



Affordable Housing Fund

Administrative and Financial Plan

2024 Plan approved September 19, 2022
Revised 2024 Plan approved December 4, 2023
2025 updates approved on December 16, 2024

FUNDING LEVY BACKGROUND & OVERVIEW

In January 2016, City Council reviewed several recommendations from the City’s Affordable Housing Task Force to address Vancouver’s lack of affordable housing options. Creating a locally controlled affordable housing fund through a property tax levy was identified as the first high priority option to move forward in 2016. The State of Washington allows cities to enact a property tax levy for affordable housing if such a measure is approved by a majority of voters (RCW 84.52.105).

In November 2016, Vancouver voters passed a levy to raise \$42 million over seven years (\$6 million per year) for affordable housing and services available to very low-income residents. This Administrative and Financial Plan lays out objectives for the Vancouver Affordable Housing Fund and describes how funds will be managed and spent.

In 2022, Vancouver reviewed the outcomes of the initial AHF levy as well as the ongoing need for affordable housing. City Council recommended placing a renewal levy on the ballot for voters to consider in 2023. In 2023, voters approved the continuation of the Affordable Housing Levy, generating \$100 million over 10 years (\$10 million annually) to support affordable housing development, housing services, temporary shelter, homeownership projects, and implementation of the fund. Collection of levy funds will begin January 1, 2024, and will continue through December 31, 2033.

The amount of funds to be collected is capped at \$10 million annually for the 10-year period. As the city’s assessed value changes due to shifts in property values or the number of taxable properties in Vancouver, the levy rate will also change to generate \$100 million during the 10-year period. For example, if there is an overall increase in property values, the rate charged to each property owner would adjust downward accordingly.

Taxes collected for the Vancouver Affordable Housing Fund will be held in a dedicated account that is separate from the City’s general fund. The money may be spent only on eligible uses and cannot be diverted to cover other City expenses. Funding allocations and anticipated outcomes are attached to this plan. Allocation amounts may change from time to time based on need, community input, and council approval. This Administrative and Financial Plan may be updated as needed with review and approval of City Council.

MISSION & VISION

The Affordable Housing Fund (AHF) is dedicated to ensuring equitable access to affordable, safe, and stable housing for all of Vancouver. By collaborating with community partners, the AHF works to expand housing opportunities to enhance housing security, prevent displacement and reduce homelessness for households experiencing low-income and very low-income.

Through innovative funding solutions and strategic partnerships with public partners and community-based organizations, the AHF seeks to create long-term housing stability, envisioning a Vancouver where affordable housing options are abundant and accessible, and where all residents, regardless of income, have a secure place to call home.

PROGRAM OBJECTIVES

The following objectives guide the implementation of the Affordable Housing Fund:

1. **Create and preserve affordable homes:** Develop and preserve affordable housing units for residents earning 50% or less of area median income (AMI), promoting housing opportunity and choice throughout the City.
2. **Contribute to efforts to end homelessness:** Provide housing and services for individuals and families who are unhoused or at risk of becoming unhoused, including motel vouchers and housing stability services.
3. **Enhance housing equity:** Collaborate with nonprofits, community-based organizations (CBOs), culturally-specific service providers, and local developers to promote inclusive housing opportunities to support Vancouver's most under-resourced community members.
4. **Invest for impact:** Increase the impact of City investments by leveraging external funding sources and prioritizing projects that would not be feasible without the use of AHF funds.

ELIGIBLE APPLICANTS

Priority will be given to applicants who have demonstrated experience in developing, owning, and/or managing affordable housing projects. Applicants without prior experience in these areas must partner with an entity that has the necessary expertise to ensure successful project execution.

Eligible recipients include:

1. **Nonprofit Organizations:** Nonprofit agencies must have a charitable purpose, with a preference for those that have housing as a primary mission. Eligible nonprofits are required to submit their

articles of incorporation and an IRS determination letter to verify their 501(c)(3) status.

2. Entities Formed by Nonprofits or Public Corporations:

Any corporation, limited liability company (LLC), general partnership, joint venture, or limited partnership that is created and controlled by a nonprofit or public corporation to obtain tax credits or pursue other housing-related goals approved by the City.

3. Vancouver Housing Authority:

The Vancouver Housing Authority (VHA) is an eligible recipient of AHF funding and may apply for projects aligned with the fund's objectives.

4. Private For-Profit Firms/Property Owners:

Private for-profit entities must demonstrate experience in the development, ownership, and management of multifamily rental housing. These firms may include partnerships between entities, such as a contractor and property manager, and are encouraged to collaborate with nonprofit or public agencies to expand capacity for long-term project success.

5. Homebuyers/Homeowners/Tenants:

Individuals and households with low income must access assistance through City-operated programs or through a nonprofit or housing agency contracted by the City to manage the distribution of AHF resources.

