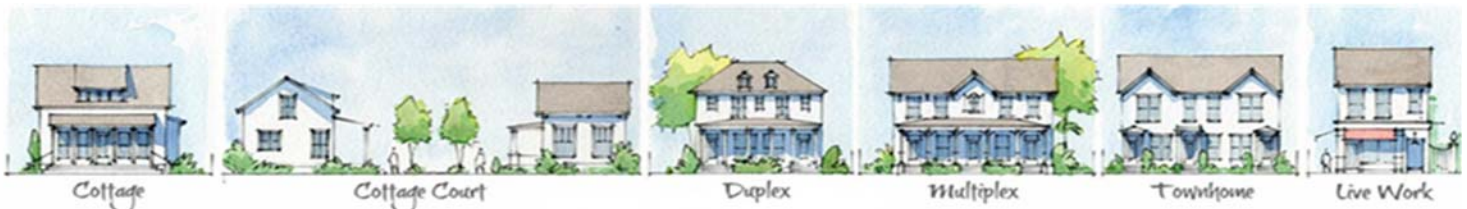


# Walla Walla Regional Housing Action Plan

*Cities of College Place,  
Dayton, Waitsburg and  
Walla Walla*

July 21, 2021



# ACKNOWLEDGEMENTS

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# GLOSSARY

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**Accessory Dwelling Unit (ADU):** A small living space located on the same lot as a single-family house.

**Affordable For-Sale Housing:** An owner-occupied dwelling with a monthly mortgage and property tax payment that equates to no more than 30% of household income.

**Affordable Rental Housing:** A dwelling that is rented by a person or household whose monthly housing costs, including utilities other than telephone, do not exceed 30% of the household's monthly income. If income-restricted or government supported, U.S. Housing and Urban Development (HUD) income restrictions vary by family size.

**Buildable Lands Inventory (BLI):** An assessment of the capacity of land to accommodate forecasted housing and employment needs.

**Buildable Residential Land:** Includes land that is designated for residential development that is vacant and part-vacant and not constrained by existing buildings or environmental issues.

**Cost Burdened:** Defined by US Department of Housing and Urban Development (HUD) as households who spend over 30% of their income on housing.

**Cottages:** Small, single-level, detached units, often on their own lots and sometimes clustered around pockets of shared open space. A cottage is typically under 1,000 square feet in footprint.

**Density:** Defined by the number of housing units on one acre of land.

**Development density:** Expected number of dwelling units (per acre) based on current zoning designations.

**Family:** A group two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together.

**High Density:** Lots with the average density of 12+ dwelling units per acre. Best suited for multifamily housing such as apartments and condos.

**Housing Unit (or Dwelling Unit):** A house, an apartment or other group of rooms, or a single room is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters; that is, when the occupants do not live and eat with any other person in the structure and there is direct access from the outside or common hall.

**Household:** Consists of all people that occupy a housing unit.

**HUD:** Acronym for US Department of Housing and Urban Development, the federal agency dedicated to strengthening and supporting the housing market.

**Low Density:** Lots with the average density of 3-4 dwelling units per acre. Best suited for family housing such as single-family detached homes.

**Manufactured Housing:** is a type of prefabricated home that is largely assembled of site and then transported to sites of use. The definition of the term in the United States is regulated by federal law (Code of Federal Regulations, 24 CFR 3280): "Manufactured homes are built as dwelling units of at least 320 square feet in size, usually with a permanent chassis to assure the initial and continued transportability of the home. The requirement to have a wheeled chassis permanently attached

differentiates "manufactured housing" from other types of prefabricated homes, such as modular homes.

**Median Family Income (MFI):** The median sum of the income of all family members 15 years and older living in the household. Families are groups of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

**Medium Density:** Lots with the average density of 6-12 dwelling units per acre. Best suited for small lot housing such as single family attached, townhomes, plexes and cottages.

**Middle Housing:** Housing types that is generally attainable for households earning less than 120% of the area median income level. Typically includes plexes (2-4 units per structure), townhomes, apartments, accessory dwellings, cottage homes and manufactured homes.

**Mixed Use:** Characterized as two or more residential, commercial, cultural, institutional, and/or industrial uses into one combined building or building(s) on the same parcel of land.

**Multi-Family Housing:** Stacked flats in a single buildings or groups of buildings on a single lot with 5 or more units per structure. Parking is shared, and entrance to units is typically accessed through a shared lobby.

**Part-vacant land:** Unconstrained land that has some existing development but can be subdivided to allow for additional residential development.

**Plexes and Apartments:** Multiple units inside one structure on a single lot. Usually each unit has its own entry.

**Seasonal dwellings:** These units are intended by the owner to be occupied during only certain seasons of the year. They are not anyone's usual residence. A seasonal unit may be used in more than one season; for example, for both summer and winter sports. Published counts of seasonal units also include housing units held for occupancy by migratory farm workers. While not currently intended for year-round use, most seasonal units could be used year-round.

