

# 2023 Affordable Housing Cost Data Report



Submitted pursuant to RCW 43.185A.190

**HOUSING DIVISION**

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Report to the Legislature

**Director Mike Fong**

# Acknowledgments

## **Washington State Department of Commerce**

Corina Grigoras, Assistant Director, Housing  
Division

Graham Parrington, Housing Policy and Strategic  
Initiatives Unit, Senior Policy Coordinator

Ann Campbell, Homeownership Unit Managing  
Director

Angela Snow, Homeownership Unit, Capital  
Programs Supervisor

Shawn Slape, Multifamily Housing Unit Acting  
Managing Director

Nathan Lichti, Multifamily Housing Unit Housing  
Investment Manager

Sean Harrington, Multifamily Housing Unit, Capacity  
Building Program Lead

1011 Plum St. SE  
P.O. Box 42525  
Olympia, WA 98504-2525

[www.commerce.wa.gov](http://www.commerce.wa.gov)

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request in other formats. To submit a request, please  
call 7-1-1 and ask to be connected to 360-725-4000.

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# Executive summary

## Overview

The Washington State Department of Commerce (Commerce) and the Washington State Housing Finance Commission (Commission) administer the two major programs that provide resources to develop and preserve affordable housing in Washington: Commerce's state Housing Trust Fund (HTF) and the Commission's Low Income Housing Tax Credit (LIHTC) program. The two entities collaborate on policies and coordinate investments in affordable housing across the state.

## Reporting requirements

In 2017, the Legislature directed the Joint Legislative Audit and Review Committee (JLARC) to analyze the costs of developing housing affordable<sup>1</sup> to households making less than 80% of the area median income adjusted by household size. In the [final report](#), published in January 2019, JLARC made recommendations to Commerce and the Commission to improve cost efficiency, controls, and monitoring.

In 2019, the Legislature included the JLARC report recommendations in the [2019-21 capital budget \(Section 1029\)](#). In 2023, the Legislature codified the cost data reporting requirements into [RCW 43.185A.190](#):

- (2) All housing trust fund loan or grant recipients, except for those receiving preservation awards under RCW [43.185A.180](#), must provide certified final development cost reports to the department in a form acceptable to the department. The department must use the certified final development cost reports data as part of its cost containment policy and to report to the legislature. Beginning December 1, 2023, and continuing every odd-numbered year, the department must provide the appropriate committees of the legislature with a report of its final cost data for each project funded through the housing trust fund. Such cost data must, at a minimum, include:
- (a) Total development cost per unit for each project completed within the past two complete fiscal years; and
  - (b) Descriptive statistics such as average and median per unit costs, regional cost variation, and other costs that the department deems necessary to improve cost controls and enhance understanding of development costs.

This report provides the data and analysis necessary to enhance the understanding of Commerce HTF-funded affordable housing development costs, as required by the Legislature. The data in this report includes projects that have completed their HTF-funded housing development phase and submitted their final development cost data to Commerce during state fiscal year 2023 (July 1, 2022, to June 30, 2023). The numbers provided come from the Certified Public Accountant-prepared cost certifications. The analysis relies on benchmarks established in previous reports, including a series of assumptions and definitions that allow for consistent measures and data characteristics across the two programs and state agencies.

The Commission produced a [separate report for 2023](#). Cost data for fiscal year 2022 is presented in the [2022 Annual Affordable Housing Cost Data Report](#), which was published jointly with the Commission.

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<sup>1</sup> The U.S. Department of Housing and Urban Development defines affordable housing as a dwelling that costs 30% or less of a household's income, including utilities.

## Summary of data

The sample sizes of cost certifications for this reporting period and previous reporting periods are too small to draw meaningful conclusions about changes or trends in affordable housing development costs.