ELIGIBLE PROJECT TYPES & ACTIVITIES

Funds from the AHF may be used to assist households earning up to 50% of the Area Media Income (AMI) (up to 80% of the AMI for homeownership). Key eligible uses include:

1. Housing Production and Preservation

- Construction of new affordable rental housing
- Acquisition of land or property for affordable housing development
- Rehabilitation of existing affordable housing to correct health, safety, and livability problems
- Preservation and rehabilitation of publicly subsidized, existing affordable housing with expiring affordability covenants

2. Rent Assistance and Housing Services

- Rental assistance including arrears, security deposits, and utility allowance with a priority for households who are unhoused or at risk of becoming unhoused
- Funding for basic needs to maintain safe and stable housing, including:
 - Employment-related costs (transportation, work uniforms, or tools needed to secure or maintain employment)
 - Other costs reviewed on a case-by-case basis by Housing program staff

3. Temporary Shelter

- Grants to service providers for constructing, maintaining, or operating shelters
- Motel vouchers for temporary overnight stays
- Funding for rapid rehousing or other housing services for people who are unhoused

4. Homeownership Assistance for Households Earning Low Income (80% AMI)

- Development of affordable homeownership opportunities
- Grants for homeowners to make basic repairs and accessibility improvements
- Foreclosure prevention funding for low-income homeowners

5. City Implementation

- Resources for City staff to develop contracts, manage the program and conduct compliance monitoring
- Resources for City staff to implement citywide affordable housing efforts

Within these eligible uses, funds will generally be disbursed on a reimbursement basis for eligible costs, including but not limited to:

- Appraisals
- Architectural fees
- Case management to stabilize residents
- Closing costs
- Construction, including sales tax
- Development fees and permits
- Engineering fees
- Environmental assessments and fees
- Professional services
- Purchase/acquisition
- Rental assistance
- Housing stabilization assistance
- Inspections and surveys
- General Liability Insurance
- Interest
- Financing fees
- Rent buy-down
- Replacement reserves

AWARD PROCESS

To ensure flexibility and timely support for housing projects, the City allocates AHF funds through a rolling application cycle. Applications will be reviewed quarterly in the order they are received. Award decisions are made by the City’s Housing Advisory Committee based on the criteria outlined in the Affordable Housing Fund Application Guidelines. The AHF guidelines and application are available at the City’s website: www.cityofvancouver.us/ahf.

AWARD LIMITS

Award limits are based on the project type and/or size of unit assisted and shown in the table below. These limits also determine the number of units subject to continuing compliance with Affordable Housing Fund requirements throughout the affordability period.

Housing Production – Multifamily	
Unit Type	Per-Unit Funding Limit
Group home / shared living bedroom	\$25,000
Studio	\$50,000
One Bedroom	\$75,000
Two Bedroom	\$75,000
Three+ Bedrooms	\$100,000

Housing Preservation – Multifamily

Unit Type	Per-Unit Funding Limit
Group home / shared living bedroom	\$20,000
All other unit sizes	\$40,000

Temporary Shelter

Unit Type	Per-Bed Funding Limit
Shelter bed	\$25,000

Homeownership

Project Type	Per-Household Funding Limit
80% AMI homebuyer	\$75,000

ELIGIBLE POPULATIONS

Residency

Prior to receiving AHF assistance, households must be current residents of Vancouver or experiencing homelessness in Vancouver. This residency restriction applies to any type of housing assistance.

Income

In accordance with RCW 84.52.105, the Affordable Housing Fund will be limited to serving households with low or very low-income. State law defines very low-income as earning up to 50% of area median income (AMI) and low income as earning up to 80% AMI. Income limits by household size are provided annually by the U.S. Department of Housing and Urban Development. Income limits are provided online at: www.cityofvancouver.us/ahf.

Income Determination

Households must disclose all income sources. Adequate documentation must exist on file to support the household's income eligibility. In addition, the following conditions apply:

- **Housing Production and Preservation (50% AMI):** Household income eligibility must be determined at the time of leasing and annually thereafter. If a household is over the maximum income upon review, the next available unit in the property must be rented to an income-eligible household.
- **Rent Assistance and Housing Services (50% AMI):** Household income eligibility must be determined before assistance is provided and every 90 days thereafter. If a household is over the maximum income upon review, housing assistance through the Affordable Housing Fund must be terminated.
- **Temporary Shelter (50% AMI):** Households seeking temporary shelter are presumed to be experiencing very low-income and are not required to provide income documentation.
- **Homeowner Assistance (80% AMI):** Household income eligibility must be determined prior to assistance and at time of purchase commitment. If the home is sold during the Affordable

Housing Fund affordability period, subsequent buyers must be income-eligible at the time of purchase.