**Residual Land Value:** The amount a developer would typically be willing to pay for the land/site in order to build a specific real estate improvement based on underlying assumptions and market conditions.

**Severely Cost Burdened:** Defined US Department of Housing and Urban Development (HUD) as households who spend over 50% of their income on housing.

**Single Family Attached:** Residential structures comprised of two to four housing units with a shared wall that separates each unit. "Attached" duplexes require a single building permit for both dwelling units.

**Single Family Detached:** Free standing residential building, unattached, containing separate bathing, kitchen, sanitary, and sleeping facilities designed to be occupied by not more than one family, not including manufactured and mobile homes.

**Townhome (also known as duplexes, rowhouse, etc.):** Attached housing units, each on a separate lot, and each with its own entry from a public or shared street or common area.

**Vacant housing unit:** A housing unit is vacant if no one is living in it at the time of enumeration unless its occupants are only temporarily absent. Units temporarily occupied at the time of enumeration entirely by people who have a usual residence elsewhere are also classified as vacant.

**Vacant land:** Vacant and part-vacant land identified within the local buildable land inventory that is not developed and unconstrained for future planned residential development.

# SUMMARY

The demand for adequate, safe and affordably-priced housing continues to far outpace new housing production. This Walla Walla Regional Housing Action Plan provides a strategy for strengthening and enhancing the inventory of affordable housing and less expensive market-rate housing in southeast Washington. This growing region includes a network of small and medium historic cities, that are rich in agricultural, viticulture, and education.

This Plan highlights existing housing conditions and issues and forecasts future needs based on changing demographic and socio-economic conditions. Using feedback from a dedicated project advisory committee and stakeholder committee and survey input from over 400 citizens, this plan reflects current attitudes regarding housing priorities. While significant steps have already been taken by the cities of College Place, Dayton, Waitsburg and Walla Walla, this Plan lists new housing policies and actions that can be taken for each city to further enhance housing opportunities.

As shown in the following graphic, the Housing Action Plan will be used to inform future Comprehensive Plans, Capital Facilities Plans and Land Use Policies. The Plan also guides decisions regarding implementation strategies that can affect development regulations, infrastructure spending priorities, permitting procedures, fee structures and other housing actions.



*Source: Washington Dept. of Commerce and BERK, 2020.*

## Highlights of the Walla Walla Regional Housing Action Plan

Walla Walla Regional Housing Survey (over 400 respondents) lists the **top 5 housing issues** as:

1. Housing Cost/Affordability
2. Inadequate Housing Availability
3. Homelessness
4. Range of Housing Types
5. Housing Quality

**The top 5 Housing Actions recommended by survey respondents include:**

1. Development Partnerships
2. Multifamily Tax Incentives
3. Grants for First time Homebuyers
4. Housing Rehabilitation Grants
5. Increase Residential Land Inventory

**The Walla Walla Region should plan to add approximately 4,685 net new housing units over the next 20 years.** Future housing demand in the Region is likely to include 1,523 standard-lot single family detached homes; 1,104 small-lot detached homes; 732 townhomes/plexes; 894 multi-family units (includes some group quarters demand), and 443 affordable housing units (government supported), manufactured homes and/or ADUs.

While the overall land capacity within the Region appears to be adequate for addressing the long-term housing need for Waitsburg and Dayton, nearly half of new construction that is planned to occur in College Place and Walla Walla would need to occur on under-developed (part vacant) tax lots. If property owners do not wish to subdivide their tax lots, the likelihood of meeting housing needs through “infill” is unlikely.

These findings also indicate that the current zoning and related land capacity within the College Place and Walla Walla UGAs (combined) may not be sufficient to fully accommodate multi-family demand. This issue is particularly acute in College Place, where the housing demand for single family and middle housing (672 units) is expected to exceed its zoned land capacity by 412 dwellings.

Based on the residential capacity analysis and this housing needs assessment, the following conclusions are made:

- **College Place UGA:** the projected 20-year housing need of 747 dwelling units is far greater than the potential UGA capacity of 345 units, even after accounting for recent code changes and assuming 60% of net new housing will need to be constructed on infill and redevelopment lands.
- **Walla Walla UGA:** the projected 20-year housing need of 3,570 dwelling units is below the potential UGA capacity of 3,740 dwelling units. However, the current amount of land zoned for multi-family structures appears to be inadequate to meet overall housing needs, even after assuming 55% of the net new housing will be constructed on infill and redevelopment lands.  
It is recommended that the cities of College Place and Walla Walla continue to work with Walla Walla County and regional housing advocates to ensure that new housing density can be optimized within current UGAs, and new areas be identified for potential UGA expansion.
- **Waitsburg and Dayton UGAs:** the combined projected housing demand of 200 dwellings for these two small cities can be accommodated by their existing UGAs if adequate water and wastewater infrastructure is provided.

