

# Vancouver's Affordable Housing Crunch



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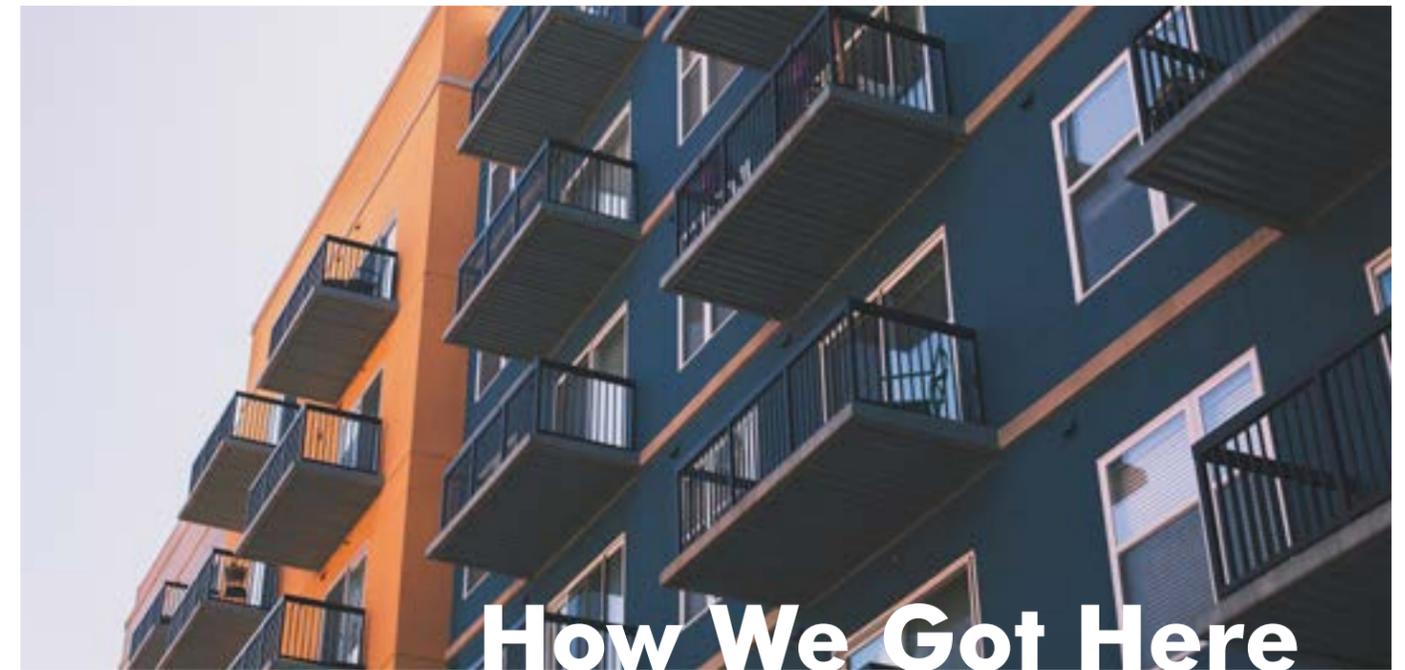
# Vancouver's Affordable Housing Crunch

*What can our community do to address the lack of affordable housing in Vancouver?*



Over the last several years the City of Vancouver, like many cities across the Northwest, has been beset by a tough set of social problems: slow income growth, sharply rising rents, and a dwindling inventory of low-income housing options. Any of these can present difficulty on their own. The combination of them has led to an affordable housing and homelessness problem in our community that has reached crisis levels. Across Vancouver, people agree that it is time to take action.

At the Community Foundation for Southwest Washington, we see this as a crucial issue for discussion in our community. To that end, we want to provide a resource to help our donors, partners, and fellow citizens in Vancouver better understand the causes and implications of the current affordable housing crisis, as well as the potential solutions under consideration.