Priority Populations

Several higher-need populations exist among Vancouver’s households with very low-income. To best meet the needs of these residents, the AHF will prioritize projects and programs serving:

- Senior households (must include one or more individuals aged 62 or over)
- People who are unhoused
- Families with children
- Undocumented individuals and households
- People with special needs, including but not limited to:
 - Individuals with disabilities
 - Individuals experiencing mental, physical or behavioral health challenges
 - Survivors of domestic violence
 - Veterans

LOCATION

All projects receiving AHF assistance must be located within the City of Vancouver limits. Rental Assistance and Motel Voucher projects can also be located within the Urban Growth Area (UGA). Project jurisdiction can be verified through the City’s help tool, Do I Live in Vancouver? available at www.cityofvancouver.us/do-i-live-in-vancouver/.

Use of Affordable Housing Funds in the Urban Growth Area (UGA)

The AHF can provide funding for Temporary Shelter via motel vouchers and Rental Assistance within the UGA. The boundaries of the UGA can be viewed at: www.cityofvancouver.us/annexation/.

The following conditions must be met to use AHF in the UGA:

- The project must be providing Rental Assistance or Temporary Shelter via motel vouchers to qualified households.
- Prior to receiving AHF assistance in the UGA, households must be current residents of the City of Vancouver or experiencing homelessness within City limits.
- All units and motel locations must be located within the UGA.
- A maximum of 20% of an AHF award for a Motel Voucher or Rental Assistance project can be utilized for households in the UGA.

RENT & UTILITY LIMITS

Multi-Family Housing

Monthly rent for units assisted by AHF must be affordable to households earning no more than 50% of area median income (AMI), as set by the Washington State Housing Finance Commission. The 50% AMI rent limits are updated annually and include utilities. These rent and utility limits apply to all AHF-assisted units for Housing Production and Preservation and Rent Assistance.

For Housing Production and Preservation projects only, the Vancouver Housing Authority's utility allowance rates will be used to calculate any tenant-paid utilities. Current rent and utility limits are available at the City of Vancouver's website: www.cityofvancouver.us/ahf.*

* The cost of services that are required as a condition of occupancy must be included in gross rent even if federal or state law requires that the services be offered to tenants by building owners. This nonoptional fee must be included in the gross rent for the unit and supported on the income certification and lease agreement/addendum. Also, this nonoptional fee must keep the unit within the applicable maximum rent limit.

Shared Housing

Monthly rent for rooms in group homes and shared housing must be affordable to households earning no more than 50% of the area median income (AMI), based on the Fair Market Rents (FMR) established by HUD each year. To calculate the maximum allowable rent per bedroom, the FMR for a home with that number of bedrooms should be divided by the total number of rooms and added to the utility allowance using the following calculation: $FMR / \text{total number of bedrooms} + \text{Utility Allowance} = \text{maximum total monthly rent per bedroom}$

For Housing Production and Preservation projects only, the Vancouver Housing Authority's utility allowance rates will be used to calculate any tenant-paid utilities. Current rent limits, utility limits, and more information about calculation FMR for group homes are available at the City of Vancouver's website: www.cityofvancouver.us/ahf.*

* The cost of services that are required as a condition of occupancy must be included in gross rent even if federal or state law requires that the services be offered to tenants by building owners. This nonoptional fee must be included in the gross rent for the unit and supported on the income certification and lease agreement/addendum. Also, this nonoptional fee must keep the unit within the applicable maximum rent limit.

HOMEOWNERSHIP ASSISTANCE LIMITS

The maximum purchase price of an AHF-assisted homebuyer unit cannot exceed the HUD HOME limits for affordable single-family housing based on 95% of the median purchase price for the area using FHA single-family mortgage data. HUD updates the maximum purchase price annually. When feasible, homeowner assistance may include rehabilitation assistance or energy efficiency improvements at low or no cost to homeowner. Current maximum purchase prices are available at the City of Vancouver's website: www.cityofvancouver.us/ahf.

AFFORDABILITY PERIOD

The standard affordability period for Affordable Housing Fund units and shelter construction is 40 years, starting from the construction completion date (receipt of final occupancy permit) or acquisition date. Projects with four or fewer AHF-funded units will have an affordability period of 20 years. The start and end of the affordability period will be specified in the funding agreement, deed of trust, and/or affordable housing covenant. During the affordability period, housing must remain affordable to households with low or very low-income subject to compliance requirements.

Use of Program Income

Sale of a project during the affordability period requires City consent. Loan payments to the City will be returned to the Affordable Housing Fund. Payments will be reallocated to eligible housing activities or used for ongoing implementation costs to administer and monitor the fund according to priorities established in the current Administrative and Financial Plan.