### Multifamily housing data summary

- Median units per multifamily project: 56, a decrease of 43 from the previous year (median 99 units/project)
- Median cost per multifamily unit: \$301,744, a \$14,353 decrease from the previous year (\$316,097)
- Median multifamily costs range from \$221,784 in rural regions to \$356,813 in King County
- LIHTC projects represent a majority of reporting projects (81%) and have a median cost of \$305,445 per unit (\$494 per square foot)
- Non-LIHTC multifamily projects (four) reported a median cost of \$200,350 per unit (\$481 per square foot)
- Median cost per square foot: \$494, an increase of \$102 from the previous year
- Median cost per square foot ranges from \$299 in rural areas<sup>2</sup> to \$551 in King County

As of July 1, 2023, only 26% of HTF-funded multifamily project awardees have provided a cost certification along with their organizational financial audits, as specified in their contract documents. Commerce established procedures to follow up with contractors on delinquent reports to eliminate the potential for noncompliance with cost certification submissions.

### Homeownership data summary

In 2023, two completed new construction homeownership projects submitted total development cost certifications (see the [Data definitions and methodology section](#)). Home types include single-family homes, duplexes, townhomes, condominiums and cottage-style housing.

- Median cost of 2023 new construction for a home using Housing Trust Fund resources: \$285,711

Commerce homeownership programs provide funding resources for non-construction projects that create new homeownership opportunities, including down payment assistance and permanent affordability investments. Neither of these homeownership approaches are required to provide certified development costs, as there is no development expense metric to measure.

Between 2019 and 2023, Commerce funded 72 homeownership projects. Thirty-six (50%) of these projects constructed new homes. Starting in July 2025, Commerce anticipates having sufficient cost certification data to draw statistically relevant metrics.

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<sup>2</sup> See the regional definitions under [New construction costs by regions subsection](#).

# Introduction

## Housing Trust Fund

Commerce administers the Housing Trust Fund (HTF), a state program that makes grants and low-interest loans for low-income affordable housing, including multifamily housing projects and homeownership projects. Commerce and the Commission collaborate on policies and partner on making investments in affordable housing across the state. In any given year, 30-50% of our projects “overlap,” meaning that they receive both a HTF award and a Low Income Housing Tax Credit (LIHTC) allocation of federal housing tax credits.

## Cost data and cost containment

### CPA cost certified data

Since 2019, HTF recipients are required to provide certified cost reports within 90 days of receiving a Certificate of Occupancy or Notice of Substantial Completion. HTF policy allows recipients to provide this report in conjunction with their financial audit to reduce costs, which may delay data collection by up to 12 months. This report reflects data that was received during the reporting period, which may include projects that were completed (or placed in service) in the prior year.

Commerce uses the same reports that the Commission requires of LIHTC projects, but non-LIHTC projects funded by the HTF alone complete a form adapted for Commerce. This is in recognition that these projects represent a wide range of organizations and project types, extending beyond multifamily housing developed with private investors (LIHTC) to shelters, transitional housing, homeownership, etc. Commerce's form closely aligns with the LIHTC form, but additional projects (the 50-70% of projects not receiving LIHTC), use a state-developed form for their submittals. A CPA must approve all of these reports.

### Cost containment policy

Commerce does not apply a strict cost limit to its applicants, but scores applications competitively on cost per unit and prioritizes less costly projects. There are wide-ranging variations of project types, including single-family construction/renovation, congregate shelters, acquisition with rehabilitation, and new construction in all types of communities. Therefore, Commerce finds the scoring to be a fairer method of recognizing and containing costs.

# 2023 report on Housing Trust Fund projects

## Data definitions and methodology

### Total Residential Development Cost

The data included in this report is based on Total Residential Development Costs (TRDC), which includes the total cost of the residential portion of a project, including land, capitalized reserves, and offsite infrastructure improvements.

### Methodology

The analysis provided in this report describes or summarizes total residential development cost data. The sample size for the data is too small to draw meaningful generalizations. It is important to note that this method of analysis deals with quantitative data only and should not be used to generalize or make unsupported conclusions about the cost of affordable housing projects not included in this data set.

The charts and points below highlight data Commerce received from July 1, 2022, through June 30, 2023. The full list is provided as Attachment A. Those submitted do not represent all projects Placed in Service<sup>3</sup> during this period, as the policy allows the report to be provided with their next fiscal audit. This may delay reporting for more than six months.

Note: Median costs, instead of average costs, are used to capture the central location of the dataset's distribution when outliers are present.

### Project cost data for multifamily and homeownership projects

The data in the tables below are separated by multifamily projects and homeownership projects. Multifamily and homeownership project data are presented to show regional variations and are further broken out to show differences between new construction and land acquisition and rehabilitation of existing properties.

