CITY OF Vancouver WASHINGTON

Anne McEnerny-Ogle, Mayor
Bart Hansen · Ty Stober · Linda Glover
Laurie Lebowsky · Erik Paulsen · Sarah J. Fox

February 1, 2021 -

Vancouver City Council Meeting Minutes

WORKSHOPS

Workshops were conducted remotely over video conference utilizing a GoToMeeting platform. Members of the public were invited to view the meeting via the live broadcast on www.cvtv.org and CVTV cable channels 23 or HD 323, or on the City' s Facebook page, www.facebook.com/VancouverUS, or listen via the GoToMeeting conference call.

4:30-5:00 p.m. Chapter 13.04 VMC Amendments - City Cemetery Code

Bill Bjerke, Operations Superintendent, 360-487-8245; Dan Lloyd, Assistant City Attorney, 360-487-8500

Summary
Staff provided Council with an overview of proposed amendments to the City's cemetery code, to be considered for action at an upcoming Council meeting.

5:00-6:00 p.m. Affordable Housing Fund Program Update

Peggy Sheehan, Community Development Programs Manager, 360-487-7952

Summary
Staff provided Council with an update on the status of the Affordable Housing Fund program and proposed potential changes to the program in the future.

REGULAR COUNCIL MEETING

This meeting was conducted remotely over video conference utilizing a GoToMeeting platform. Members of the public were invited to view the meeting via the live broadcast on www.cvtv.org and CVTV cable channels 23 or HD 323, or on the City's Facebook page, www.facebook.com/VancouverUS. Public access and testimony on Consent Agenda and Public Hearing items were also facilitated via the GoToMeeting conference call.

Call to Order and Roll Call

The regular meeting of the Vancouver City Council was called to order at 6:30 p.m. by Mayor McEnerny-Ogle. This meeting was conducted remotely over video conference.

Present:	Councilmembers Fox, Paulsen, Lebowsky, Glover, Stober, Hansen, Mayor McEnerny-Ogle
Absent:	None

Also present on the call were the following: Eric Holmes, City Manager; Jonathan Young, City Attorney; Amanda Delapena, Assistant to the City Council; Brian Carlson, Interim Deputy City Manager; Patrick Gilbride, IT Director; Michelle Henry, Senior Civil Engineer; Rebecca Kennedy, Long Range Planning Manager; Aaron Lande, Program and Policy Manager; Ryan Lopossa, Streets and Transportation Manager; Jason Nortz, Development Review Manager; Cara Rene, Communications Director; Bryan Snodgrass, Principal Planner; and members of the public.

Approval of Minutes

Minutes - January 11, 2021

Motion by Councilmember Stober, seconded by Councilmember Glover, and carried unanimously to approve the meeting minutes of January 11, 2021.

Citizen Communication (Items 1-7)

Mayor McEnerny-Ogle opened Citizen Communication and received the following testimony:

- Jamie Howsley, representing the applicant for Item 5, stated he was available to answer any Council questions and noted the Council had approved similar requests for other projects in December.

There being no further testimony, Mayor McEnerny-Ogle closed Citizen Communication.

Consent Agenda (Items 1-7)

Council requested Item 5 be pulled for separate discussion, as summarized below.

Councilmember Stober noted that requests to adjust the Evergreen school impact fees have come up a couple of times now and asked staff when the Council would be discussing the policy issue of impact fee vesting. Jason Nortz, Development Review Manager, stated the Planning Commission would be discussing the issue in late February and throughout March, and staff is targeting late April and early May to bring the matter back before Council.

Motion by Councilmember Stober, seconded by Councilmember Lebowsky, and carried unanimously to approve the Consent Agenda.

1. Award of bid for the Daniels (27th St - 34th St) Water Main Replacement (ITB 21-03)

Staff Report 018-21

Summary

This project will install approximately 2,300 feet of 8-inch water main to replace aging 4-inch steel pipe systems in Daniels Street from West 27th Street to West 34th Street. The existing pipes are 100 years old, and have a maintenance history which indicates they are in need of replacement. Replacement will improve the pipeline integrity, reliability, and increase fire flow. Pavement restoration will be completed to restore the roadway where utility work occurs.

On January 11, 2021, the City received ten bids for the subject project. The bids ranged between $357,369.86 and $456,543.79. The low bidder was responsive. The bids are as follows:

SUMMARY OF BIDS ***BIDDER***	***AMOUNT***
Halme Excavating, Inc., Battle Ground, WA	*$357,369.86*
Civilworks NW, Inc., Vancouver, WA	*$389,603.76*
Odyssey Contracting. Yacolt, WA	*$396,871.43*
Nutter Corporation, Vancouver, WA	*$397,060.22*
Tapani, Inc. Battle Ground, WA	*$398,551.13*
CatWorks, LLC, Vancouver, WA	*$401,168.28*
Advanced Excav Spec, LLC, Longview, WA	*$422,246.68*

Rotschy, Inc., Vancouver, WA	*$436,632.63*
Folden Construction, Vancouver, WA	*$456,543.79*
Carlson Testing	*Non-responsive*
Engineer's Estimate	*$410,000.00*

Halme Excavating, Incorporated of Battle Ground, Washington, is the lowest responsive and responsible bidder, and has successfully completed utility construction projects of this magnitude during the last three years.

Request: On February 1, 2021, award a construction contract for the Daniels St (W 27th St – 34th St) Water Main Replacement project to the lowest responsive and responsible bidder, Halme Excavating, Inc. of Battle Ground, Washington, at their bid price of $357,369.86, which includes Washington State sales tax; authorize the City Manager or designee to execute the same; and authorize the City Manager to approve any legal action necessary to enforce the terms of the same.

Michelle Henry, Senior Civil Engineer, 360-487-7155

Motion approved the request.

2. **Interlocal Agreement with C-TRAN regarding Mill Plain Bus Rapid Transit Fiber Optics**

Staff Report 019-21

Summary

C-TRAN is currently advancing a project to construct a new BRT line along Mill Plain Blvd that will provide service between downtown Vancouver (Turtle Place) and a new transit center to be located near SE 184th Avenue and Mill Plain Blvd within the Columbia Tech Center complex.

The BRT system relies on fiber optic cable to maintain communications with the BRT stations along the corridor. The City currently maintains a fiber optic system along the BRT corridor but it does not have sufficient capacity for C-TRAN's needs.

Pursuant to the Intergovernmental Agreement, C-TRAN will replace the existing fiber optic cable with a new 144-strand cable system. C-TRAN will be provided access to 48 strands of fiber optic cable with the remaining 96 strands to be used by the City and its partnering agencies including WSDOT and Clark County. The City will maintain ownership of the entire fiber optic system.

Request: Authorize the City Manager to execute the Intergovernmental

Agreement with C-TRAN for the Mill Plain BRT Fiber Optic Project.

Ryan Lopossa, Streets and Transportation Manager, 360-487-7706

Motion approved the request.

3. **Interlocal Agreement with C-TRAN regarding Mill Plain Bus Rapid Transit Stations**

Staff Report 020-21

Summary

C-TRAN is currently advancing a project to construct a new BRT line along Mill Plain Blvd that will provide service between downtown Vancouver (Turtle Place) and a new transit center to be located near SE 184th Avenue and Mill Plain Blvd within the Columbia Tech Center complex.

The BRT system includes 37 stations where riders can gain access to the BRT line. The stations include weather protection, seating, pay stations, and real-time information that informs riders as to when they can expect the arrival of the next BRT vehicle. The stations will be located entirely within existing and/or new City street right-of-way.

Request: Authorize the City Manager to execute the Intergovernmental Agreement with C-TRAN for the Mill Plain BRT Stations.

Ryan Lopossa, Streets and Transportation Manager, 360-487-7706

Motion approved the request.

4. **Interlocal Agreement with C-TRAN regarding Mill Plain Bus Rapid Transit Signal Priority**

Staff Report 021-21

Summary

C-TRAN is currently advancing a project to construct a new BRT line along Mill Plain Blvd that will provide service between downtown Vancouver (Turtle Place) and a new transit center to be located near SE 184th Avenue and Mill Plain Blvd within the Columbia Tech Center complex.

Transit Signal Priority (TSP) is a feature that allows a transit vehicle to have *signal priority during periods of heavy traffic volume. This enables the transit vehicle to stay on schedule, even during peak hour volumes. Many of the existing signals along the BRT corridor are equipped with TSP integration.*

Pursuant to the Intergovernmental Agreement, C-TRAN will add TSP integration to 13 additional traffic signals along the BRT corridor. C-TRAN will pay for the TSP equipment and the cost to integrate the equipment into the City's traffic signal system. C-TRAN will also reimburse the City for ongoing maintenance of the TSP system. the TSP hardware will become the property of C-TRAN whereas the remainder of the traffic signal system will remain the property of the City.

Request: Authorize the City Manager to execute the Intergovernmental Agreement with C-TRAN for the Mill Plain BRT TSP system.

Ryan Lopossa, Streets and Transportation Manager, 360-487-7706

Motion approved the request.

5. **Adjustment to Evergreen School District Impact Fees - Four Seasons Apartments Phase II**

Staff Report 022-21

A RESOLUTION approving the reduction of school impact fees (SIF) for the Four Seasons Phase II Apartment Project pursuant to Vancouver Municipal Code Section 20.915.020(C).

Summary
The City's impact fee program requires school districts to prepare and adopt CFPs meeting the specifications of the Growth Management Act (GMA) and City ordinances. Impact fees are calculated in accordance with the local jurisdiction's formula, which is based on projected school facility costs necessitated by new growth contained in the District's CFP. The formula allocates a portion of the cost for new facilities to the single family and multi-family house that create the demand (or need) based on a student factor, or the average number of students who live in new single family and multi-family homes. The formula also provides a credit for state match and Bond Proceeds (or property taxes).