Though the causes of such complex issues can be difficult to determine conclusively, many people point to events following the global financial slowdown in 2008 as the turning point in our awareness of our ability to meet the demand for affordable housing in Vancouver and Clark County.

Nationally, the shift from home ownership to renting has been underway since the early 2000s. Today 37% of households across the US now rent, compared to 31% ten years ago.<sup>1</sup> When the Portland Metro area began growing in popularity as a livable destination in the early 2000s, its population began to grow. So did Clark County's: since 2000, the county population has increased by 33%.<sup>2</sup> Homebuilders and developers worked to meet the need for more housing, building an average of 500 new units per year between 2003 and 2007.

However, as the US economy began to reel during the financial meltdown of 2008, the effects were felt quickly in Clark County, and especially in housing development. According to US Census data, in 2008 and 2009, only 200 units total were constructed.<sup>3</sup> As the economy has recovered the rate of construction has increased, but it has not kept pace with the growing need.

In other words, there were more people looking for housing in Vancouver, and fewer and fewer housing options available to them. Portland's rental market pressures<sup>4</sup> did not help, as more people looked north of the Columbia River for more affordable options. As with any market with limited supply and increasing demand, prices began to rise. This increase would be difficult to accommodate at any time, but the stagnant wages experienced throughout the region—in the five years ending in 2014, Vancouver's median household income has risen only 3.1% while rents have climbed 38.3%<sup>5</sup>—made it even more so.

<sup>1</sup> <http://www.curbed.com/2016/5/19/11713134/affordable-housing-policy-rent-apartments>

<sup>2</sup> US Census Population studies for 2000 and 2015

<sup>3</sup> <http://www.columbian.com/news/2015/nov/09/high-rent-not-just-problem-vancouver-affordable-housing-crisis/>

<sup>4</sup> The City of Portland would declare a state of housing emergency in October 2015.

<sup>5</sup> 2010-2014 American Community Survey estimates and 2010- 2014 Norris Beggs & Simpson Multifamily Market Reports.

These forces converged in December of 2014, when Courtyard Village, a low-income housing complex in Vancouver, was purchased for redevelopment into market-rate housing. The tenants in its 150+ units began receiving eviction notices within the week. In addition to the significant displacement of renters, the development's rental structure was changing. Before the renovation, a 1,600 sq. ft. apartment cost \$875 per month; after the renovation, at the renamed Parc Central, the rent for a 500 sq. ft. studio was scheduled to be \$895.<sup>6</sup>



# Affordable Housing Task Force

After a community meeting in February of 2015 that brought to light the substantial and growing housing needs of the city, the Vancouver

City Council recommended that a task force be convened to explore how the city could respond to the worsening crisis. Mayor Tim Leavitt chaired the 21-person group, representing public, private, and nonprofit organizations throughout the city that work in social services, finance, real estate, and government. Its charter was to advise the city and its planning commission on options that would:

- Provide rental protection that balances landlord rights with access to housing
- Support development of an adequate supply of affordable housing in Vancouver
- Lead in developing regional solutions to long-term affordable housing options for Southwest Washington<sup>10</sup>

The task force began meeting in April 2015 and met monthly for the remainder of the year, discussing policy changes that would help pave the way for an increased supply of affordable housing as well as create a long-term affordable housing policy for the city. "Affordable," they stipulated, meant housing that cost its tenant 30% or less of their household income. The group agreed that potential solutions would be ideal if they benefited both residents as well as private and nonprofit development organizations, and that continued input from community leaders with housing expertise would be critical to creating programs that would work. They also realized that they must work fast: access to and availability of affordable housing were issues that were growing worse rapidly.<sup>11</sup>

In September of 2015, as this crisis began to grow more pronounced and the early work of the task force on housing was underway, the City of Vancouver took immediate measures to protect the city's most vulnerable renting population from displacement. It enacted three city ordinances:

- 45-day Notice of Rent Increase — stipulates that any landlord proposing to increase rent by more than 10% must give the tenant notice of the increase at least 45 days in advance
- 60-day Notice to Vacate — creates an "affirmative defense," which residential month-to-month tenants can use to defend themselves against a landlord who owns five or more rental units and who failed to provide a 60-day no-cause notice to terminate tenancy
- Source of Income Protection — prevents landlords from denying an application for rent based on a renter's source of income or participation in a rental assistance program<sup>12</sup>

These measures will provide much needed protection for very low-income renters in difficult circumstances. However, they do not address the roots of the affordable housing problem in the city. To take the next step, the task force began to discuss policy changes.