### Summary of data from 2019 to present

Table 1 shows the number of projects that submitted TRDC certifications each year, the median number of units per project, the median cost per unit and the median cost per square foot of residential space for multifamily projects funded by the Housing Trust Fund.

**Table 1: Total multifamily projects, median units per project, and median costs - fiscal years 2019-2023**

Fiscal year	Total projects	Median units per project	Median cost per unit	Median cost per square foot
2019	51	114	\$207,496	\$239
2020	43	108	\$259,331	\$392
2021	33	95	\$262,331	\$284

<sup>3</sup> A project is considered "Placed in Service" once a certificate of occupancy, or equivalent, has been issued for the property. The Placed in Service date is used to determine the start of the commitment/affordability period, annual reporting, and compliance monitoring.

Source: Housing Trust Fund Handbook, version 3-4-2021:

<https://deptofcommerce.app.box.com/file/164360899109?s=f89ytc0qtime7dl6wpqke5h2zl1jwzlm>

Fiscal year	Total projects	Median units per project	Median cost per unit	Median cost per square foot
2022	32	99	\$316,097	\$392
2023	21	56	\$301,744	\$494
<b>Total/median</b>	<b>180</b>	<b>99</b>	<b>\$262,331</b>	<b>\$392</b>

Explainer: 2019-2022 Commerce data is combined with the Commission's data (based on prior joint reports). The Commission's summary report for 2023 included 31 Total Projects (median size of 80 units) and a median cost of \$300,977 per unit and \$384 per square foot.

Table 2 shows the number of homeownership projects that submitted Total Residential Development Cost certifications each year, the median number of units per project and the median cost per unit of homeownership projects funded by the Housing Trust Fund. Note that the acquisition and rehab homeownership projects include mobile and manufactured home parks that were purchased by homeowner cooperatives funded by the Housing Trust Fund.

**Table 2: Total homeownership projects, median units per project, and median costs - fiscal years 2019-2023**

Fiscal year	Total projects	Median units per project	Median cost per unit
2019	0	No data	No data
2020	1	4	\$275,000
2021	0	No data	No data
2022	0	No data	No data
2023	2	8	\$285,711
<b>Median of all new construction</b>	<b>3</b>	<b>6</b>	<b>\$280,356</b>

## New construction costs by region, fiscal year 2023

Tables 3, 4, 5 and 6 present affordable housing costs by region.

Regions are defined in the [HTF Handbook](#):

- **Urban:** An urban area or community is defined as any municipality with a population greater than 25,000 and which does not fall into the definitions of rural. Projects located within a municipality with a population less than 25,000, but which is adjacent to a city deemed "Urban" may be deemed functionally related to that city and therefore also deemed Urban."
- **Rural:**
  - Counties with a population of less than 90,000, except for those cities within these counties with a population of greater than 25,000. For example, Franklin County except the city of Pasco.
  - Counties with a population greater than 90,000 but less than 390,000 when more than an aggregated 25% of that county's population resides in one substantially contiguous metropolitan area. For example: Yakima County except the City of Yakima.
  - Counties with a population greater than 390,000, but where the project is located in a sufficiently remote location to be reasonably considered as not associated with an Urban center. For example: Eatonville, Pierce County.



- **King:** King County is its own region.

Tables 3 and 4 present new construction by region, with multifamily projects in Table 3 and homeownership projects in Table 4.

**Table 3: New multifamily construction costs by region, fiscal year 2023**

Region	Number of projects	Median units	Median cost per unit	Median cost per residential square foot
King County	5	92	\$356,813	\$551
Urban	9	65	\$305,445	\$452
Rural	7	46	\$221,784	\$299
<b>Median of all new construction</b>	<b>Not applicable</b>	<b>56</b>	<b>\$303,595</b>	<b>\$522</b>

**Table 4: New homeownership construction costs by region, fiscal year 2023**

Region	Number of projects	Median units	Median cost per unit
King County	1	8	\$390,053
Urban	1	8	\$181,369
Rural	0	No data	No data

## Acquisition and rehabilitation costs by region, fiscal year 2023

Tables 5 and 6 present acquisition and rehabilitation costs by region, with Table 5 showing multifamily projects and Table 6 showing homeownership projects. Acquisition and rehabilitation projects include:

- Acquisition of existing buildings for the purpose of preservation of homeownership and multifamily units
- Financing of mobile/manufactured housing park purchases by park resident cooperatives to support the creation of resident owned communities to preserve those parks as affordable housing
- Rehabilitation of eligible homeownership and multifamily units

New construction projects may include acquisition of land for constructing new units, but those costs are included in the new construction data in Tables 3 and 4.