In December 2019 the City Council adopted the Evergreen Public Schools Capital Facilities Plan 2019-2025 as part of the annual Comprehensive Plan and zoning map corrections, and text changes. The current SIF is listed on page 14 in the attached Evergreen School District Capital

Facilities Plan and is reflected within VMC Table 20.915.060-1 School District Impact Fees. The SIF for multi-family development decreased by approximately 50% per multi-family unit from $7,641 to $3,753 and the SIF for single family developments increased by approximately 5% per single family unit from $6,100 to $6,432.

Importantly, while the City Council establishes the school impact fees by ordinance, it merely collects such fees from developers on behalf of the school districts.

The City recently received a request from an approved multi-family project to reduce the impact fee amount that was assessed under the previous Evergreen Public Schools CFP. The project details are shown below:

1. Four Seasons Apartments Phase II - 92 unit development located at 11211 NE 20th St.

Although 92 units comprise the total unit count for the project, the developer submitted their request to reduce the impact fee amount on December 11, 2020, after which time 10 units had already been paid for and the associated building permits issued. It is the City's position that because the building permits for these units have been issued and the impact fees remitted to the school district these units should not be included with this request. Staff recommends approval of the new, lower fee for 82 units only.

There has also been discussion centering around single family units that are part of developments that include both multi-family and single family development. The City has received feedback from the Evergreen School District (the District) in regard to this matter. The District believes that if the City moves forward with the request to reduce the SIF associated with this and other future developments that the adjustment should be applied to all the units of a project not just reduced multi-family fee. The Four Seasons Apartments Phase II project includes only multi-family units.

Per VMC 20.915.020.C, the impact fee for new multi-family development is calculated at the time of site plan approval and due and payable at time of building permit issuance. The project noted above received site plan approval on March 12, 2019, prior to the current Evergreen Public Schools CFP being adopted. The development subsequently applied for building permits in 2020. As a result, the project would be required to pay the older Evergreen SIF of $7,641/unit that was in place at the time of site plan approval.

VMC 20.915.070.C further allows the development approval authority setting the impact fee, upon application by the developer, to reduce or eliminate such fee if it is shown that the formulae contained in Sections VMC 20.915.060 School Impact Fees does not accurately reflect traffic, *park, or school impacts, respectively. The City Council is the authority that sets the impact fees.*

The proponent of the development is requesting that City Council reduce their SIF to the 2020 impact fee amount reflected in the current Evergreen Public Schools CFP because it is their position that the 2020 impact fee amount most accurately reflects that cost of the public school facility impacts.

In addition to the feedback noted above from the District, it is the District's position that the three requests that have been received to date should not be viewed as merely a request to recalculate impact fees. These requests suggest a change in the City's municipal code regarding the timing of calculating and collecting impact fees. The District would support a policy change to bring impact fee assessment and collection closer together. The City will be pursuing possible code amendments in the coming months. City staff including Parks, Transportation and CED will be discussing this issue during an upcoming Planning Commission workshop on February 23, 2021. Staff will also be engaging affected stakeholders prior to the Planning Commission meeting. The goal is to have this item back before the City Council for discussion in late April/early May.

Request: Adopt a resolution approving the request to reduce the impact fee to the current 2021 Evergreen Public School impact fee for the Four Seasons Apartment Phase II project.

Jason Nortz, Development Review Manager, 360-487-7844

Motion adopted Resolution M-4119 to approve the request.

6. Appointment to the City Center Redevelopment Authority

Summary

The City Center Redevelopment Authority (CCRA) is appointed by City Council to oversee downtown redevelopment consistent with the Vancouver City Center Vision (VCCV) Plan. The board advises the mayor and city council on public-private partnerships, public assistance to private developments, and the business aspects of redevelopment projects and agreements in downtown Vancouver.

Committee 2 recently interviewed three candidates for one upcoming vacancy on the CCRA and recommends the appointment of Michi Slick. Her appointment would begin immediately and expire December 31, 2024.

Request: Appoint Michi Slick to the City Center Redevelopment

Authority, term beginning immediately and expiring December 31, 2024.

Council Committee 2

Motion approved the request.

7. **Approval of Claim Vouchers**

Request: Approve claim vouchers for February 1, 2021.

Motion approve claim vouchers for February 1, 2021, in the amount of $6,692,103.08.

Public Hearings (Item 8)

8. **Proposed Comprehensive Plan and Zoning map designation change - Gregory Landing**

Staff Report 003-21

AN ORDINANCE relating to Comprehensive Plan and Zoning for the City of Vancouver and Vancouver Municipal Code (VMC) Title 20; amending Vancouver Comprehensive Plan and zoning map designations for property at 7401 NE 18th Street, tax lot 29378002; providing for severability; and establishing an effective date.

Summary

The applicant indicates that development of a 48-unit townhome development will be proposed if the map designation change is approved, consisting of 3-4 bedroom units. In 2019, prior to the rezone application, the applicant obtained preliminary approval for a 125-unit mixed use market rate apartment building.

The Planning Commission unanimously recommended approval at an October 27 public hearing, finding that the applicant's market study (see page 13 of hearing staff report) demonstrated there is sufficient existing commercial development and undeveloped commercial land in the surrounding area, and the proposed change would allow for likely future development of attached 3-4 bedroom townhomes which would expand rental opportunities for families in the area. One person testified at the Planning Commission hearing requesting more information about community benefits and how to ensure they are realized by future development that occurs following zone changes.

As noted previously, citywide there were 533 acres of vacant or underutilized commercially zoned land in 2018 according to the most recent Clark County modeling data available here, along with 1,192 acres of vacant or underutilized residential land. Local rezoning history was also considered by the Planning Commission in their review of this proposal, with data showing a recent trend towards proposed conversions of employment land to residential, but, with the exception of this year's Vancouver Innovation Center (VIC) proposal, in amounts that were small relative to available land supplies even when considered in the aggregate.

The following additional information has been gathered by staff:

- *There are currently 1.26 jobs per dwelling unit in the City of Vancouver, with unincorporated Clark County and the small cities all registering less than one job per household. See Attachment A. Historically employment has tended to concentrate somewhat more closely near a metropolitan region's core than population. King County data also included in Attachment A indicates the strength of that region's economy, as well as the impacts of relatively newer suburban job growth. Most of the King County jurisdictions have higher jobs-to-housing ratios than Vancouver, with some of the suburban cities also well ahead of Seattle.*

- *Both jobs and housing are needed in healthy communities. Higher levels of jobs to housing are generally associated with better fiscal and economic health, and lesser transportation impacts with fewer long work commutes outside the jurisdiction. More jobs and fewer housing units can have negative impacts on housing accessibility and affordability. Neither Vancouver's Comprehensive Plan nor CREDC's Clark County Comprehensive Economic Development Plan proscribe a specific jobs-to-housing target ratio.*

- *Immediately available studies on jobs-to-housing balance focus on the transportation rather than economic and fiscal implications, and in that context some suggest ratios in the range of 1.3 to 1.5 jobs per housing unit generally represent balance, depending heavily on local circumstances. See here and here.*

Fully estimating whether Vancouver has adequate land supplies and policies to meet future economic needs requires a more thorough analysis, which will be incorporated in the next full Comprehensive Plan update scheduled to begin in 2022 and be completed by 2025.

Complicating the issue is the need to assess future implications of the pandemic, the sharing economy, e-commerce and new transportation technology, among other trends evident since the current Comprehensive

Plan was adopted in 2011.

City criteria for evaluating the proposed rezone call for comparison of likely development under the existing and proposed designations. If the current CC zoning is maintained, it is unknown whether the property would develop for commercial and residential mixed use as proposed by the applicant in 2019, or commercial only. If R-22 zoning is established, it is likely but not certain to develop as attached 3-4 bedroom townhomes. The relative citywide prevalence or scarcity of 3-bedroom rental units was also considered by the Council as part of the recent 112th Avenue rezone, with relevant information available here.

Request: On Monday, February 1, 2021, subject to second reading and public hearing, approve the ordinance.

Bryan Snodgrass, Principal Planner, 360-487-7946

Mayor McEnerny-Ogle read the title of the ordinance into the record.

Bryan Snodgrass, Principal Planner, provided an overview and background of the proposed map amendment.

Mayor McEnerny-Ogle opened the public hearing and received the following testimony:

- Glen Yung, Vancouver, spoke in support of the request, but stated the City needs a more comprehensive and real-time understanding of the development landscape in Vancouver.

- Eric Hovee, Vancouver, stated he had completed a market analysis (attached) on behalf of the applicant and concluded the proposed rezone will not adversely impact the economic opportunities in the area, as the need for retail space has been decreasing and even more so due to the pandemic. He stated this area is already well served by retail services, and other vacant or partially vacant spaces are still available.

- Steve Horenstein, representing the applicant, thanked the Council for bringing this matter to public hearing, and summarized the legal policy and code analysis he had submitted to the Council in a memorandum (attached). He noted this developer is community based and has been contributing to the local housing stock, stating this request is not a case of giving up commercial space for residential, but choosing which type of residential housing is allowed.

There being no further testimony, Mayor McEnerny-Ogle closed the public hearing.

Councilmember Fox asked if there is a reason the project is being proposed as rental housing rather than homeownership. Mr. Horenstein stated it is primarily because it is less expensive for a tenant to get into and rent a four-bedroom unit than to buy one. Councilmember Fox asked what kind of guarantees would be included to ensure the project continues to move forward as rental units. Mr. Horenstein stated the pre-application had been submitted but the project cannot move forward without Council approval of the rezone request. He stated the developer has decided this is the best project for the market, and there is not much doubt they will build it, as they have committed to the expense of taking the project through the Comprehensive Plan review process.