## Where We Are Now



Currently, the affordable housing landscape in Vancouver is complicated by a mix of stagnant wages — that disproportionately affect low-income households — low vacancy rates, and rents that continue to increase.

According to data analyzed by the City of Vancouver, there are 17,690 very low-income households — that is, households that earn less than 50% of the area's median income — currently in the city. Of these, 78% rent their home, which puts pressure on an already tight rental market. And fully half of that population spends more than 50% of its income on housing.<sup>7</sup>

The vacancy rate in Vancouver continues to fall. As of February 2016, it stood at 1.87%.<sup>8</sup> What makes this rental market even more difficult is the rising cost of rent: From May 2015 to March 2016, Vancouver was the number one city in the US for fastest growth in rental rates (see chart).<sup>9</sup>

Taken together, these points of data present a difficult scenario for low-income renters. For example, a very low-income household of two people can be expected to earn approximately \$29,350 a year. On a monthly basis, they can afford a rent of \$734. However, the median rent for a one-bedroom apartment in Vancouver is currently \$990 — 34.8% above what that household can afford.



<sup>6</sup> <http://www.columbian.com/news/2015/apr/27/courtyard-village-apartments-parc-central/>

<sup>7</sup> Housing Snapshot, April 2016, City of Vancouver, WA

<sup>8</sup> Housing Snapshot, February 2016, City of Vancouver, WA

<sup>9</sup> <https://www.apartmentlist.com/rentonomics/may-2015-national-rental-price-monitor/>

<sup>10</sup> <http://www.cityofvancouver.us/ced/page/affordable-housing-task-force>

<sup>11</sup> "Affordable Housing Task Force Report," January 2016, City of Vancouver, WA.

<sup>12</sup> <http://www.cityofvancouver.us/citycouncil/page/ordinances-protecting-vulnerable-renters>

In January of 2016, the task force released a report of their work. It disclosed a number of policy recommendations that the group believed would be of medium or low impact to the problem, but it also detailed five policy options they considered high priority and actionable:

- 1. Amend zoning and development regulations to encourage affordable housing:** Explore ways that changes to city regulations could entice development of micro-housing, duplexes, cottage housing, or other affordable properties.
- 2. Strengthen the existing multi-family tax exemption program:** Extend the time frame or the area in which affordable housing tax exemptions are available to owners of multi-family units.
- 3. Enact exclusionary zoning:** Consider mandating that a percentage of new development be affordable within certain districts in the city of Vancouver.
- 4. Create a housing advisory commission:** Create a community-based coalition that could serve as an advisory group to the city and the planning commission as it takes steps to implement new programs designed to improve the capacity and accessibility of affordable housing.
- 5. Create an affordable housing fund:** Investigate the creation of a dedicated fund for the development or redevelopment of permanent low-income housing in Vancouver.<sup>13</sup>

City Council reviewed the report's recommendations, discussed the implications of each, and identified the first priority option to address. In April, three months after the release of the task force's report, Mayor Leavitt declared an affordable housing emergency for very low-income renters in the city of Vancouver. The reason for the declaration was twofold. The first was to state publicly that addressing the crisis was a priority for the city; the second was to satisfy a Washington state law by declaring an emergency, a maneuver that allows the city council to put a ballot proposition before voters this year. That measure would ask Vancouver resident taxpayers to approve the creation of an affordable housing fund at the ballot on November 8, 2016.<sup>14</sup>

## The Vancouver Affordable Housing Fund

The proposed levy that Vancouver citizens will vote on in November is designed to raise \$6 million per year over seven years, for a total of \$42 million, to be used solely for affordable housing and housing-related services available to very low-income residents of Vancouver.<sup>15</sup>

The City is very clear on its primary objectives in implementing the program. They are to create and preserve affordable homes for low-income residents; to provide services to help end homelessness in the city; to work with developers (nonprofit and for-profit) to create and promote a variety of housing alternatives; and to leverage the investment with other sources of funding to create the greatest number of affordable units possible each year.

