



ANNUAL AFFORDABLE HOUSING COST DATA

Report to the Washington State Legislature
December 2025

Submitted by the Washington State Housing Finance Commission

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INTRODUCTION

The Low-Income Housing Tax Credit Program

The Washington State Housing Finance Commission (Commission) administers the **Low-Income Housing Tax Credit (LIHTC)** program which finances the construction and preservation of affordable multifamily housing units through federal tax incentives. Housing credit in the 9% program is awarded through an annual competitive process in which projects are evaluated and scored according to the Commission's established criteria. The 4% housing tax credit combines tax credit equity with tax-exempt bonds, which are allocated through a competitive process. These programs are governed by the Internal Revenue Service (IRS) and annual state allocations are determined by a per capita formula.

The Department of Commerce (Commerce) administers the **Housing Trust Fund**, a state program that makes grants and low-interest loans for low-income housing. Commerce and the Commission collaborate on policies and jointly invest in affordable housing across the state. In any given year, 30-50% of our projects "overlap," meaning that they receive both a Housing Trust Fund award and a LIHTC allocation of federal housing tax credits.

Reporting Requirements

In 2017, the Legislature directed the Joint Legislative Audit and Review Committee (JLARC) to analyze the costs of developing low-income housing (i.e., affordable to households making less than 80 percent of the area median income). In their [final report](#), published in January 2019, JLARC made recommendations to Commerce and the Commission to improve cost efficiency, controls, and monitoring, including the following recommendation:

Commerce and the Commission should report development cost data to the Legislature annually. Data should include the total development cost per unit for each project, descriptive statistics (such as average and median per unit costs), regional cost variation, and other cost data that agencies deem necessary to improve cost controls and enhance the Legislature's understanding of development costs. Commerce and the Commission should coordinate to identify relevant development cost data and ensure that measures are consistent across the agencies. The costs should be published in a format that allows the Legislature and the agencies to track development costs over time.

In 2019, pursuant to the JLARC report, the Legislature included JLARC's recommendation in the [2019-21 Capital Budget](#) appropriation for the HTF (Section 1029), as follows:

(b) Beginning December 1, 2019, and continuing annually, the department must provide the legislature with a report of its final cost data for each project under this section. Such cost data must, at a minimum, include total development cost per unit for each project completed within the past year, 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. The department must coordinate with the housing finance commission to identify relevant development costs data and ensure that the measures are consistent across relevant agencies.

This report responds to the Legislature’s direction to provide relevant development cost data and analysis for LIHTC affordable housing projects. The data in this report comprises projects that have submitted to the Commission their final development cost data during state fiscal year 2025 (July 1, 2024, to June 30, 2025). The numbers provided are derived from the Certified Public Accountant-prepared cost certifications and 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. As noted in the data section, year-to-year variations in median development costs are more likely to be influenced by the mix of projects that reach final certification in a given year, rather than changes in overall development cost trends.

In contrast to previous cost-data reports which were submitted jointly by the Commission and the Department of Commerce, Commerce-specific data is now being reported independently. This is due to an update to RCW 43.185A.190, which changed Commerce's reporting period to every two years.

COST DATA AND COST CONTAINMENT

CPA Cost Certified Data

Since the inception of the federal Low-Income Housing Tax Credit (LIHTC) program in 1987, the Commission has collected and tracked cost data. Developers cannot obtain approval from the IRS for the housing tax credits until their costs are certified. They must submit a CPA-generated report of the total sources and uses of the project’s funding to obtain Form 8609 from the IRS, which enables their investors to claim the housing tax credits and thus provide equity for the project. Projects submit their final cost certifications at different times, so the set of projects reflected each year can vary.

Cost Containment Policy

In addition to the cost-certification process, the Commission has implemented a robust cost-containment strategy, which is essential to long-term success and credibility of the Housing Tax Credit program. Given the finite resource of the Housing Tax Credit, the primary objective of these cost-containment policies is to balance cost containment with promoting quality development. As referenced in the JLARC report, the Commission follows key national best practices for monitoring and controlling costs.

To this end, in 2012, the Commission developed and established total development cost (TDC) limits to benchmark and analyze project costs against key metrics. These limits vary by region to more accurately reflect the diverse cost drivers across the state. The Commission reviews these limits annually, adjusting them as needed, using historical data and third-party data from Engineering News-Record (ENR). The TDC limits are outlined in the Development Cost Limit Schedule, which is part of the LIHTC application process.