Councilmember Paulsen stated his concern from the beginning of this annual review process has been the broader issue of the available land for jobs versus housing in the city. He stated this particular project is not concerning, but the Growth Management Act (GMA) calls for local jurisdictions to take all rezone requests at once in order to consider the big picture. He stated the City needs a broader lens and to set goals pertaining to the jobs-housing land balance. He stated he would support this particular project, but requested the City and Council take a broader look at land inventory sooner than 2022-2025 when the Comprehensive Plan will be reviewed.

Councilmember Stober agreed with Councilmember Paulsen, and also expressed frustration that the Comprehensive Plan is a point-in-time snapshot, rather than a living document that can change as the development landscape changes. He asked staff to think about how the Comprehensive Plan could be more adaptable rather than being relevant only at the time it is reviewed and amended.

Motion by Councilmember Hansen, seconded by Councilmember Glover, and carried unanimously to approve Ordinance M-4328.

Communications

A. From the Council

B. From the Mayor

a. Interstate Bridge Replacement Program - Executive Steering Group Update

Aaron Lande, Program and Policy Manager, and Rebecca Kennedy, Long Range Planning Manager, provided Council with an update and summary of the most recent meeting of the Interstate Bridge Replacement Program Executive Steering Group.

C. From the City Manager

Adjournment

7:19 p.m.

DocuSigned by:
Anne McEnerny-Ogle
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Anne McEnerny-Ogle, Mayor

Attest:

DocuSigned by:
Natasha Ramras
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Natasha Ramras, City Clerk

Meetings of the Vancouver City Council are electronically recorded on audio and video. The audio files are kept on file in the office of the City Clerk for a period of six years.

E. D. Hovee
& Company, LLC

Economic and Development Services

MEMORANDUM

To:	Phil Wuest – General Counsel Ginn Group, LLC
From:	Eric Hovee
Subject:	Gregory Townhome Apartment Market Update
Date:	January 20, 2021

As part of the City of Vancouver's 2020 Annual Review process, Ginn Group, LLC has proposed a comprehensive plan and zone map designation change for a 2.67 acre parcel situated at 7401 NE 18th Street in Vancouver from Commercial/CC to Urban High Density/R-22. The site is already fully entitled for a 130-unit apartment building, including 5 live-work units under the City's mixed-use provisions of the commercial code.

The comprehensive plan and zone change initially contemplated a 39-unit attached single-family residential unit development at a net density of 18.1 units per acre. Due to rapidly changing market, site planning and financing dynamics including the COVID pandemic, the applicant, if successful with the designation modification request, has modified its approach and now desires to build 50 four-bedroom workforce-forward townhome apartments. This revised layout has been through a City pre-application conference.

Subsequent to an initial market evaluation of July 6, 2020, Ginn has again retained the economic and development consulting firm E. D. Hovee & Company, LLC to update the prior market analysis, focused on addressing **three questions:**

- Will the proposed land use redesignation adversely affect commercial development opportunities either nearby or city-wide?
- What is the market opportunity for 4-bedroom rental housing? And why is it important?
- Consistent with economic change underway, what subsequent steps might the City consider with the upcoming update of its Comprehensive Plan, especially with regard to the Fourth Plain Corridor?

This market update starts by briefly reviewing the site context for the Gregory Townhome project. This is then followed by analysis addressing each of the three above questions, in turn.[1]

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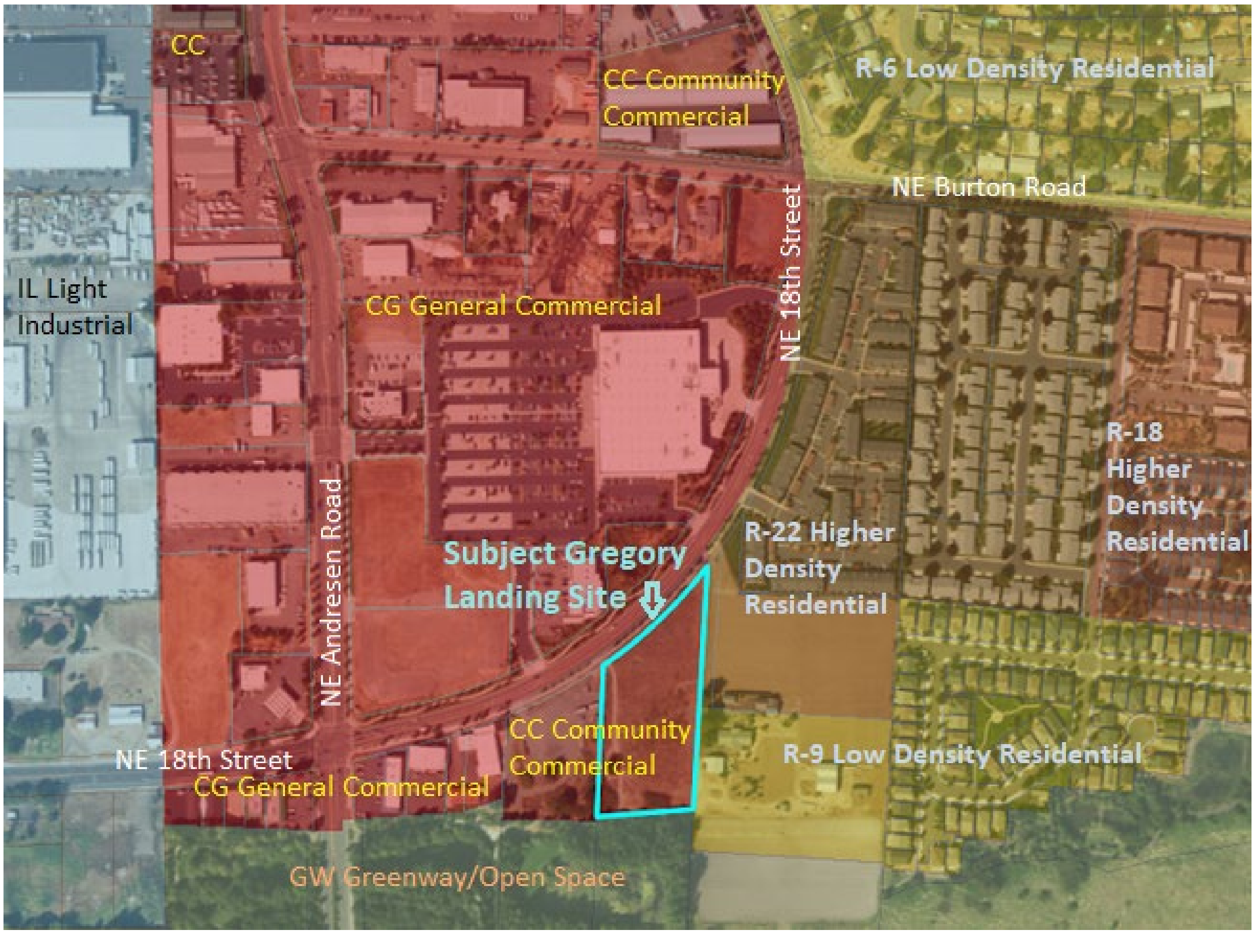
(360) 696-9870 • www.edhovee.com

SITE DESCRIPTION

As illustrated by the map shown below, the subject 2.67 acre Gregory Landing townhome apartment site is situated on NE 18th Street, just east of NE Andresen Road – as the street curves up behind a WinCo Foods grocery to the current connection with NE Burton Road.

Site Location & Current Zoning



Source: Clark County GIS and Ginn Group.

As noted in the earlier July report, the subject site zoned CC Community Commercial adjoins CG General Commercial property on the north side of NE 18th Street. The subject property is also proximate to residential sites zoned for R-22 Higher Density Residential and R-9 Low Density Residential sites immediately east, and by GW Greenway/Open Space zoned land to the south.

Nearby uses include a smaller multi-tenant occupied and vacant retail development plus a large WinCo Foods store on the north side of NE 18th Street, vacant land both immediately east and west, a Glacier Dessert shop, U.S. Testing Equipment facility and Domino's Pizza store further west, and the R-22 zoned Addison Apartments to the northeast. There are also several vacant commercially zoned sites in the immediate vicinity, discussed later in this report.

EFFECT OF CONVERSION ON COMMERCIAL OPPORTUNITY

Consistent with earlier analysis as conducted by E. D. Hovee for the Ginn Group in July 2020, the market for Community Commercial (CC) related development of the subject site is:

> ….extremely limited now and for the reasonably foreseeable future due to shrinking demand for *brick-and-mortar* commercial space leading up to and now exacerbated by the current pandemic and economic recession. There also are nearby vacant commercial sites that will be more market viable if and when demand for new commercial space materializes.[2]

This prior analysis of ½ year ago is further reinforced by the subsequent experience of recent months, with key observations for retail and office demand summarized as follows.