Additional policy actions and housing program considerations are provided in Section III.



# TABLE OF CONTENTS

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Acknowledgements.....	i
Glossary .....	ii
Summary .....	iv
Highlights of the Walla Walla Regional Housing Action Plan .....	iv
I.    Introduction .....	1
Purpose .....	1
Regional Context .....	2
Recent Accomplishments .....	3
Approach .....	4
Community Engagement Process .....	6
Public Engagement Plan and Groups Contacted .....	6
Input regarding housing issues, goals and objectives .....	6
Public Input .....	7
II.  Housing Market Overview .....	9
Measures of Economic Hardship .....	11
Employment .....	12
Housing Needs Forecast .....	13
Housing Market Gaps .....	14
Regional Housing Need .....	16
Land Sufficiency Findings .....	18
III.  Housing Policy, Programs & Actions .....	22
Strategies to Streamline Rental Application Process .....	26
Appendix A: Public Outreach Plan .....	36
Appendix B: Walla Walla Regional Housing Action Plan Survey Results .....	38
Appendix C: Housing Needs Assessment Memorandum .....	46
Demographic Trends .....	46
Employment Trends .....	49
Housing Inventory .....	50
Tenancy and Vacancy Levels .....	52

Home Prices and Rents .....	54
Housing Attainability .....	55
Measures of Economic Hardship.....	58
Housing Supply Gaps .....	60
Transportation Considerations .....	60
Affordability and Current Market Gaps .....	61
Regional Housing Needs Forecast.....	62
Reconciliation of Housing Needs and Land Supply .....	64
Appendix D: Financial Analysis.....	66
Appendix E: Displacement Minimization Strategy .....	73



# I. INTRODUCTION

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## PURPOSE

Communities across the state of Washington are facing unprecedented challenges with providing safe and affordable housing.<sup>1</sup> In response, the Washington state legislature passed a measure designed to encourage cities and counties to proactively work together to identify housing needs and implement local actions to preserve affordable housing and spur new housing development.

Within the Walla Walla Region, the Community Council facilitated a community-led study regarding regional housing issues, needs and local policy recommendations in a landmark report: *Affordable Housing Study (A report to the residents of Columbia and Walla Walla counties and the Milton-Freewater area), 2019*. That report raised local awareness about issues pertaining to housing affordability and laid the foundation for advocacy around a number of recommendations to address the need for safe and affordable housing. The Affordable Housing study recommended the completion of a study on housing needs in the region and strategies for improvement; the cities of College Place, Dayton, Walla Walla, and Waitsburg applied for and were awarded a grant from the Washington State Department of Commerce to prepare this regional housing action plan.

A regional Housing Action Plan (HAP) is intended to examine housing affordability, access and structural diversity issues, as well as strategies and actions to be taken to create a more equitable housing environment. The HAP process includes a review of the region's comprehensive plans, policies, past actions, partnerships, and current regulations to determine

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### *Housing Action Plans address the following questions:*

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- *Who lives and works here and what are their socioeconomic characteristics?*
  - *What types of housing are available?*
  - *Are there any groups of people who are not able to find housing that is safe, affordable, and meets their household needs?*
  - *How much housing, and what types of housing, are needed to meet current and future housing needs?*
  - *Is there sufficient buildable land capacity to accommodate this growth and housing diversity?*
  - *What local policies and actions can be taken to produce additional affordable and market rate housing?*
- 

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<sup>1</sup> Unless otherwise specified, "affordable housing" in this report is defined as government-supported housing that is income restricted as well as market-rate housing where residents pay no more than 30% of their income on housing costs (monthly rents or mortgage payments).

existing conditions of the housing ecosystem. Community input is obtained to identify and evaluate potential policy changes that can be implemented to increase production of affordable and market-rate housing.

At its core, the regional HAP identifies future housing needs to serve all economic segments of the community. Based on the 20-year growth target, the housing needs assessment identifies how many units of different types are needed to optimize housing affordability.