As part of the competitive application process, points are awarded to projects based on the percentage by which a project’s costs fall below the TDC limits, as well as the comparative costs of projects within the same cost containment area. Projects are evaluated against the Development Cost Limit Schedule in effect at the time of application and must provide a detailed breakdown of all anticipated project costs as part of application submission.

Based on our ongoing analysis and work with the Housing Development Consortium of Seattle/King County Cost Analysis Workgroup, we adjusted our cost limits starting in 2022 to reflect more granular nuances of costs found between projects located in Seattle and those in the Balance of King County. The numbers presented below reflect these changes.

Commerce's application recognizes the less costly projects with higher prioritization in funding but does not apply a strict cost limit like the Commission. There are wide-ranging variations of project types, including single family construction/renovation, congregate shelters, acquisition rehabs and new construction in all types of communities. Therefore, Commerce finds the scoring to be a fairer method of recognizing and containing costs.

Current Conditions: Financing Issues, Operating Cost Environment, Development Pipeline, Federal Environment and Tariffs

This past year continued to pose challenges for projects given the persistently high interest-rate environment and decreased tax-credit pricing. Ongoing increases in operating costs and lagging rent collections have significantly affected the development pipeline, with many projects unable to convert their construction financing into permanent loans, resulting in additional costs. Many of the projects reflected in this year's list were also delayed by construction- and supply-chain disruptions stemming from the pandemic, concerns we have noted in prior reports.

We are also observing a growing trend of longer timelines from application to placed-in-service: Projects that applied in 2018 had a median timeline of 26 months to completion, compared with 30 months for projects that applied in 2022. This reflects extended construction schedules and financing delays, all of which contribute to higher development costs and project risk. Finally, a relatively new dynamic has also emerged as uncertainty at the federal level, and the new tariff environments are creating further volatility and cost pressures.

DATA DEFINITIONS & METHODOLOGY

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

Total Residential Development Cost (TRDC) is the Total Residential Project Cost minus the cost of land, reserves, and infrastructure. The Commission uses TRDC for purposes of analyzing projects against limits and determining competitive points because TRDC better reflects the costs over which the developer has control. Some developers, for example, may be building on donated land, while others may have paid market price.

Definitions

The following table shows the key data and criteria that have been agreed upon by both the Commission and Commerce for reporting cost data.

Field	Description
General Project Data	
Sponsor	Project Sponsor (the primary developing organization)
Project Name	Project Name
Program Type	4% or 9% Low-Income Housing Tax Credit program
Project Address	Project Address
Project City	Project City
Project County	Project County
Zip	Project Zip
New Construction OR Acquisition/Rehab	New Construction vs. Acquisition/Rehabilitation of an existing building
Total Units	Includes all physical units in the property: <ul style="list-style-type: none"> • Low-Income Housing Units (income- and rent-restricted units); • Common Area Units (which include manager-occupied units and sometimes community areas); and • Market Rate Units (units renting at market rate without income or rent restrictions).
Total Residential Square Feet	Includes all residential areas including common areas and parking; does not include commercial square footage.
Project Cost Data	
Total Residential Project Cost	All costs including land, capitalized reserves, and infrastructure costs associated with the residential budget. All subtotals below are for residential costs.
Land/Acquisition Subtotal	Cost for acquiring land, buildings and any closing costs
Construction Subtotal	Materials, labor, and associated costs of residential construction; any site or infrastructure work; and contingency.

Professional Fees Subtotal	Engineering, architecture, appraisals, market studies, Geotech, topography, environmental reports, legal fees, development consultant, developer fees
Financing Costs Subtotal	Loan fees, interest expenses and insurance
Capitalized Reserves Subtotal	Operating and/or replacement reserves
Other Development Costs Subtotal	Real estate tax, insurance, relocation, bidding costs, permits/fees/hookups, impact mitigation fees, development period utilities, nonprofit donation, accounting audit, marketing leasing expenses, and any carrying costs at rent up reserve
Sources of Financing	
State Housing Trust Fund?	True = The project includes an investment from the Washington State Housing Trust Fund; may also include State HOME funds, National Housing Trust Funds.
State Housing Trust Fund Amount	Amount awarded from the Washington State Housing Trust Fund (through Dept of Commerce); may also include State HOME funds and National Housing Trust Funds allocated through the Dept of Commerce.
Private Equity from LIHTC	Private equity generated from federal Low-Income Housing Tax Credits
Other State Source	Capital appropriations
Federal Source Summary	HUD Choice Neighborhoods, may also include other federal resources, if available direct from the Federal level
Local Source Summary	Housing Authority capital funds, local HOME funds (HUD), local housing levies, other city or county investments
Private Source Summary	Tax exempt private activity bond cap (issued by either Commission or Housing Authority), permanent loans, other federal tax credits, subordinate loans, etc.
Sponsor Source Summary	Deferred developer fee, sponsor loan, sponsor contribution, Net Operating Income (NOI) during lease-up, seller note
“Cost Per” Data	
Cost Per Unit	Total Residential Project Cost divided by Total Units
Cost Per Total Residential Square Footage	Total Residential Project Cost divided by Total Residential Square Feet