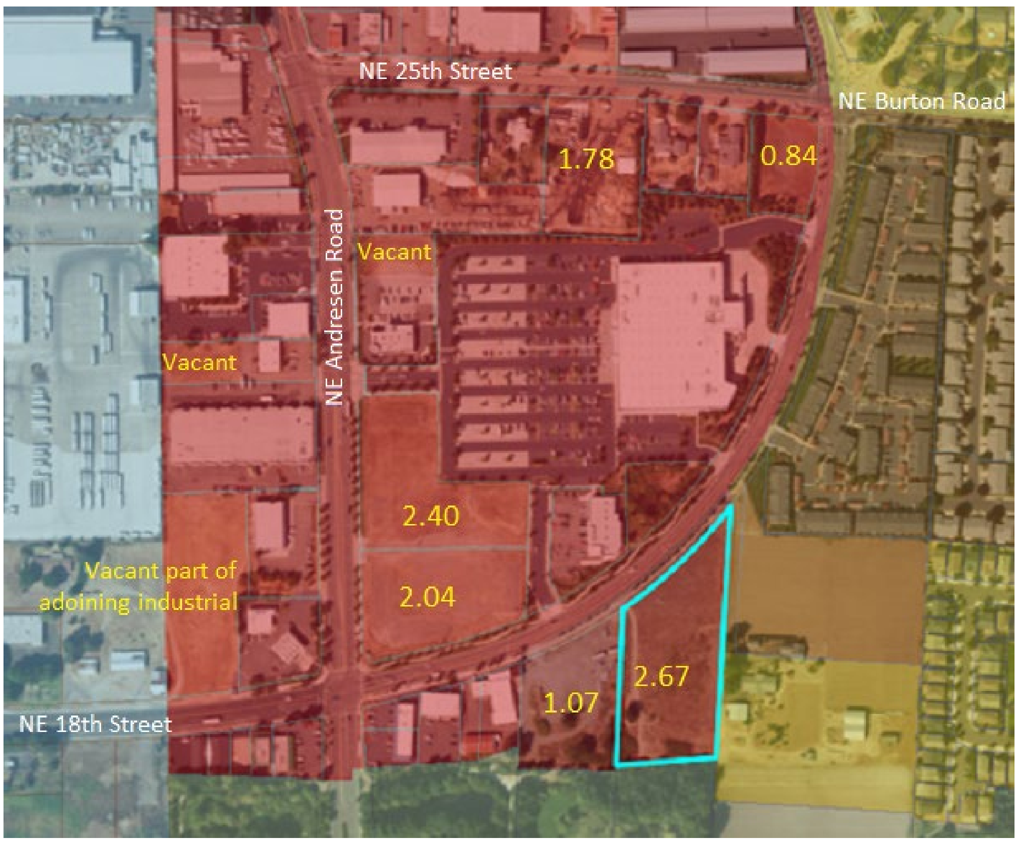
Retail Demand

Development of the CC-zoned area in which the Gregory site is located has been predominantly for retail and consumer service-related businesses. These uses are the primary focus to assess further commercial development potential going forward. Our assessment has been that re-designation of the subject site from CC to R-22 Higher Density Residential is unlikely to affect commercial development opportunities either nearby or city-wide for several reasons:

- Nationally and regionally, *brick-and-mortar* **retail-related demand has been waning** due to the incursion of e-commerce prior to 2020. This shift has continued and intensified with the pandemic and economic downturn. There are retail types that have benefitted through the pandemic, notably well-capitalized, tech-savvy, and large format stores (as with grocery, discount merchandise and home improvement goods) – all of which tend to require sites much larger than the 2.67 acre subject property.
- Smaller **independent retail has borne the brunt of economic dislocation** – particularly restaurants and experience-based venues. For example, through the 2nd quarter of this year, 25% of small businesses located in multi- tenant centers were not keeping up with lease payments while collections were close to 90% for larger essential retailers more often situated in stand-alone locations.[3]
- Regionally, **retail demand for the Portland-Vancouver metro area continues on a downward trajectory.** Even before the pandemic, as of late 2019, the metro region had less retail space inventory than two years previously. The pace of negative space absorption has continued through 2020. In just this initial ½ year period since economic effects of the pandemic were first experienced, vacant retail space regionally has increased by over 500,000 square feet.[4]
- **More retail vacancies** can be expected going forward, especially for businesses affected by continuing operating restrictions and/or as existing leases come up for renewal. The more viable business tenants are also gravitating to higher trafficked sites and away from more marginal and lesser trafficked or less visible locations.

- Even though Clark County continues to experience considerable sales leakage to Oregon, the nearby Vancouver Mall/Andresen area remains the most highly retailed area in Clark County with little evidence of further reductions in county-wide retail sales leakage. **Local residents experience the best opportunity for access to stores and services of any location in the county.** County-wide, the inventory of retail space has remained largely unchanged in the last several years. New development has been essentially offset by removal of older or poorly located space from the market.[5]
- As documented by the earlier July 2020 analysis, a review of vacant sites within the immediate vicinity surrounding the subject Gregory property indicates that there are ample and better sites for added commercial use in the future if demand warrants. As illustrated by the following map, six CC and GC zoned and completely vacant parcels within the immediate vicinity comprise a total **10.8 acres of undeveloped property**.

Vacant Commercial Parcels & Associated Acres



Sources: Sources: Clark County GIS per E. D. Hovee memorandum *Market Evaluation – Gregory Landing Residential Plan/Zone Change,* July 6, 2020. Acreages of vacant commercial parcels are shown in yellow. Subject Gregory Landing site is outlined in blue.

- **Another three sites are partially vacant.** One is the commercial portion of a larger industrial tax parcel, a second is situated on a vacant portion of a site partially occupied by Starbucks and Subway stores, and the third is the partially vacant portion of a site – the front part of which is occupied by a NAPA auto parts store.

- Finally, vacant land sites with direct frontage on NE Andresen and NE 25th Street are associated with land values about double those of sites situated away from the main traffic corridors on the curve of NE 18th (as with the subject property). If and when demand for commercial space construction re-surfaces, the **subject site is likely to be one of the last to be benefitted due to the presence of higher visibility and more commercially viable vacant land parcels with more direct access and visibility to the Andresen travel corridor.**

Office Demand

While the CC-zoned area that encompasses the Gregory site has been predominantly focused on retail and related service business, the question could be raised as to whether and under what conditions the subject property might be viable for office development. The answer appears to be no, both for reasons of **inadequate demand and limited site suitability.** As reported by the commercial real estate firm Jones Lang LaSalle Americas, Inc (JLL) in analysis conducted in late 2020 for the City of Vancouver:

> The COVID-19 Pandemic has stunted growth and leasing volume for suburban and flex office space throughout the Portland Metropolitan area..… absorption has been minimal to negative since 2015. What's more, suburban office rents have not kept pace with construction costs, eliminating the potential for speculative office development in the suburbs as developers struggle to make their projects 'pencil'.[6]

A related factor of significance is that for much of America and Vancouver, the **office of the future for much of the workforce more of the time will be from the home** rather than the traditional office building workplace. This can be expected to significantly dampen office demand for at least the near-term future.

If and when office demand strengthens, the subject site is not likely to be a strong contender as an office location. This is because office investments are typically made in proximity to other surrounding concentrations of office activity. **The Andresen area does not have this existing critical mass of office employment** as a base from which to attract other complementary office investment in the future. However, the proposed 50-unit townhome development can serve to support the objective of increased workforce capacity, a topic to which this report now turns.

Market Opportunity for 4-Bedroom Rental Housing

With 4-bedroom townhomes, Ginn Group is proposing a rental apartment product that is relatively unknown both locally and nationally. However, this concept can be expected to become more mainstream as a result of the pandemic and economic downturn, persisting longer term as the *new, new normal* unfolds.

Market Context

As a leading source of apartment data for the Portland-Vancouver metro region, Multifamily NW has tracked market changes from Spring to Fall 2020. Two submarkets are tracked in Clark County – West Vancouver (essentially situated west and south of I-205) and East Vancouver (north and east of I-205). While the subject Ginn property is located in West Vancouver, it is situated near and also shares some characteristics of the more suburban East Vancouver submarket. Consequently, data for both submarkets has been reviewed together with comparisons to the greater metro area.

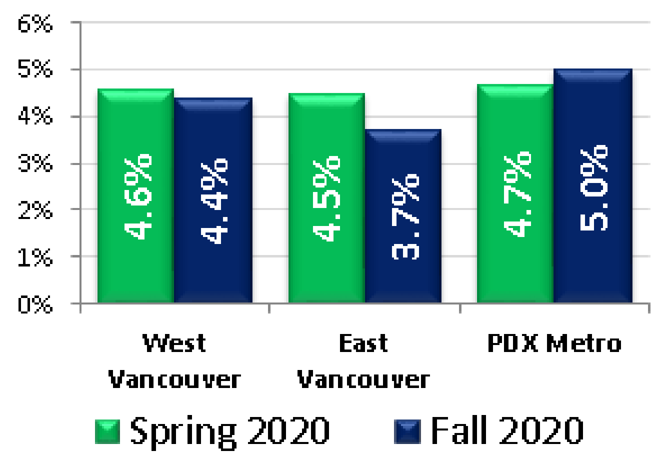
As indicated by the first graphic to the right, apartment vacancy has increased region-wide but not to the extent initially feared early on in the pandemic. While metro area vacancy has increased, Vancouver vacancies have declined – especially eastside.

Rental rates are nearly flat metro-wide and have declined 2% for West Vancouver while increasing 2% in six months on the eastside. Demand has subsided in previously strong urban areas while increasing in the more suburban parts of the market.