**Table 5: Multifamily acquisition/rehab costs by region, fiscal year 2023**

County	Number of projects	Cost per unit*	Cost per residential square foot*
King County	0	N/A	N/A
Urban	0	N/A	N/A
Rural	1	\$190,949	\$541

**Table 6: Homeownership acquisition/rehab costs by region, fiscal year 2023**

County	Number of projects	Cost per unit
King County	0	N/A
Urban	0	N/A
Rural	0	N/A

**Overlap of LIHTC funding with Commerce-funded multifamily projects**

Figure 1 shows the percentage of multifamily projects funded by Commerce that include Low Income Housing Tax Credit funding. Homeownership projects do not include LIHTC funding.

**Figure 1: LIHTC involvement in reported multifamily HTF-funded projects, 2023**

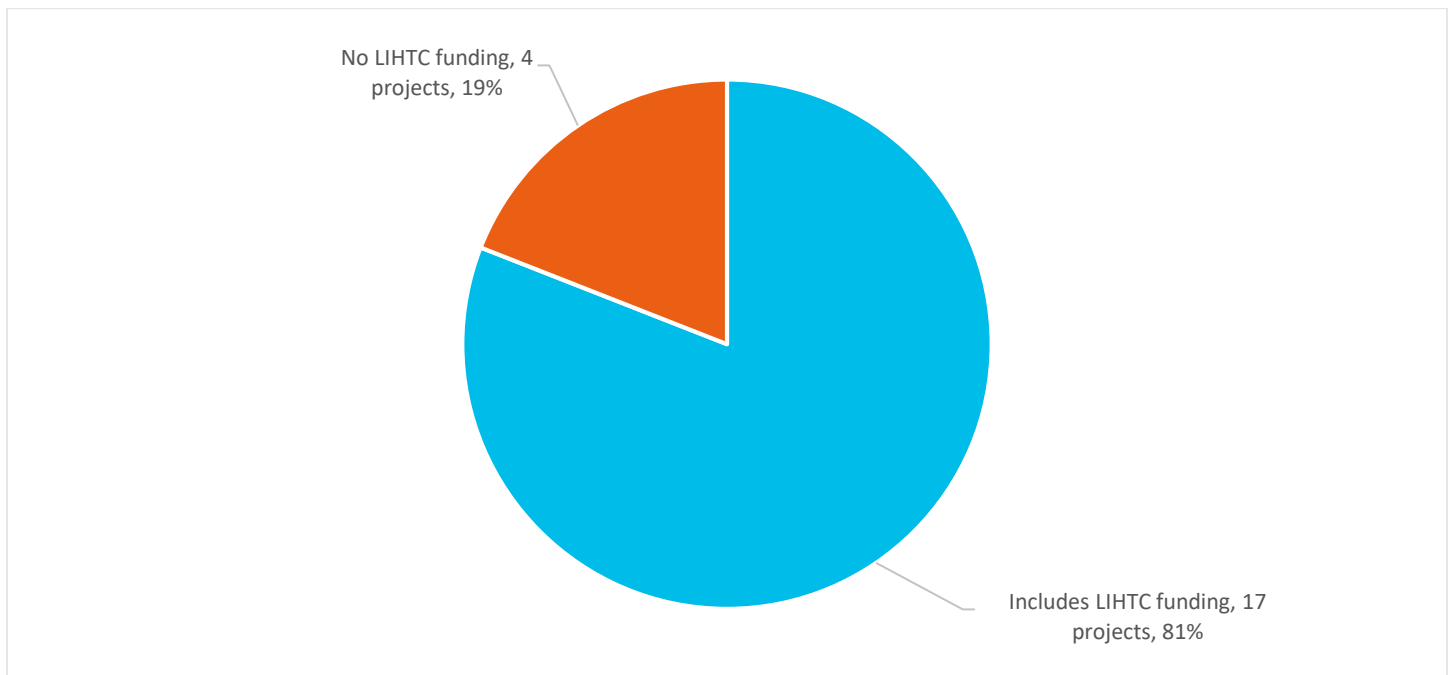


Table 7 compares median cost per unit and median cost per residential square foot for fiscal year multifamily projects that include LIHTC funding and those that did not include LIHTC funding.