Methodology

This report summarizes data from cost certifications submitted to the Commission during the specified reporting period. The analysis describes the characteristics of these projects and notes patterns and trends within the dataset, but it does not support generalizations to projects outside of this reporting period. Year-to-year changes in costs should be interpreted with caution, as they can reflect the mix and timing of projects reaching final certification rather than broader trends in development costs.

2025 REPORT ON LOW-INCOME HOUSING TAX CREDIT PROJECTS

This report summarizes project development cost data from cost certifications received by the Commission during fiscal year 2025 (**July 1, 2024 – June 30, 2025**), provided as Attachment A. The first section provides a broader, multi-year perspective of the last 5 years to highlight patterns in project costs.

Total Projects, Units and Development Costs, 2021–2025

The chart below summarizes development costs using data from cost certifications received during fiscal year 2021–2025 (July 1, 2020 – June 30, 2025). The primary measures reported below are per-unit and per-square-foot Total Development Cost (TDC), defined as the total development cost for a project (including the cost of land) divided by the number of units or the total residential square footage. Observed year-over-year fluctuations primarily reflect the composition of the sample rather than underlying cost trends.

The sample includes approximately 82% of units in properties developed with 4% credits and 18% of units in properties developed with 9% credits placed into service between 2018 and 2024. Projects span Washington state, with more than half of all units located in King County. The overall median per-unit TDC in this sample was \$321,967, meaning half of the units had per-unit costs below this level and half had costs above it.

The sample does not adjust for differences in location, developer type, or project characteristics, all of which can influence costs. Therefore, these results should not be used to draw inferences about statewide or long-term development cost trends.

Fiscal Year	Total Projects	Median Units Per Project	Median Cost Per Unit	Median Cost Per Residential Square Foot
July 2024 – June 2025	36	105	\$406,303	\$448
July 2023 – June 2024	45	121	\$330,222	\$363
July 2022 – June 2023	31	80	\$300,977	\$384
July 2021 – June 2022	32	99	\$316,097	\$392
July 2020 – June 2021	33	95	\$262,331	\$284

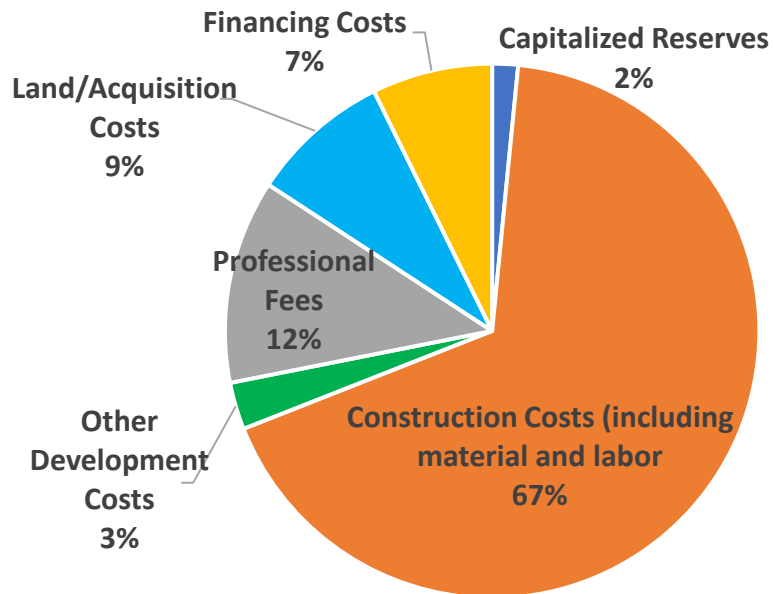
Costs by County and Construction Type – FY 2025