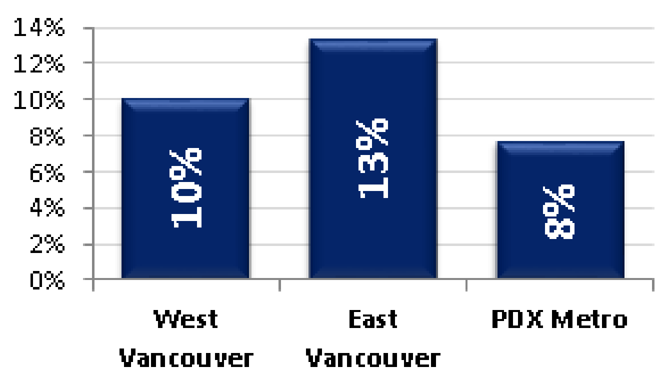
While studio and 1-bedroom units comprise much of the new deliveries in recent years and have demonstrated strong absorption, demand now also appears to be shifting toward larger units. Of note is that both West and East Vancouver have higher proportions of 3-bedroom units than regionally – with 3-bedroom units comprising 13% of the eastside apartment inventory.

Comparative Apartment Data

Vacancy Rates – Spring & Fall 2020



3-Bedroom % of Apartment Inventory (Fall 2020)

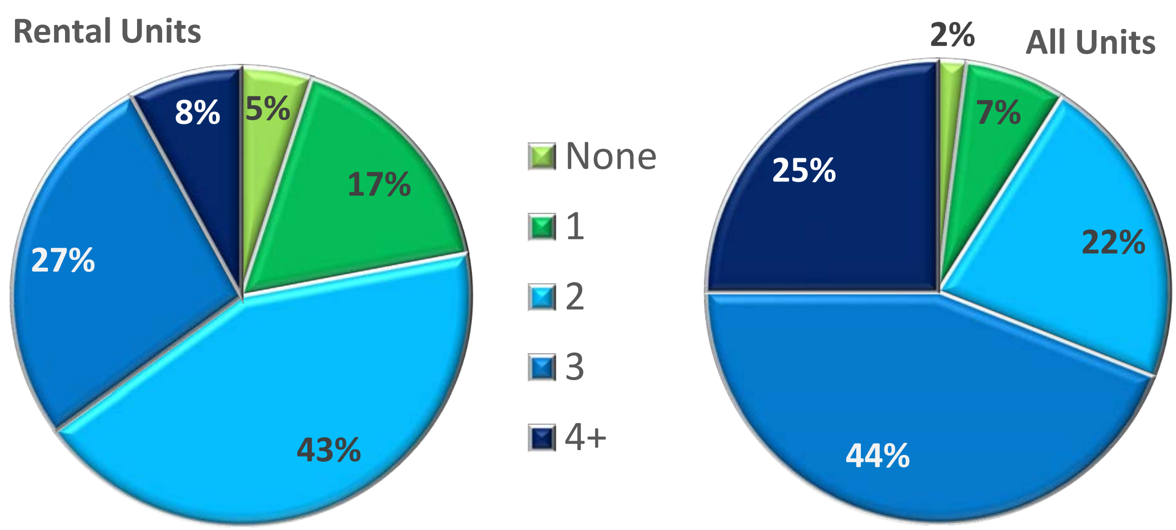


Source: Multifamily NW and E. D. Hovee. Multifamily NW does not track 4-bedroom units due to limited inventory.

4-Bedroom Apartment Need

As indicated by the chart on the foregoing page, Multifamily NW does not track 4-bedroom apartments as these have comprised such an insignificant proportion of the region's apartment market in recent years. However, 4-bedroom units do comprise a distinct proportion of the total residential rental inventory – primarily with rentals of 4+ bedroom single-family homes.

Bedroom Mix of Clark County Rental and All Housing (2019)



Source: U.S. Census Bureau American Community Survey and E. D. Hovee.[7]

As depicted by the above graphic, when considered together, 3- and 4-bedroom units account for about 35% of all Clark County rental units – whether in apartments or single-family homes. This portion of the rental market has begun to receive renewed attention in the wake of the pandemic and economic downturn – for several related reasons:

- The **shift to at-home work** means that more residents now view their home as a place to both live and work – often requiring more space separated from other residential use, for example, requiring a fourth bedroom where previously three met the need.
- As dining, recreating and gathering outside the home have become more limited, households are placing greater emphasis on meeting these interests at home – with **larger units than previously.**
- These shifts have clearly benefited the for-sale home market, for those with the financial and credit standing to buy. **For those without these resources or who feel the need to be more mobile for their work or career advancement, the most viable choice may be to rent a larger unit than to buy.**

From a national perspective, this shift is described by a national real estate consultancy as follows:

> Spending more time at home during the lockdown encouraged many households to reevaluate their living arrangements. Having to work or learn from home highlighted shortcomings in many existing situations. This prompted many residents to search for more functional living conditions that incorporate home offices, space for online schooling and outdoor entertainment areas.
>
> Home construction levels are facing further headwinds from a lack of existing buildable lots, a shortage of skilled construction labor and continued escalation in the cost of building materials. These constraints will create an upper limit to expanding new-home production and provide a further challenge to housing affordability in the months ahead. Rising prices and workers not tied to an office, meanwhile, have promoted a migration to lower-cost neighborhoods within cities or to more affordable metros across the nation. This trend will boost demand for homes and apartments in secondary and tertiary markets as well as suburban locales.[8]

For the Portland-Vancouver metro region, this phenomenon is described by the same national consultancy as follows:

> Population gains bolster apartment demand. In recent years, the metro has benefited from tech firms opening satellite offices in lower-cost cities such as Portland. Employees taking advantage of a more affordable cost of living have boosted population gains in the metro well above the U.S. rate, generating the need for more residences. The demand for housing has been accelerated during the pandemic as workers, no longer tethered to the office, relocate to more affordable cities like Portland. As these inbound relocations arrive the lack of available for-sale listings is directing many to rental housing. Meanwhile, a new regulation in the city of Portland requires landlords to cover the relocation costs of tenants unable to afford rent increases moving to lower-cost units.[9].

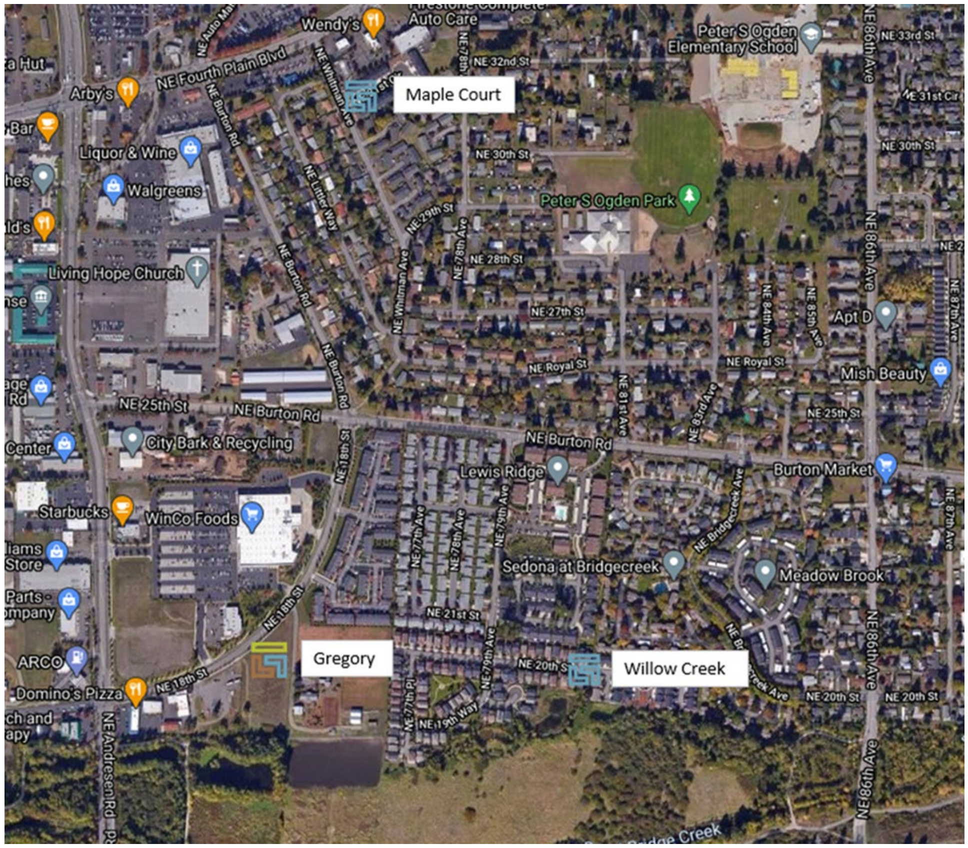
Vancouver Perspective

As is the case regionally, data for 4-bedroom apartment units is relatively sparse. For example, the real estate data firm CoStar documents **only 205 4-bedroom apartment units in the entire Vancouver submarket**, reflecting the reality that this size of unit is more common with single family rentals which neither Multifamily NW nor CoStar track.

However, based on the data which is tracked by CoStar, it appears **that 4-bedroom units consistently achieve lower vacancy rates than is the case for all other bedroom types**. Similarly compelling is the experience that the applicant Ginn Group has had with large bedroom apartment units.

Depicted by the map to the right are two existing Ginn properties with a mix of 3-4 bedroom units – Maple Court and Willow Creek. Both properties are located in the Andresen/Ogden area in proximity to the proposed Gregory Apartments and serve to illustrate the demand for 3-4 bedroom units.

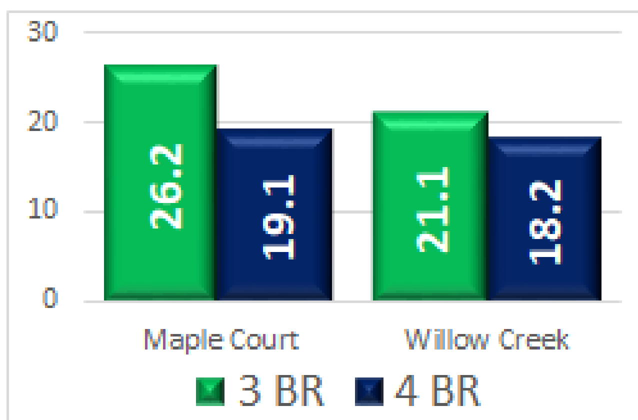
Location of Ginn Properties with 3-4 Bedrooms



Source: Ginn Group.