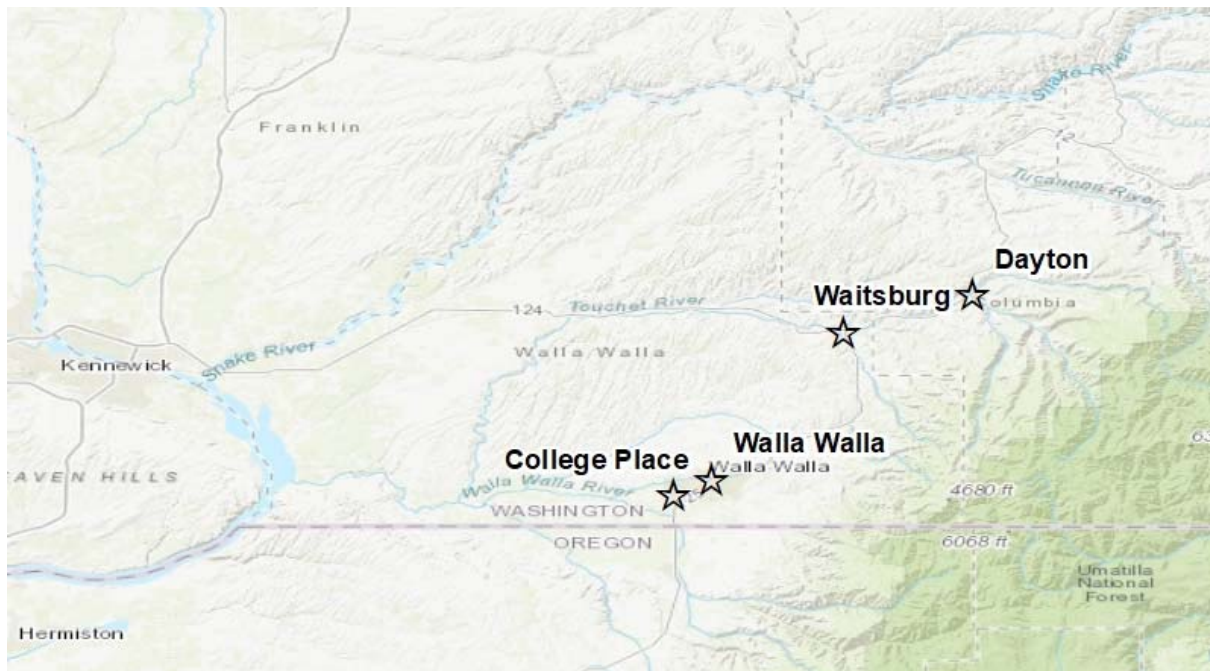
Based on Washington Department of Commerce grant funding guidelines, the focus of this study is on the existing urban growth areas (UGAs) surrounding the cities of Walla Walla, College Place, Dayton and Waitsburg. For purpose of this plan, these areas are collectively referred to as the Walla Walla Region.

## REGIONAL CONTEXT

Because housing ecosystems are rarely contained within a single jurisdiction, regional analysis and coordination are necessary to understand market dynamics. For example, if safe and affordable housing is not sufficient in one community, residents are likely to search for housing in an adjacent jurisdiction rather than leave the region altogether.

The focus of this plan is on the Walla Walla Region, which includes the urban growth areas of Walla Walla, College Place, Dayton, and Waitsburg and the surrounding unincorporated areas of Walla Walla and Columbia counties (**Exhibit 1**). While the community of Milton-Freewater in Oregon is often included in the greater Walla Walla region, this analysis is limited to communities in Washington by dint of its focus on the Urban Growth Area structure laid out in Washington's Growth Management Act. The cities of College Place and Walla Walla currently function as the business and regional service center for this region. Each of the four cities provide a unique mix of housing opportunities, growth potential and community character.

Exhibit 1: Walla Walla Region



## Recent Accomplishments

Prior to undertaking this work, communities within the Walla Walla Region have made strides in advancing affordable housing. Efforts completed to date include the following:

### Regional Planning Coordination (Walla Walla, College Place, Waitsburg and Dayton)

- The cities of Walla Walla, College Place and Waitsburg have coordinated with Walla Walla County) to update their comprehensive plans with new growth forecasts and sections focused on housing policies.
- The city of Dayton has also coordinated with Columbia County and cities in Walla Walla County (through this planning effort) to evaluate their buildable land inventory.
- Community Council, a regional policy advocacy and education organization, convened civic, private and non-profit representation on the Affordable Housing Study Workgroup to identify housing issues and barriers to affordable housing, and to recommend policy strategies.

### City of Walla Walla

- As mentioned above, the city of Walla Walla undertook a significant update of its comprehensive plan, with a new housing policy section that includes objectives aimed at expanding housing opportunities.
- 2018 Code Updates: this resulted in changes to local zoning that collapsed three single family residential zones into one zone called Neighborhood Residential. This new zone supports additional housing density in low density zone by allowing development of (up to) fourplexes on a single lot. The city also relaxed road access standards for short plats to permit private lanes to serve up to 9 dwelling units. Other changes included permitting multifamily units outright and removing the owner occupancy requirement for accessory dwelling units.
- Utility Rate Discounts: the city provides a program for providing water and sewer utility rate discounts to low-income citizens.
- The city is using Community Development Block Grant funds to provide micro-grants for property owners to complete home repair projects through a contract with the Blue Mountain Action Council.