New Construction:		
County	Median Cost Per Unit	Median Cost Per Residential Square Foot
Clark	\$361,221	\$445
Franklin	\$295,373	\$391
King	\$404,287	\$488
Seattle	\$391,931	\$488
Balance of King	\$425,745	\$502
Kitsap	\$474,140	\$729
Klickitat	\$500,389	\$352
Pierce	\$493,720	\$564
Skagit	\$317,708	\$526
Snohomish	\$418,738	\$484
Spokane	\$364,517	\$291
Whatcom	\$456,405	\$424
Yakima	\$314,296	\$434
Median of All New Const:	\$413,776	\$451

Acquisition/Rehab:		
County	Median Cost Per Unit	Median Cost Per Residential Square Foot
King (All)	\$353,949	\$413
Yakima	\$204,511	\$306
Median of All Acq/Rehab:	\$307,625	\$368

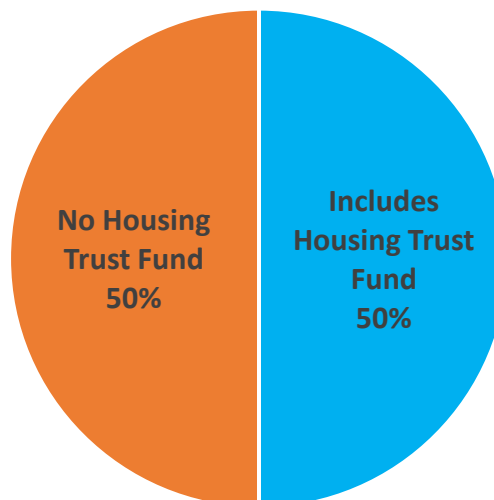
Source of Project Costs – FY 2025

Construction costs, including labor and materials, are the major cost drivers of affordable housing projects. *Project cost categories are defined above in the Data Definitions Table.*



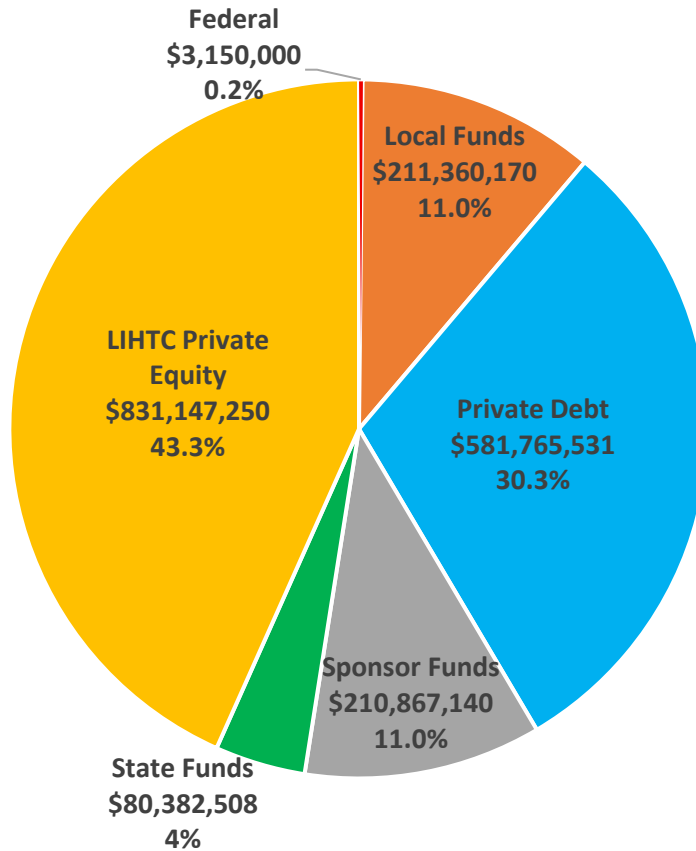
State Housing Trust Fund Involvement – FY 2025

How many 2024-25 projects include funding from the Washington State Housing Trust Fund?



Funding Sources in LIHTC Projects – FY 2025

Note: Private debt includes tax-exempt bonds issued by the Commission or by the local housing authority.



*The State Funds category is mainly made up of State Housing Trust Fund, in addition to State HOME and CHIP funds.