A clear indicator of particularly strong demand for 4-bedroom units is further provided by a comparison of average days of vacancy for Ginn's 3- and 4-bedroom units, shown by the graph to the right. **The 4-bedroom units rent 14-27% faster at these two existing Ginn properties.**

Average Days Vacant by # of Bedrooms



Source: Ginn Group.

Ginn Group also has recent experience with three other similar projects – Roosevelt Commons (36 4-bedroom townhome units on Falk Road, Nicholson Road Duplexes (25 3-bedroom duplex units off of Falk on Nicholson), and Minnehaha Meadows (49 3-bedroom townhomes on 63rd St. in Clark County) – all of which have all leased up quickly at competitive rents.

Of added note is data from CoStar showing consistently high occupancy rates for the as yet small inventory of 4-bedroom units in the greater Vancouver market. The 4-bedroom occupancy rate has hovered in the 96-97% range, even before the pandemic.

Perhaps the most compelling evidence of Vancouver's current 4-bedroom inventory is provided by a **search of Craigslist**. As of January 2021, there are only 22 postings of 4-bedroom units listed for rent, as compared with 900 listings for studios, 1- and 2-bedroom units.

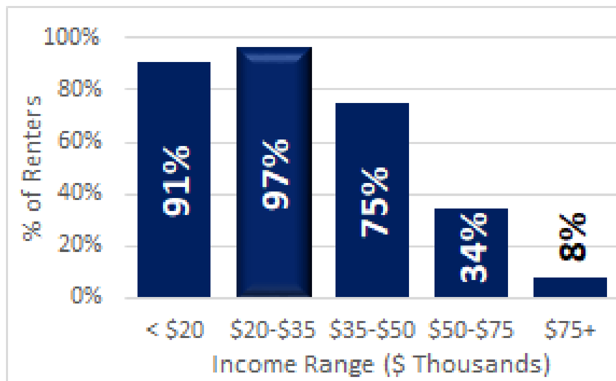
Improving Rental Affordability

With increased cost of construction and high rates of occupancy, costs of renting as well as home ownership are becoming less affordable to more Vancouver and Clark County residents. This is apparent when viewing affordability – whether in terms of incomes or unit size.

Overall, Clark County renters pay about 31% of median monthly income as gross rent payments.[10] As depicted by the first graph below, **rental affordability county-wide is particularly challenging for households county-wide with incomes of up to $50,000 per year**:

- An estimated 91% of renter households with incomes of up to $20,000 per year are rent burdened, meaning that they pay 30% or more of their income in gross rent expense.
- An even higher 97% of renters with incomes of $20-$35,000 are rent burdened – due in part to reduced availability of affordability funding and incentives at this somewhat higher income level.
- Even for Clark County renters at incomes of $35-$50,000, three-quarters (75%) are paying more than 30% or more of their income in rent (including utilities). Only at incomes of $50,000 per year and more, does rental affordability show noticeable improvement.

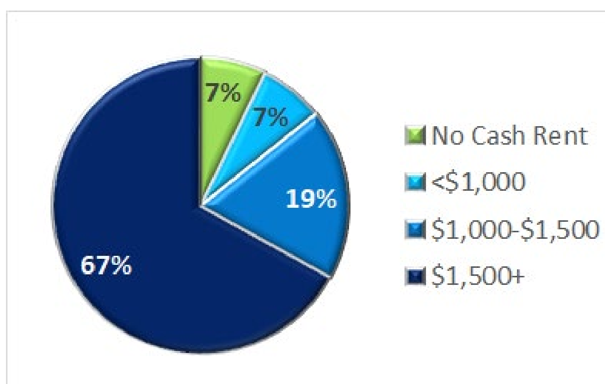
Share of Clark County Renters Paying 30% or More of Income in Rent (2019)



An important objective of the Gregory Townhome and other Ginn apartment projects is to improve affordability for what has been an overlooked segment of the rental market – for apartment renters requiring 3-4 bedrooms.

As shown by the second graph to the right, the current rent profile of 3+ bedroom apartments indicates that two-thirds of renters of these larger units in Clark County are paying $1,500 or more in monthly gross rent as of 2019.

Monthly Rent w/3+ Bedroom Units (2019)



Source: American Community Survey (ACS – 1 Yr).[11]

How Ginn's goal of greater affordability of larger 3-4 bedroom units can be achieved is further illustrated by comparison to Vancouver's Multifamily Tax Exemption (MFTE) which includes the Fourth Plain Boulevard subarea in which the Gregory property is located. Using Portland MSA median family income family income criteria, current affordable rent for a 4-bedroom unit at 100% of Area Median Income (AMI) is $2,672 per month. With the Gregory project, Ginn anticipates being able to participate in the MFTE program, offering many of the units at affordable rental rates.

At Roosevelt Commons, a similar style with thirty six 4-bedroom, 3-bathroom units, Ginn was able to participate in the MFTE program for 20% of the units. The overall average rent at Roosevelt (all 4-bedroom units), is just over $1,500 per month, with the range of rents starting at under $1,000 for one unit and up to $1,810 for the most expensive rent (only two units have rental rates at $1,800 or lower; most are below $1,600 per month).

Similar affordability should be achievable at the Gregory site – possibly at even greater affordability with MFTE eligibility. Vancouver needs more affordable rental housing for families and the proposed Gregory project can help address that need on a property that is not in demand for commercial use for the reasons noted in this report.

More Bedroom Capacity

An added benefit of the 50-unit townhome project is that it **increases total bedroom capacity** – as compared with the more traditional four-story apartment project previously considered.

The 50-unit townhome project comprises a total of 200 bedrooms, This bedroom count is 18% more than the 170 bedrooms associated with the 130-unit, four story apartment project previously planned for the subject Gregory site.

Bedroom Comparison by Development Type

Type of Development		Number of Bedrooms
Townhome Apartments		
	50 4-bedroom townhomes	**200**
Four Story Apartments		
	75 studio and 1 bedroom	75
	45 2 bedroom	90
	5 live work	5
	Total	**170**

Source: Ginn Group.

Declining Affordability of Single-Family Residential

A final factor supporting the need for apartment rentals with 3-4 bedroom units is the declining affordability of the single-family residential option – whether for ownership or rental. This research is detailed by data provided with the Appendix to this memorandum for the Portland OR/WA metro region, based on analysis by John Burns Real Estate Consulting, LLC:

- In the last year, existing home values region-wide have increased by over 11%.
- Rental rates for single-family homes are up by 4.9% year-over-year.

- By comparison, effective apartment rents have regionally declined by 1.8%.
- The cost of renting a single-family home is now estimated to be 54% above that of region-wide apartment effective rent. The cost of renting even an “entry-level” home is 48% above that of the apartment effective rental rate.

This analysis made available to Ginn by Burns Real Estate Consulting effectively highlights the wide gap in the cost of home ownership versus rentals and the growing gap between single family versus apartment rentals. These gaps are forecast to grow even wider in the years ahead.

Internal data available to the Ginn Group indicates that the main reason tenants leave the firm’s 3-4 bedroom units is to purchase a home. However, with the acceleration of home price growth and inventory constraints, this will become increasingly difficult in the future. By providing larger unit sizes including 4-bedroom apartment homes, Ginn can help fill this market demand niche, giving families larger spaces at a more affordable price than either the single-family rental or ownership options.

Summary Benefits of 50-Unit Townhome Project

To summarize, the 50-unit, 4-bedroom townhome apartment project proposed by Ginn Group can serve as:

- **A townhome rental project meeting an emerging need** for additional rental housing in a time of rapid economic and social change both regionally and locally.
- **Opportunity to address a largely unmet niche of the apartment market** with rental townhomes for larger families who cannot afford or are too mobile to make a long-term homeownership commitment.
- **Affordability** consistent with City of Vancouver policy objectives and at better availability than with increasingly costly single-family rental or ownership options.
- **A competitive advantage** for Vancouver to attract business investment reliant on workforce that increasingly may work from home rather than traveling elsewhere to work – of particular benefit compared to communities that move more slowly and risk lagging behind rapidly changing business, employee and resident preferences.

Implications for Comprehensive Plan Update

As with other recent proposed land use redesignations, this proposal may raise questions of compatibility with and relevance to Vancouver’s Comprehensive Plan. The subject Gregory property is situated within the Fourth Plain Boulevard Corridor Subarea. It has now been 14 years since the corridor study was completed in 2007 and incorporated as an amendment to the Vancouver Comprehensive Plan – with initial steps for updating now being considered.

Due in part to the number of Comprehensive Plan and Zoning Map revisions from commercial use that have been considered in recent years, questions have been raised about the cumulative effect of such redesignations on the adequacy of Vancouver's buildable commercial inventory. This is a valid question appropriate to be addressed as part of the Comprehensive Plan update process.

However, as this and other comparable market analyses have suggested, there are several related questions to be addressed before locking in on an updated assessment of commercial land needs over the next 20 years. These questions have become even more pressing and potentially transformative in the wake of the current pandemic, including the following:

- In what ways is the retail and consumer service landscape being reshaped and what changes in land requirements should be anticipated in the years ahead?
- To what extent will the workplace of the future be within versus situated away from the worker's home?
- How can the full Fourth Plain Corridor (including the Andresen area) better function to support stated plan objectives of accessibility and mobility not just for the automobile but for alternative transportation modes like walking, cycling and transit?
- And how will commercial and other uses no longer viable at the scale of existing land use patterns be successfully transitioned to uses that will be market responsive and affordable across the full population spectrum in the years ahead?