### City of College Place

- Recent Code Updates:
  - College Place created a new single-family residential zoning district and reduced minimum single-family residential lot sizes to 6,000 square feet.
  - The city increased flexibility in short plat standards.
  - Accessory dwelling units are now permitted in all residential zones.
  - Cottage and co-housing are now permitted in the Single-Family and Multi-Family Zoning Districts.
  - The City now permits dwelling units in commercial developments in both the Downtown Mixed-Use and General Commercial Zoning Districts
  - Three or more single-family dwelling units may be attached as townhomes or zero-lot line developments and the City may waive the minimum lot size and width requirement. Tiny Homes Permitted

- Tiny homes, also known as Park Model Recreation Vehicles, are now permitted for temporary or recreational use in mobile home and RV parks and may be approved for use as a dwelling unit subject to conditions.
- Manufactured homes, mobile homes, RV's, park models, tiny homes, and campers are now permitted for residential use in mobile home parks, manufactured housing communities, and manufactured/mobile home communities.
- Recreational Vehicles may now be used as a residence in RV and Mobile Home Parks subject to conditions.
- Dwelling Units of 600SF or less now qualify for reduced wastewater & water capital facility charges. This includes all categories of dwelling units.

#### City of Dayton

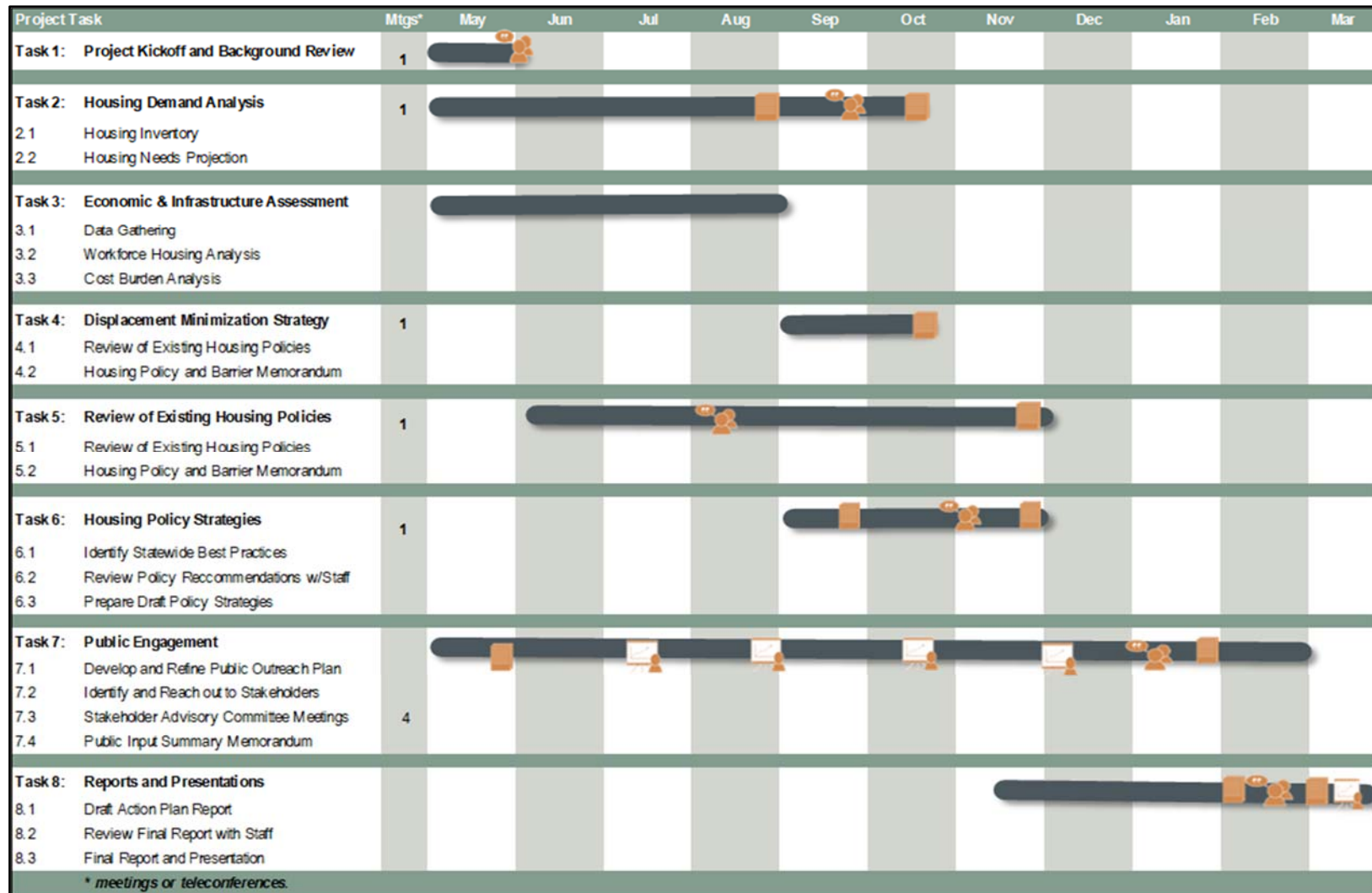
- In addition to mapping their buildable lands, the city revised its zoning code to increase future development potential by allowing plexes in and reducing setbacks in single family zones.
- The city has drafted an ordinance to streamline surplus property procedures.