Attachment A: Full List of Fiscal Year 2024-25 Low-Income Housing Tax Credit Projects in this Dataset

ATTACHMENT A: Full List of 2024-25 LIHTC Projects

Project Name	Housing Trust Fund?	City	County	New Construction OR Acquisition/Rehab	Total Units	Cost per Unit	Cost per Total Project Residential Square Foot	Population Served
Baker Heights Legacy Apartments	Yes	Everett	Snohomish	New Construction	105	\$ 418,738	\$484	General
CHS Shoreline	Yes	Shoreline	King	New Construction	100	\$ 345,126	\$524	Homeless
DESC Burien	Yes	Burien	King	New Construction	95	\$ 412,332	\$655	Homeless
DESC Greenlake	No	Seattle	King	New Construction	124	\$ 501,371	\$1,228	Homeless
Elizabeth Thomas Homes	Yes	Seattle	King	New Construction	119	\$ 383,679	\$451	Disabled/Large Household
Englewood Gardens	Yes	Yakima	Yakima	Acquisition/Rehab	257	\$ 204,511	\$306	Elderly
Four Corners	No	Everett	Snohomish	New Construction	430	\$ 389,261	\$335	Disabled/Large Household
Fourth Plain Commons	Yes	Vancouver	Clark	New Construction	106	\$ 361,221	\$445	General
Fruitvale Housing	Yes	Yakima	Yakima	New Construction	54	\$ 314,296	\$434	Homeless
Grata at Totem Lake 4%	No	Kirkland	King	New Construction	125	\$ 592,533	\$608	Disabled/Large Household
Highland Village Phase II	Yes	Airway Heights	Spokane	New Construction	51	\$ 413,776	\$278	Disabled/Large Household
Housing Hilltop	No	Tacoma	Pierce	New Construction	231	\$ 490,782	\$434	Large Household
Jefferson Terrace Rehabilitation	No	Seattle	King	Acquisition/Rehab	283	\$ 307,625	\$368	General
KWA 15TH & Tacoma	Yes	Tacoma	Pierce	New Construction	88	\$ 496,658	\$694	Elderly
Lam Bow Apartments	No	Seattle	King	New Construction	82	\$ 521,743	\$487	Large Household
Laurel and Forest	Yes	Bellingham	Whatcom	New Construction	56	\$ 455,223	\$423	Disabled/Elderly
MADISON/BOYLSTON 9%	Yes	Seattle	King	New Construction	115	\$ 374,476	\$233	Homeless
Millworks Family Housing	Yes	Bellingham	Whatcom	New Construction	83	\$ 457,587	\$462	Large Household
Mother Teresa Haven	No	Spokane	Spokane	New Construction	48	\$ 315,258	\$304	Homeless
Nesbit Family Housing	Yes	Seattle	King	New Construction	104	\$ 387,619	\$504	Disabled
Ovation at Meeker Apartments	No	Kent	King	New Construction	218	\$ 301,501	\$362	Disabled/Elderly
Pasco Haven	Yes	Pasco	Franklin	New Construction	60	\$ 295,373	\$391	Homeless
Polaris at Eastgate 4%	No	Bellevue	King	New Construction	360	\$ 385,644	\$479	Disabled/Large Household
Polaris at Lake City	No	Seattle	King	New Construction	260	\$ 341,070	\$446	Disabled/Large Household
Redondo Heights TOD Phase I (Rehab)	Yes	Federal Way	King	Acquisition/Rehab	132	\$ 400,274	\$458	Disabled/Large Household
Rose Street II	No	Seattle	King	New Construction	182	\$ 504,159	\$490	Disabled/Large Household
Sacred Medicine House	Yes	Seattle	King	New Construction	120	\$ 396,242	\$757	Homeless
Samish Way Family Housing LLLP	No	Bellingham	Whatcom	New Construction	49	\$ 524,997	\$426	General
Samish Way Senior Housing LLLP	Yes	Bellingham	Whatcom	New Construction	53	\$ 395,808	\$355	Disabled/Elderly
Skagit County Permanent Supportive Housing	Yes	Mount Vernon	Skagit	New Construction	70	\$ 317,708	\$526	Homeless
Solera Apartments	No	Renton	King	New Construction	275	\$ 477,890	\$267	Disabled/Large Household
Sunset Gardens	No	Renton	King	New Construction	76	\$ 673,094	\$1,105	Elderly
TC 8 Wishram	Yes	Wishram	Klickitat	New Construction	46	\$ 500,389	\$352	Homeless
Twin Lakes Landing II	Yes	Marysville	Snohomish	New Construction	60	\$ 534,949	\$570	Homeless
Warrior Ridge Supportive Housing Project	Yes	Kingston	Kitsap	New Construction	29	\$ 474,140	\$729	Homeless
Watershed Renton	No	Renton	King	New Construction	145	\$ 439,158	\$437	Disabled/Large Household