Along with other community and development interests, the Ginn Group would welcome the opportunity to participate in the process for Vancouver's next Comprehensive Plan update.

Summary Notes

To summarize, this market report affirms and reinforces conclusions of the earlier July 2020 report that the subject 2.67 acre Gregory site of Ginn Group is not expected to be market viable for commercial development in the reasonably foreseeable future. The demand for commercial retail and office space is on the decline and commercial uses can be expected to transition to a smaller or resized community-wide land use footprint in the years ahead.

Perhaps the most significant change now underway is the existing and potentially continued shift of some as yet not fully known portion of the workplace from traditional separated land uses to the home environment. This has two effects – reducing the demand for office space and increasing the demand for larger live-work spaces – both in rental as well as home ownership settings. The proposed land use redesignation serves to embrace and facilitate this transition – especially focused on families who cannot afford increasingly expensive homeownership or feel the need to be more mobile for employment and career opportunities.

E. D. Hovee appreciates to provide this updated market analysis on behalf of the Ginn Group, LLC and is prepared to address questions regarding any aspect of this report.

APPENDIX. SUPPLEMENTAL DATA – SINGLE FAMILY & MULTI-FAMILY RENTAL COMPARISONS

Portland, OR-WA

Burns Housing Market Fundamentals January 2021

	2015	2016	2017	2018	2019	Current	2020P	2021P	2022P	2023P
AFFORDABILITY										
Median SF Rent (Dec.) - Burns SF Rent Index (1)	$1,586	$1,714	$1,799	$1,839	$1,905	$1,987	$1,993	$2,063	$2,145	$2,236
YOY Growth %	8.9%	8.1%	5.0%	2.2%	3.6%	4.9%	4.6%	3.5%	4.0%	4.2%
Apartment Effective Rent (7)	$1,118	$1,200	$1,234	$1,274	$1,316	$1,291	$1,280	$1,222	$1,251	$1,300
YOY Growth %	12.4%	7.3%	2.8%	3.3%	3.3%	(1.8%)	(2.8%)	(4.5%)	2.4%	3.9%
Burns Home Value Index™ (Dec.-Dec.)	13.1%	12.3%	6.5%	3.4%	3.2%	11.4%	11.4%	8.0%	6.0%	5.0%
Existing Median Home Price (36)	$294,500	$327,600	$359,800	$383,100	$394,800	$442,900	n/a	n/a	n/a	n/a
Median Household Income	$64,500	$68,200	$71,900	$75,300	$78,000	$79,300	$79,300	$79,000	$80,900	$83,500
S.F. Rent-to-Income Ratio	29.5%	30.2%	30.0%	29.3%	29.3%	30.1%	30.2%	31.3%	31.8%	32.1%
ENTRY-LEVEL HOME PRICE										
Home Value, Entry-Level Home (2)	$234,700	$263,600	$280,800	$290,300	$299,600	$329,900	$333,700	$360,400	$382,000	$401,100
Home Payment, Entry-Level Home (Pmt + Maintenance) (3)	$1,673	$1,895	$1,973	$2,148	$2,062	$2,090	$2,167	$2,327	$2,477	$2,636
YOY Payment Growth %	6.6%	13.3%	4.1%	8.9%	(4.0%)	1.9%	5.1%	7.4%	6.4%	6.4%
ENTRY-LEVEL SF RENT										
S.F. Rent, Entry-Level Home (2)	$1,523	$1,646	$1,727	$1,766	$1,830	$1,908	$1,914	$1,981	$2,060	$2,148
Own Payment minus S.F. Rent Gap	$150	$249	$246	$382	$232	$182	$253	$346	$417	$488
S.F. Gross Rental Yield (4)	6.6%	6.3%	6.2%	6.1%	6.1%	5.7%	5.7%	5.4%	5.3%	5.2%

(1) The Burns Single-Family Rent Index models historical and current single-family rent trends. The index tracks the median single-family home listed for rent on the open market and represents new leases, not renewals.

(36) This is a multiple-county market. We rolled county-level historical sale/closings and price data into the MSA values in different years for each county. Not all counties are included in each historical year. Source: CoreLogic; Provided by DQNews

Please note that some annual values displayed are Q4, while others may be December.

See page 5 for more footnotes.

END NOTES

1 Information for this report has been obtained from sources generally deemed to be reliable. However, the accuracy of information is not guaranteed and is subject to change without notice. The observations and findings provided with this market update report are those of the author and should not be construed as representing the opinion of any other party prior to their approval – whether in whole or part.

2 E. D. Hovee by memorandum for Ginn Development LLC, *Market Evaluation – Gregory Landing Proposed Residential Plan/Zone Change,* July 6, 2020.

3 Marcus & Millichap, *Special Report: 2Q Rent Collections,* Summer 2020.

4 Kidder Matthews, *Market Trends |Portland Retail,* metro-wide retail demand for 2nd and 3rd quarters 2020.

5 While retail space locally and regionally has historically benefited from relatively low vacancy rates of 3.5% or less, the primary story more recently has been about the lack of new construction regionally and locally due to shrinking retail space demand. After a year of negative space absorption in 2017 (with new vacancies outpacing demand), Clark County experienced what appeared to be a modest rebound in retail space demand in 2018, however largely offset by conversion of older retail space to non-retail use. The experience of 2019 and now 2020 is also of shrinking retail space needs regionally and county-wide.

6 JLL for the City of Vancouver, *Vancouver Innovation Center Comparative Market Analysis*, December 8, 2020.

7 Data on housing by number of bedrooms reflects a composite of 1-year 2019 and 5-year 2015-19 ACS data for Clark County, with the 5-year average having a lower margin of error but being less current. However, there is reasonable consistency between the two datasets. All units are defined as including renter- and owner-occupied plus vacant housing.

8 Marcus & Millichap, *Special Report: Housing,* Fourth Quarter 2020.

9 Marcus & Millichap, *Market Report: Portland Metro Area,* 4Q/20.

10 Gross rent is calculated to provide information on the combined monthly housing cost expenses for renters. Gross rent is the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, kerosene, wood, etc.).

11 ACS data does not provide rental rate data specifically for 4-bedroom rentals but for 3+ bedrooms. Clark County data is for all rental units – both single- and multi-family.

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MEMORANDUM

To: City of Vancouver

From: Stephen W. Horenstein and Maren L. Calvert, on behalf of Ginn Group

Subject: Comprehensive Plan Amendment, Zone Change, Criteria – Gregory Landing

Date: February 22, 2021

This memo compares the Gregory Landing zone change application submitted by the Ginn Group to the criteria in Vancouver Municipal Code (VMC) for proposed amendments to the Comprehensive Plan and map. We hope this memo helps succinctly demonstrate the merits of the Ginn Group proposal and build on the findings, conclusions and recommendation for approval from staff and the unanimous recommendation for approval by the Vancouver Planning Commission after several workshops and a public hearing.

VANCOUVER MUNICIPAL CODE: The criteria for comprehensive plan and map changes to facilitate a zone change are provided in Vancouver Municipal Code (VMC) 20.285.050, and Attachment 1. We think the following excerpts of the criteria will be the most useful to you:

Public interest: Because the Gregory Landing property is available for 130 apartment units under the community commercial zoning code, the property will be developed as almost entirely residential, whether the proposed amendment is approved or not. This is because mixed use multifamily is allowed in commercial zone that is attached to this property. The proposed change converts the *type* of residential units into a category that is presently underserved and highly desired in our community (4-bedroom townhomes). This conversion serves the public interest by meeting a currently unfilled housing need for family housing as Ginn has experienced with its projects.

Policies: The VMC requires the proposed change be consistent with the policies stated in the Vancouver Strategic Plan and the Vancouver Comprehensive Plan. There are no stated "Policies" in the Vancouver Strategic Plan. The "Goals" listed in the Strategic Plan, however, are provided in Attachment 2.

> Goals 6 and 8 should be most useful to you in evaluating this proposal. Because this property is located near to grocery stores, gas, and other commercial properties, the proposed change will help create neighborhoods in which residents can walk or bike to essential amenities and services (Goal 6). Goal 8 is served because, as the Hovee Report explains, this property is not very valuable as commercial land.[1]

---

[1] *See* Eric Hovee, *Gregory Townhome Apartment Market Update*, dated January 18, 2021 at pp. 3-5 ("Hovee Report").

The Economic Development and Housing Policies in the Vancouver Comprehensive Plan are provided in Attachment 3.