## APPROACH

The overall project approach/schedule is shown in **Exhibit 2**. Key steps taken to create this report include the following:

- Project coordination meetings: Interim findings were shared with the HAP Plan Advisory Team (PAT) and a Stakeholder Advisory Committee (SAC) made up of regional civic leaders.
- Housing trends and forecasts: the consultant team analyzed most recent available data from a mix of sources, such as the U.S. Census Bureau, American Community Survey, Washington Office of Financial Management to confirm the existing housing inventory, quantify market gaps in housing products, and to establish baseline housing demand forecast.
- Housing gentrification and displacement risk assessment: included analysis of the availability of naturally occurring affordable housing (non-government supported) as well as income-restricted government supported housing in context with local demographic and socio-economic data. Locations where the risk of housing displacement are relatively high were mapped for each community in the region.
- Review of existing housing policies and draft policy recommendations: this included a synthesis of the current housing policies for each community, and identification of potential housing policies and actions that can be taken to address issues identified the HAP.
- Community engagement: the HAP process included stakeholder interviews, PAT and TAC meetings and public surveys with the broader community to identify and evaluate housing issues and policy actions.

Exhibit 2: Project Approach





## COMMUNITY ENGAGEMENT PROCESS

### Public Engagement Plan and Groups Contacted

The Public Engagement Plan (provided in **Appendix A**) for this regional plan is consistent with local and state requirements and reflects best practices. In light of the global Covid-19 pandemic that was in-place during the planning process, the community outreach process utilized virtual video conference meetings/presentations and interactive surveys to evaluate housing affordability, availability and local policies. At the outset of the HAP, a draft Public Engagement Plan was developed and refined based on input from the Project Advisory Team. The engagement plan had four objectives:

1. To provide a forum to share, develop and refine useful information and data,
2. To ensure a shared understanding of current conditions, issues, concerns, and opportunities,
3. To provide avenues for the public, applicable committees, and supporting agencies to be involved,
4. To build support for eventual adoption and implementation.

**Project Advisory Team (PAT) Meetings (4):** PAT members were comprised of planning staff from the cities of Walla Walla, College Place, Waitsburg, and Dayton, and Walla Walla County and the consultant team. The PAT directed and reviewed the research, outreach, and work products in support of the Walla Walla Regional Housing Action Plan. The PAT met four times from May to November 2020

**Stakeholder Advisory Committee Meetings (3):** The Stakeholder Advisory Committee represented a range of informed and committed stakeholder interests. It included representatives of city and county agencies, direct service providers, and other public agencies, along with local property owners, residents, and community organizers. The Committee provided recommendations on key project issues and decisions, helped to shape housing policy options, guided stakeholder and community engagement strategies, and encouraged community members to participate in the planning process. The SAC met three times from July to November 2020.

### Input regarding housing issues, goals and objectives

Two housing surveys were conducted during the HAP planning effort, with input from the PAT and the SAC. The initial Housing Policy Survey was distributed to local planners, developers and housing experts in the region. The survey focused on housing development issues, barriers and policy preferences. Survey respondents were asked to identify the most effective housing policies in their jurisdiction (city and county) and were asked to identify housing actions suggested within HB 1923.

The Housing Policy Survey received five responses. The top housing issues and policies identified for the Walla Walla region included:

- Overall need for additional construction of quality market-rate housing, additional vacant developable land, the need for less development regulations, and the need for new housing development incentives.
- Survey respondents supported local implementation actions regarding: use of cluster zoning (such as lot size averaging with reduced setbacks for new buildings), a shortened subdivision

approval process, clear and objective accessory dwelling unit standards, and increased categorical exemptions for multifamily developments.

## Public Input

The second survey included an electronic Regional Housing Action Plan Survey that was also developed with input from the PAT and TAC and provided in both English and Spanish. The survey focused on the identification of community-defined housing issues, housing affordability perceptions, and barriers to renting or owning a home. Survey respondents were asked to identify actions local officials could take to address housing issues in their community. While the survey is not a statistical representation of all regional residents, the issues and perceptions provided by the respondents are generally consistent with other survey input received during the recent Walla Walla (city and county) Comprehensive Plan updates.