FINANCING METHODS

Affordable Housing Fund financing may be provided as grant funding or as a low-interest loan.

Housing Production and Preservation

Financing for rental housing production and preservation will be provided as a grant unless the project requires a loan; loan terms will be approved by City Finance. All projects will be subject to an underwriting review prior to contracting. Financing terms and project requirements will be specified in a funding agreement, affordable housing covenant, promissory note and deed of trust.

Rental Assistance/Housing Services and Temporary Shelter

Funding for rental assistance and services, as well as temporary shelter, will be in the form of a grant. Specific project requirements will be detailed in a funding agreement.

Homeownership Assistance

Assistance to homeowners or purchasers will generally be provided through a contracted agency with specific funding and loan terms dependent on program design. The 40-year AHF affordability period applies to homeownership and will be specified through the homeowner agreement, deed of trust and affordable housing covenant recorded against the property. Homeownership projects will also be subject to underwriting review.

TIMELINES

Projects must be in construction within 24 months after receiving an award of the Affordable Housing Fund dollars. Projects that do not meet this timeline will lose the award. No extensions of awards will be granted.

MONITORING

Projects will be subject to initial and ongoing monitoring to ensure that all Vancouver Affordable Housing Fund dollars are being used to assist eligible households. Monitoring may include on-site inspection, file review and tenant or program reporting.

Following project completion, Housing Production and Preservation projects will be monitored on an annual basis to ensure continued affordability and habitability. Property owners will report unit and tenant information in a format acceptable to the city.

TECHNICAL ASSISTANCE

The City of Vancouver offers Technical Assistance (TA) to support any applicant seeking Affordable Housing Fund (AHF) resources, with a focus on encouraging local developers, including nonprofits, community-based organizations (CBOs), and smaller or emerging developers, to apply. The TA program is designed to lower barriers to access and provide comprehensive guidance throughout the application process.

Available technical assistance includes:

- **Pre-Application Workshops:** Applicants are provided with detailed guidance on eligibility, the application process, and strategies for developing competitive proposals.
- **Application Assistance:** Step-by-step support is available to help applicants navigate the complexities of the AHF funding process, including filling out application forms, assembling required documentation, and understanding evaluation criteria.
- **Capacity Building:** The City facilitates partnerships between smaller developers and experienced housing providers to foster mentorship and collaboration, enhancing the capacity of local developers to successfully manage AHF-funded projects.

PLAN AMENDMENTS

The Vancouver Affordable Housing Fund Administrative and Financing Plan will be reviewed and updated as needed. All changes will be approved with consultation of Vancouver City Council.

REPORTING

Annual program reporting will be provided by city staff no later than March 31st of each year, covering activity for the previous calendar year, as well as cumulative performance of the AHF levy. In addition, the City of Vancouver regularly updates the AHF dashboard showing all programs and projects by location and funding amount. The dashboard is accessed through www.cityofvancouver.us/ahf.

The annual report will include accomplishments for each type of assistance:

Housing Production and Preservation

- units completed and awarded
- total AHF funding
- total leveraged funding
- populations served by projects

Rental Assistance and Housing Services

- number of households provided housing assistance and success at stabilizing households
- income and demographics of assisted households
- number of households assisted in the Urban Growth Area (UGA)

Temporary Shelter

- number of shelter beds supported with operating subsidy
- number of new or rehabilitated shelter beds
- number and demographics of people served by shelter assistance
- number of households assisted in the Urban Growth Area (UGA)

Homeownership

- number and value of rehabilitation loans approved
- number and value of homebuyer loans approved
- income and demographics of assisted homeowners

Implementation costs

ALLOCATION PLAN AND PROGRAM GOALS

The City anticipates serving approximately 560 households annually. This number does not include additional units that may be created by leveraging Affordable Housing Fund investments with other funding sources.

The following table outlines the proposed allocation of funds among eligible uses and estimated number of units and households assisted. If the pool of applications in an annual award cycle does not support this funding breakdown, allocations may be shifted between uses as appropriate. City Council will review and approve all awards made through the Affordable Housing Fund.

Anticipated goals are based on historic costs per outcome.

AHF Allocations and Goals

<i>Eligible Use</i>	Annual Allocation	Anticipated Annual Goal	Total Funding (%)	10-Year Outcomes
<i>Housing Production/Preservation</i>	\$6M	80 direct units 240 leveraged units	60%	2,400 units
<i>Rent Assistance & Housing Services</i>	\$2M	250 households	20%	2,500 households
<i>Temporary Shelter</i>	\$1M	55 beds	10%	550 beds
<i>Homeownership</i>	\$500,000	15 households	5%	150 households
<i>Implementation</i>	\$500,000	--	5%	--
TOTAL	\$10M	560		5,600