**Table 7: Median multifamily costs with LIHTC vs. non-LIHTC, fiscal year 2023**

LIHTC status	Number of projects	Median cost per unit	Median cost per residential square foot
LIHTC-fund	17	\$305,445	\$494
Non-LIHTC	4	\$200,350	\$481

# Appendix A: Full list of fiscal year 2023 HTF projects

## Table 8: Fiscal year 2023 multifamily projects

Site name	LIHTC (Y/N)	Site county	New construction OR acquisition/rehab	Region	Total units	Cost per unit	Cost per square foot	Populations served*
Hobson Place	Yes	King	New construction	King	92	\$583,520	\$511	CMI, MSN
CSC Housing	Yes	King	New construction	King	80	\$356,813	\$778	H
DESC Bitter Lake	Yes	King	New construction	King	100	\$301,744	\$551	H
Filipino Community Village	Yes	King	New construction	King	95	\$331,484	\$494	PD, S
Yancy Street PSH	Yes	King	New construction	King	44	\$365,601	\$709	H
Skagit County Permanent Supportive Housing	Yes	Skagit	New construction	Urban	70	\$322,453	\$534	CMI, S, SUD, V, G
Evergreen Commons - 9%	Yes	Walla Walla	New construction	Urban	29	\$347,956	\$355	CMI, FwC, G
Kennewick Micro Homes	No	Benton	New construction	Urban	16	\$209,752	\$421	FwC, V, G
Compass Health Broadway PSH	Yes	Snohomish	New construction	Urban	81	\$305,445	\$558	H
Martin Way	Yes	Thurston	New construction	Urban	65	\$262,945	\$587	H
Mercy PeaceHealth Family Housing	Yes	Clark	New construction	Urban	69	\$335,929	\$384	PD/LH
MLK Senior Housing	Yes	Pierce	New construction	Urban	60	\$366,960	\$533	PD, S
Pendleton Place	Yes	Kitsap	New construction	Urban	72	\$300,619	\$452	H
Sinto Commons	Yes	Spokane	New construction	Urban	47	\$286,194	\$285	H
All View Motel Project	No	Clallam	Acquisition/rehab	Rural	26	\$190,949	\$541	CMI, FwC
7th and Hendricks Affordable Housing	No	Jefferson	New construction	Rural	43	\$382,544	\$331	CMI, DD, DV, FwC, G
Meadow Point Family Housing	Yes	Okanogan	New construction	Rural	46	\$297,642	\$299	H
Orting Veterans Village	No	Pierce	New construction	Rural	35	\$136,069	\$737	V
Riverview Apartments	Yes	Whitman	New construction	Rural	56	\$219,980	\$228	H
The Orchard	Yes	Grant	New construction	Rural	48	\$221,784	\$205	PD/LH
Tieton Housing LLLP	Yes	Yakima	New construction	Rural	53	\$282,437	\$256	FW-P
<b>Not included in data</b>								
Mabton Foothills		Yakima	Acquisition/rehab	Rural	10	\$10,927	\$151	FwC

\* Population categories: V=veterans; CMI=people with chronic mental illness; S=seniors; SUD=people with substance use disorder; G=general low-income population; DD=people with developmental disability; DV=domestic violence; FwC=families with children; MSN=multiple special needs; H=homeless, using the definition in [RCW 43.185C.010](#); LH=Large household, with four or more residents occupying three or more bedrooms; FW-P: permanent housing for farmworkers; PD=persons with physical disabilities.

**Table 9: Fiscal year 2023 homeownership projects**

Site name	Site county	New construction OR acquisition / rehab	Region	Total units	Cost per unit
Deyoe Vista VI	Thurston	New construction	Urban	8	\$181,369
Lake City Phase 2	Spokane	New construction	Urban	8	\$390,053