The English survey received 419 responses and the Spanish survey received 3 responses. Survey responses were primarily from residents living in the Walla Walla zip code 99362 (80%), the College Place zip code 99324 (11%), and the Dayton zip code 99328 (4%). Detailed survey results are included in **Appendix B** and are summarized below. While the survey is not considered statistically valid, it does provide a reliable indication of community perceptions regarding housing issues.

### Top 5 Perceived Housing Issues

**1 Housing Cost / Affordability**

**2 Inadequate Housing Availability**

**3 Homelessness**

**4 Range of Housing Types**

**5 Housing Quality**

### Top 5 Housing Actions

**1 Development Partnerships**

**2 Multifamily Tax Incentives**

**3 Grants for First-time Homebuyers**

**4 Housing Rehabilitation Grants**

**5 Increase Residential Land Inventory**



### Top Barriers to Homeownership

Barriers to Home Ownership	Count	Percent
Limited Housing Supply	249	21.9%
Availability of Living Wage Jobs	290	25.5%
Affordability of Available Homes	371	32.6%
Programs for Homeowners	124	10.9%
Lack of Resources/Education on Home Ownership	63	5.5%
Other	40	3.5%
<b>Total</b>	<b>1,137</b>	<b>100.0%</b>

### Top Barriers to Rental Housing

	Count	Percent
Low Vacancy Rates	298	30.0%
Lack of Affordable Rentals	351	35.3%
Strict Rental Requirements	196	19.7%
Confusing Rental Application Process	48	4.8%
Other	101	10.2%
<b>Total</b>	<b>994</b>	<b>100.0%</b>

## II. HOUSING MARKET OVERVIEW

Housing demand is driven by a combination of population growth, household formations and regional economic activity. Population within the Walla Walla Region (includes the cities of Walla Walla, College Place, Dayton and Waitsburg) reached a record high of 47,695 year-round residents in 2019 (*according to the WA Office of Financial Management*).

Population within the Region has been increasing at an annual average rate of 0.68% between 2010-2018, which is three times faster than unincorporated Walla Walla County, but only half the statewide average (**Exhibit 3**).

Exhibit 3: Population Trends

Population Trends			
	2010	2018	AGR
Washington	6,561,297	7,294,336	1.33%
Columbia County	3,957	4,001	0.14%
Dayton	2,463	2,682	1.07%
Walla Walla County	57,585	60,236	0.56%
College Place	8,502	9,136	0.90%
Waitsburg	1,194	1,188	-0.06%
Walla Walla	31,177	32,731	0.61%
Walla Walla Region	43,336	45,737	0.68%
Unincorp. Walla Walla County	14,249	14,499	0.22%

Source: U.S. Census Bureau, 2014-2018 American Community Survey 5-Year Estimates (Table B01003)

AGR: average annual growth rate.

Household income and housing price/rent levels are good indicators of housing attainability. Median household income in Walla Walla County (\$56,533) is currently well below the Washington average (\$70,116). However, overall income levels in Walla Walla County and the city of Walla Walla recorded a slightly faster growth rate than the state average between 2010 and 2018 (**Exhibit 4**).

Exhibit 4: Median Income Trends, 2010-2018

	2010	2018	AGR
Washington	\$57,244	\$70,116	2.6%
Walla Walla County	\$45,575	\$56,533	2.7%
College Place	\$40,137	\$47,525	2.1%
Dayton	\$39,861	\$44,524	1.4%
Waitsburg	\$45,568	\$48,403	0.8%
Walla Walla	\$39,397	\$48,678	2.7%

Source: U.S. Census Bureau, 2014-2018 American Community Survey 5-Year Estimates (Table B25119)

AGR: average annual growth rate.

To meet HUD guidelines for housing affordability, no more than 30% of income should be allocated to housing. Hence, middle-income families earning 80% to 120% of the median household income (MHI) should be able to afford monthly rents at \$1,131 to \$1,696; or homes priced between \$194,000

and \$291,000. If middle-income households pay more than this, they would be “cost burdened” to some degree. As indicated in **Exhibit 5**, using current statistics, affordable monthly housing cost for low-income families is as follows:

- Low Income, \$707 to \$1,131
- Very Low Income, \$424 to \$707
- Extremely Low Income, \$424 or less

