by an experienced leader in development and affordable housing who has a proven record of accomplishment working with a wide variety of stakeholders to execute creative solutions. The manager will work with internal legal and finance staff to create agreements and deed restrictions to ensure that investments result in the intended outcomes.

Leadership Capacity and Legal Authority. The City of Vancouver is a municipal government and has the legal authority to acquire property, issue debt, enter into agreements, make amendments to zoning, and take other actions to promote the production and retention of affordable housing. The City manager has committed the leveraged funds along with the allocation of staff to support the Mill Plain Housing Fund project proposal.

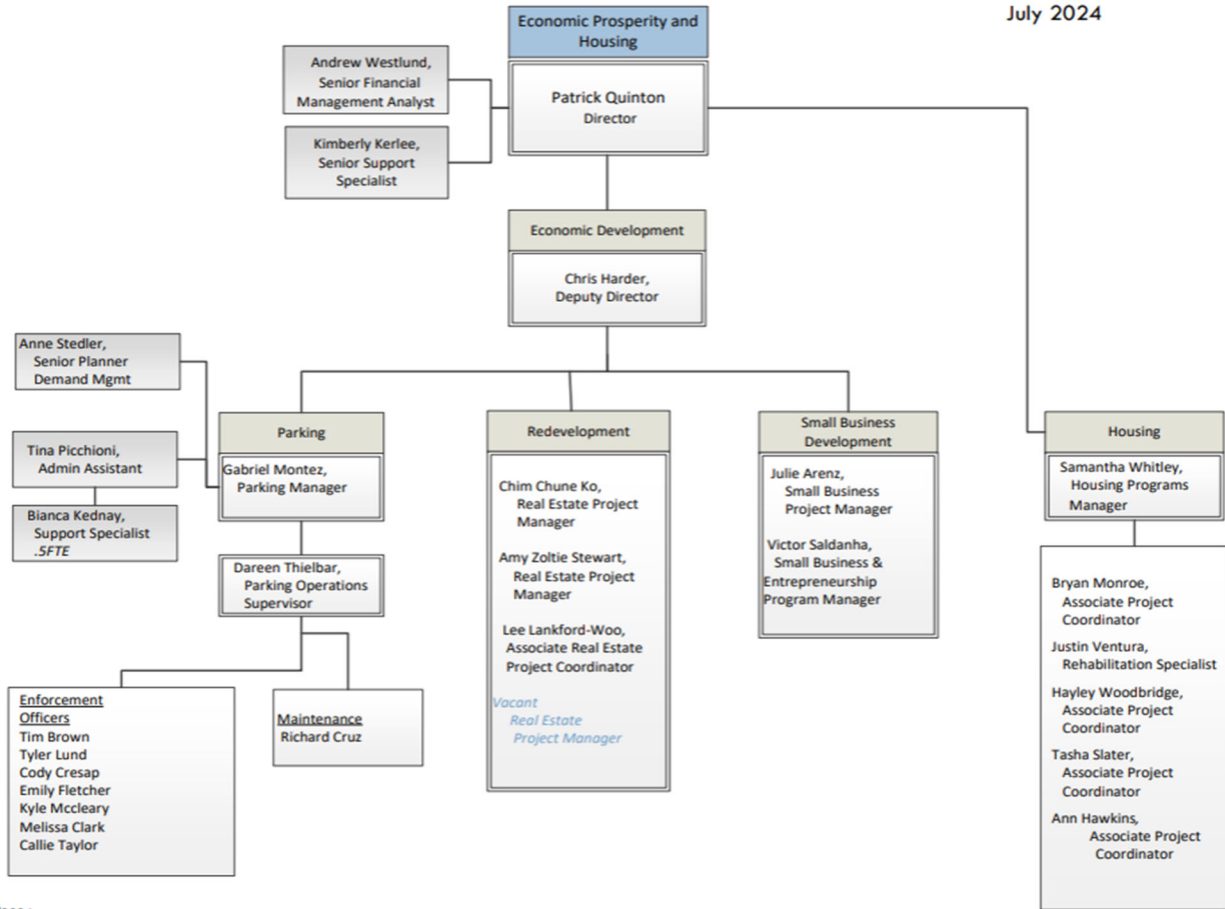
Partnership experience. No formal partners are included in this grant application. However, the City works with multiple non-profits and agencies to address the regional affordability and houselessness crisis. These organizations include the Vancouver Housing Authority, Proud Ground, Evergreen Habitat for Humanity, NAYA, LULAC, NAACP, Clark County Community Services, Second Step Housing, Council for the Homeless, Share, Lifeline Connections, Community Roots Collaborative, Housing Initiative, Columbia Non-Profit Housing,

Experience with Civil and Fair Housing

Organization. The figure below shows key positions for the Project. The City plans to use existing staff who already work in the target area to manage and operate the project thereby reducing onboarding time.

Economic Prosperity and Housing Department

Organization and Staffing Chart
July 2024



Revised 7/3/2024
Blue Text = Vacant positions

Leverage

The City is committed to increasing housing production and ensuring fair and equitable access to affordable housing. The Mill Plain Housing Fund is aligned with this goal and as such, the City is committed to achieve more than 50% match through a combination of direct contribution and in-kind staff time, or approximately \$3,510,880. The City has a track record of leveraging similar funds at 9:1.

Matching funds. City contributions will include approximately \$2,000,000 of funds from the Vancouver Affordable Housing Fund tax levy, \$1,000,000 from the recently adopted Fee In-Leu fund,

In-Kind Staff Time. The City is committed to providing a minimum of \$510,880 in in-kind staff time and fringe benefits for staff working on the Project. Rates were calculated using the midpoint salary ranges available on the City's website and the City's FTE Total Benefits Calculator Template. Fully burdened salary rates equate to approximately 5 times salary. Work will include due diligence work, drafting legal documents, managing loans, and other work associated with managing and operating the project. All told, work is expected to equate to over 2,000 hours over the four years of the project.

Long-Term Effect

What permanent, long-term effects will your proposal have? What outcomes do you expect? (10 points)

The long-term effects of this project are an increase to affordable housing supply, increase affordable housing supply close to transit, and increase affordable housing supply close to employment centers.

Affordable Housing Supply. The core function of the Mill Plain Housing Fund is to fund the acquisition or property and the production of affordable housing. Combined with overlapping incentives of the Multifamily Tax Exemption program, we expect to be able to Especially in high demand areas of the City, affordable housing has been unable to compete with market rate developments leading to an undersupply. At the same time, insufficient public and deed restricted housing supply has allowed private market forces to drive housing cost increases at rates much higher than wage growth. This fund seeks to address this imbalance, by boosting production above what would be supported by the private market forces, increasing the supply of affordable housing to help relieve the housing shortage and reduce the shortage that is driving up housing costs.

Affordable Housing Supply Along Transit. The recent addition of Bus Rapid Transit along the Project Area has made the region significantly more accessible and convenient via transit. The Project seeks to build affordable housing along this new transit corridor to fight the impacts of transit-induced gentrification while reducing the cost burden of transportation for residents of the resulting affordable housing.

Affordable Housing Supply Close to Employment Centers. Access to affordable housing near employment opportunities is a critical equity issue. The added cost and time burdens of longer commutes can add significant drains on lower income households. Improving the supply of affordable housing will help provide greater access to good employment opportunities for households reliant on public transit while decreasing cost of necessary transportation by less public transit fares and reducing maintenance requirements on personal vehicles.