> Policies EC-5, no net loss of employment capacity, and EC-6, efficient use of employment land, are best served by the Ginn proposal. The Ginn proposal will cause the city to "lose" only five (5) live/work units. Because these units are intended as self-employment, live-work properties, they will not generate significant or notable employment opportunities. In contrast, this minor loss is significantly offset by the tremendous gain of more efficient, more productive, more valuable, commercial land proposed simultaneously at the Vancouver Innovation Center (the "VIC").[2]
>
> Policy H-1, housing options, is best served by approving the proposed change, because there currently are not enough R-22 options in the Vancouver market.[3] This market niche is increasingly in demand because home prices have appreciated more than 11 percent, year over year.[4] That blistering rate is quickly pricing families out of home ownership. "4-bedroom units consistently achieve lower vacancy rates than is the case for all other bedroom types."[5] The Ginn Group has been serving this market niche at certain existing sites in Vancouver for the past few years. They would like to expand the 4-bedroom inventory because "[t]he 4-bedroom units rent 14-27% faster [than the 3-bedroom units] at existing Ginn properties." There is clearly a demand in the community for 4-bedroom units. [6]
>
> > Perhaps the most compelling evidence of Vancouver's current 4-bedroom inventory is provided by a search of Craigslist. **As of January 2021, there are only 22 postings of 4-bedroom units listed for rent, as compared with 900 listings for studios, 1- and 2-bedroom units**.[7]
>
> Bottom line: Vancouver needs Ginn Group's proposed 4-bedroom townhomes more than it needs the currently approved 130 apartment units.
>
> The proposed change also supports Policy H-5, housing placement near services and centers, by facilitating urban, higher density housing near public transportation facilities (which are located just north of the property on Fourth Plain) and near the surrounding community commercial properties and services.[8]

Proposal is more consistent: The Hovee Report establishes the limited value of this property for commercial uses. The City has already approved this property for primarily residential development under the vertical mixed use provision of the commercial zoning code. As recommended by Staff and supported unanimously by the Vancouver Planning Commission, the proposal to rezone it from community commercial land to R-22 *is more consistent*[9] with several of the City's listed objectives. It encourages *more intensive development*[10] in this urban area, that is served by the surrounding commercial nodes, with *local shopping and job opportunities*.[11] Ginn Group agrees to ensure the development is *compatible and integrated*[12] with the surrounding area. The proposed R-22 zoning will allow the Ginn Group to *create an*

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[2] The City is required to consider the cumulative effect of both proposals. *See* RCW 36.70A.130(2)(b); VMC 20.285.050.A.4.
[3] *See* Hovee Report at pp. 7-10
[4] Id. at p. 11
[5] *Id.* at p. 8
[6] *Id.* at p. 9
[7] *Id.* at p. 10 (emphasis added).
[8] *See id.* at p. 12 ("Summary of Benefits of 50-Unit Townhome Project")
[9] VMC 20.285.050.A.1; City Goals 6 and 8.
[10] VMC 20.285.050.A.2.a.
[11] VMC 20.285.050.A.2.b; Policies EC-1, EC-2, EC-3, EC-5, EC-6
[12] VMC 20.285.050.A.2.b. & c

urban, dense neighborhood, [13] while also providing with some, *affordable or below-market-rate housing opportunities*[14]– especially under the multi-family tax exemption (MFTE) program, as the Hovee Report proposes.[15]. This is more consistent with the City's goals as set forth in Attachment 1 items 2(g) and (H) as well as Ginn's experience in developing multifamily products.

Scope of review. The likely and possible future use of this site,[16] absent the proposed change, is a residential development with 130 apartment units and five (5) live/work townhomes. The proposed change will create more desirable housing of a type that is underserved in Vancouver (see Policy H-1 discussion above). Thus, the proposed change offers more desirable housing than the current zoning will allow. The *impact* of approving the proposed change is to strengthen the Vancouver housing market.

Cumulative Impacts. The loss of the five (5) live/work units the City has approved to be built on this site are significantly outweighed by the tens-of-thousands of square feet of commercial space the City is being asked to approve through the VIC mixed use rezone application. The *cumulative impact of other plan amendments proposed within the same annual cycle,*[17] therefore, clearly demonstrates Ginn Group's proposed change is not detrimental to the commercial land supply within the City.

[13] VMC 20.285.050.A.2.a.
[14] VMC 20.285.050.A.2.h; Policies H-1, H-5
[15] *See* Hovee Report at p. 11.
[16] VMC 20.285.050.A.3
[17] VMC 20.285.050.A.4

ATTACHMENT 1

VMC APPROVAL CRITERIA, VMC 20.285.050

A. Overall proposed map amendments reviewed under this chapter shall be approved only if demonstrated by the proponent to be in the public interest, as based on a review of all applicable principals from the following:

1. How the proposal is more consistent than the existing designation with applicable policies of the Vancouver strategic plan and comprehensive plan.

2. How the proposal is more consistent than the existing designation with each of the following objectives as applicable:

a. Encourage more intensive development to locate in major urban centers and corridors, particularly downtown Vancouver. Encourage development of distinct neighborhoods served by commercial nodes, and discourage urban sprawl and strip commercial development;

b. Provide development of uses which are functionally integrated with surrounding areas and neighborhoods in terms of local shopping, employment, recreational or other opportunities;

c. Provide development which is compatible and integrated with surrounding uses in terms of scale, orientation, pedestrian enhancements, and landscaping;

d. Conserve or enhance significant natural or historical features;

e. Provide adequate provision of transportation, water, sewer, and other public services;

f. Provide significant family wage employment opportunities and broadening of the Vancouver economy;

g. Provide for the formation and enhancement of neighborhoods and communities; and

h. Provide affordable or below-market-rate housing opportunities.

3. Scope of review. Review and evaluation of proposed comprehensive plan or zoning map changes shall consider both the likely and possible future use of the site and associated impacts.

4. Cumulative Impacts. The review of individual comprehensive plan map or policy amendments, other than exceptions noted in VMC 20.285.040, shall also consider the cumulative transportation, land supply, and environmental impacts of other plan amendments proposed within the same annual cycle.

ATTACHMENT 2

VANCOUVER 2016-2021 STRATEGIC PLAN (revised 11/18)
https://www.cityofvancouver.us/sites/default/files/2018StrategicPlan/index.html

Goal 1: Ensure our built urban environment is one of the safest, most environmentally responsible, and well maintained in the Pacific Northwest.

Goal 2: Provide effective, innovative, and well-resourced police, fire, and emergency medical services

Goal 3: Create new programs that engage people of all ages, culture, family configurations, educational backgrounds, trades, and professions

Goal 4: Ensure that Vancouver's parks and trails system is the highest quality and most complete I the region

Goal 5: Continue to build high quality historical and cultural experiences for residents and visitors

Goal 6: Facilitate the creation of neighborhoods where residents can walk or bike to essential amenities and services – "20-minute neighborhoods"

Goal 7: Build on our status as the largest city on the Columbia River by strengthening connections to the river and the waterfront.

Goal 8: Strengthen commercial, retail and community districts throughout the city

Goal 9: Build the strongest, most resilient economy in the region

Goal 10: Use our influence to support community partners' actions, projects and initiatives that improve our community's livability and prosperity

ATTACHMENT 3

CITY OF VANCOUVER COMPREHENSIVE PLAN 2011-2030
http://www.cityofvancouver.us/sites/default/files/fileattachments/community_and_economic_development/page/874/vancouvercomprehensiveplan2011-2030.pdf

Economic Development Policies: The City of Vancouver adopts the following policies to increase the number of jobs for local residents and reduce the need for residents to commute to Oregon for work, shopping, and entertainment. These policies are consistent with and implement Policy Section 10.0 of the Community Framework Plan, adopted by Clark County and local jurisdictions, and planning policy 36.70.A.020(5) of the Washington Growth Management Act (see Appendix A).

EC-1 Jobs-housing balance
Increase the ratio of jobs to residents in the City of Vancouver and the region.

EC-2 Family-wage employment
Promote the formation, recruitment, retention and growth of businesses that provide a wide range of employment opportunities, particularly family-wage employment. Prioritize family-wage employment in land use policies and practices.

EC-3 Public revenue enhancement
Promote development that enhances revenue generation for public services. EC-4 Industrial and business park sanctuaries Provide an adequate supply of industrial and/or business park areas with opportunities for family-wage employment and revenue generation.

EC-5 No net loss of employment capacity
Restrict zone changes or legislative land use approvals that would lessen long-term capacity for high-wage employment unless accompanied by other changes within the same review cycle that would compensate for the lost capacity or unless the proposed change would promote the long-term economic health of the city.

EC-6 Efficient use of employment land
Maximize utilization of land designated for employment through more intensive new building construction and redevelopment and intensification of existing sites.

EC-7 Regional focus
Work with the larger Portland-Vancouver region to leverage opportunities, unique site availability, and marketing to promote the region nationally and globally to attract new business.

EC-8 Small business support
Support the growth of new and expanding small business through efficient permitting, incentives, and communication.

Housing policies: The City of Vancouver adopts the following policies to ensure an adequate supply of housing for all economic segments of the community. These policies are consistent with and implement Policy Section 2.0 of the Community Framework Plan, adopted by Clark County and local jurisdictions, and planning policy 36.70.A.020(4) of the Washington Growth Management Act (see Appendix A).

H-1 Housing options
Provide for a range of housing types and densities for all economic segments of the population. Encourage equal and fair access to housing for renters and homeowners.

H-2 Affordability
Provide affordable housing by formulating innovative policies, regulations and practices, and establishing secure funding mechanisms. Target affordability programs toward households with incomes below the median.

H-3 Housing improvement
Encourage preservation, rehabilitation and redevelopment of existing housing stock. Support neighborhood based improvement efforts.

H-4 Innovative zoning
Encourage innovative housing policies that provide for affordable housing and maintain neighborhood character.

H-5 Housing placement near services and centers
Facilitate siting of higher density housing near public transportation facilities and in designated centers and corridors.

H-6 Special needs housing
Facilitate housing for special needs populations dispersed throughout Vancouver and the region. Such housing may consist of residential-care facilities, shelters, group homes, or low-income housing, and should be located near transportation and other services such as health care, schools, and stores.

H-7 Home ownership
Promote opportunities for home ownership and owner occupancy of single- and multifamily housing.

H-8 Public-private partnerships
Facilitate enhanced partnerships between public, private, and non-profit sectors to address affordable housing.

H-9 Funding for housing
Pursue funding mechanisms to support affordable housing