



Proposed Study Questions: Analyzing Development Costs for Low-Income Housing

State of Washington Joint Legislative Audit and Review Committee

April 2018

Study to compare costs of developing subsidized low-income housing and market-rate housing

In 2017, the Legislature directed the Joint Legislative Audit and Review Committee (JLARC) to compare the costs of developing subsidized low-income housing to the costs of developing market-rate housing. The comparison may include costs such as land acquisition, design, construction, financing, and maintenance and operations.



State-managed subsidies include grants, loans, and federal tax credits

The Department of Commerce and the Washington State Housing Finance Commission manage two key programs that subsidize low-income housing development. Together, the programs have funded over 21,000 units since 2010.

- Housing Trust Fund (Commerce): Provides grants and loans, primarily with state funds
- Low-Income Housing Tax Credit (Commission): Provides federally funded tax credits

Low-income housing developers include for-profit businesses, nonprofit organizations, local housing authorities, and tribal housing entities. Projects typically involve multifamily housing.

Study will focus on development costs for multifamily housing and address three questions

- 1) What types of data and analysis could be used to compare development costs of subsidized low-income housing and market-rate housing?
- 2) How do development costs compare between different developers of subsidized low-income housing projects?
- 3) What are the major cost drivers for subsidized low-income housing development? What cost controls does the state implement and are there additional measures that could be exercised?

The study will not address subsidies for rental payments or subsidies that are not administered by state agencies.

Study Timeframe

Preliminary Report: December 2018

Proposed Final Report: January 2019

Study Team

Team Lead:	Amanda Eadrick	360-786-5174	amanda.eadrick@leg.wa.gov
Research Analyst:	Aaron Cavin	360-786-5194	aaron.cavin@leg.wa.gov
Research Analyst:	Pete Van Moorsel	360-786-5185	pete.vanmoorsel@leg.wa.gov
Research Analyst:	Eric Whitaker	360-786-5618	eric.whitaker@leg.wa.gov
Project Coordinator:	Eric Thomas	360-786-5182	eric.thomas@leg.wa.gov