The money would come from an annual property tax assessment to Vancouver property owners. This assessment is expected to be approximately \$0.36 per \$1,000 of assessed value, or an additional \$90 per year for the average Vancouver property tax bill. The fund will be deposited in a restricted account that is separate from the City's general fund, and cannot be diverted to cover any City expenses other than those deemed eligible for affordable housing uses: Housing production, housing preservation, and homelessness prevention.

The money from this fund will be disbursed through a block grant program that is similar to what the City already operates. This is a competitive process through which nonprofits, public sector, and private sector organizations can apply for funding. How the fund will be divided among the several program objectives to help individuals and families throughout its seven-year life has been proposed as follows:

- Building and preserving affordable housing units for low-income families.
- Preventing homelessness for at-risk families by a) providing rental help and stability services for families who are homeless or at risk of eviction, and b) building temporary housing for the homeless.
- Helping first-time homebuyers with down-payment loans. The homes would be held as affordable housing for future buyers.<sup>16</sup>

Should voters approve the ballot measure in November, the City Council would have to adopt a final Administrative and Financial Plan in December so that the property tax increase could go into effect on January 1, 2017. The first Affordable Housing funds dedicated to community projects would be available in 2018, after the first year of fund collection.

There is evidence nearby that a fund of this design can be effective. In 2013, voters in Bellingham, WA, approved a measure to create a similarly structured fund. In the three years since its passage, the fund has committed to create 238 units of affordable housing and preserve 118 units of rental and transitional housing, as well as to support critical repairs, weatherization and accessibility.<sup>17</sup>

## Time Is of the Essence

A June 2016 article on affordable housing in The Columbian stated that a Clark County renter had to earn \$23.23 per hour, or \$48,320 per year, in order to avoid spending more than 30% of their income on a typical two-bedroom apartment. The article also featured a non-scientific online poll, asking readers this question: "Do you earn enough to pay for a two-bedroom apartment costing \$1,208 per month without spending more than 30% of your income on rent?" Over 230 people responded to the poll, and 78% of those respondents said "No."<sup>18</sup>

In other words, this problem is not going away on its own. There are larger forces at work.

Though we are taking steps as a community to remedy this difficult situation, there is much work left to do. No one group can fix this problem alone. Regional government, the business community, nonprofit organizations, and citizens must work together to make progress. In order to work together on this or any issue, we must stay informed and participate in the community conversation.

<sup>13</sup> "Affordable Housing Task Force Report," January 2016, City of Vancouver, WA.

<sup>14</sup> [http://www.oregonlive.com/front-porch/index.ssf/2016/04/vancouver\\_declares\\_housing\\_eme.html](http://www.oregonlive.com/front-porch/index.ssf/2016/04/vancouver_declares_housing_eme.html)

<sup>15</sup> Vancouver Affordable Housing Fund: Administrative and Financial Plan," May 2016, unless otherwise noted in this section.

<sup>16</sup> <http://www.columbian.com/news/2016/may/02/vancouver-sees-numbers-for-proposed-housing-property-tax/>

<sup>17</sup> <https://www.cob.org/services/housing>

<sup>18</sup> <http://www.columbian.com/news/2016/jun/02/reports-looks-at-lack-of-affordable-housing/>



# *About the Community Foundation for Southwest Washington*

**The Community Foundation for Southwest Washington connects people, ideas and smart philanthropy to help our region define and pursue solutions that benefit our whole community. Learn more about our work at [cfsww.org](http://cfsww.org).**