**Exhibit 5: Analysis of Attainable Housing Prices/Rents**

<b>Walla Walla County Median Household Income (2018)*</b>		<b>\$56,533</b>
<b>Market Segment by Income Level</b>	<b>Lower-end</b>	<b>Upper-End</b>
Upper (120% or more of MHI)		120%
Middle (80% to 120% of MHI)	80%	120%
Low (50% to 80% of MHI)	50%	80%
Very Low (30% to 50% of MHI)	30%	50%
Extremely Low (less than 30% of MHI)	30%	
<b>Qualifying Income Level</b>	<b>Lower-range</b>	<b>Upper-range</b>
Upper (120% or more of MHI)	\$67,840	or more
Middle (80% to 120% of MHI)	\$45,226	\$67,840
Low (50% to 80% of MHI)	\$28,267	\$45,226
Very Low (30% to 50% of MHI)	\$16,960	\$28,267
Extremely Low (less than 30% of MHI)		\$16,960
<b>Attainable Monthly Rent or Payment (@30% of income level)</b>	<b>Lower-range</b>	<b>Upper-range</b>
Upper (120% or more of MHI)	\$1,696	or more
Middle (80% to 120% of MHI)	\$1,131	\$1,696
Low (50% to 80% of MHI)	\$707	\$1,131
Very Low (30% to 50% of MHI)	\$424	\$707
Extremely Low (less than 30% of MHI)		\$397
<b>Approximate Attainable Home Price**</b>	<b>Lower-range</b>	<b>Upper-range</b>
Upper (120% or more of MHI)	\$291,000	or more
Middle (80% to 120% of MHI)	\$194,000	\$291,000
Low (50% to 80% of MHI)	\$116,000	\$185,000
Very Low (30% to 50% of MHI)	\$69,000	\$116,000
Extremely Low (less than 30% of MHI)	n/a	n/a

*Notes:*

*\* based on current U.S. Census estimates of household income for Walla Walla County.*

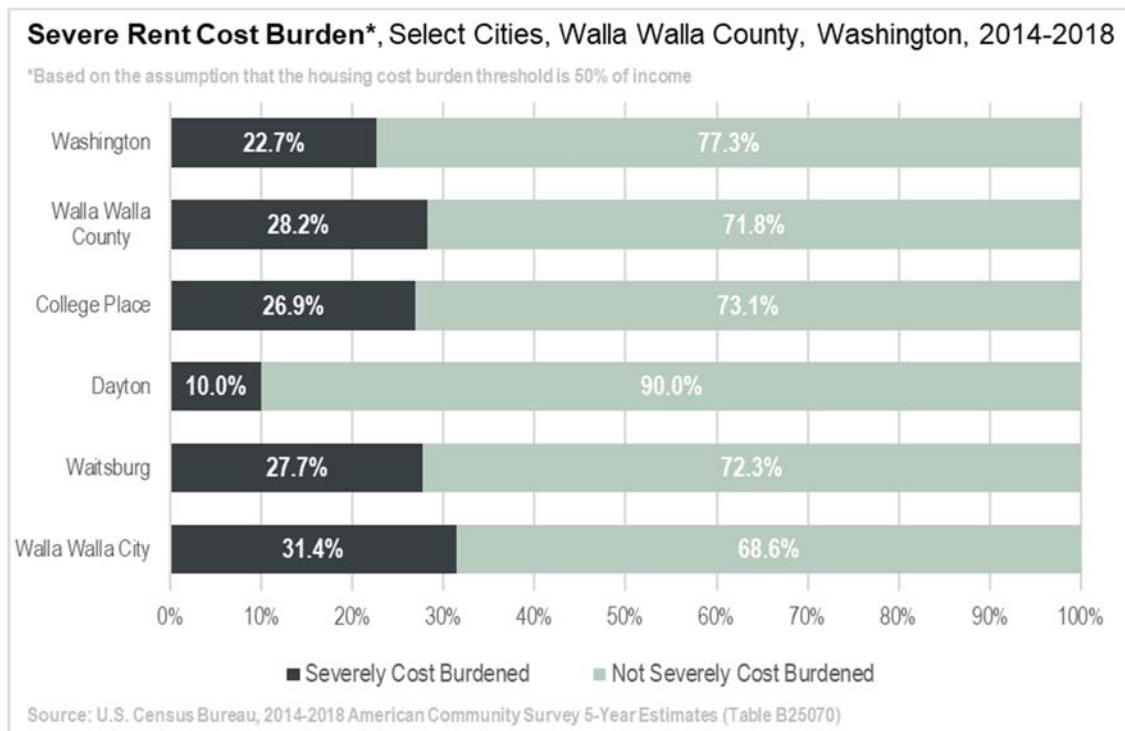
*\*\* assumes 5% down (zero down payment for low income purchasers) on 30-yr mortgage @ 3.6% interest; and 1.89% for taxes and insurance.*

*Source: analysis by FCS GROUP using U.S. Census, American Community Survey data.*

According to the U.S. Housing and Urban Development (HUD), households are considered “cost burdened” if they pay over 30% of their gross income on housing and utilities. Households are “severely cost burdened” if they pay over 50% of their gross income on housing and utilities.

As of 2018, nearly 3 in 10 renters (28%) in Walla Walla County were severely cost burdened by housing expenses alone (**Exhibit 6**). If housing costs continue to rise faster than income levels, the share of severely cost burdened households will continue to increase.

Exhibit 6: Severe Housing Cost Burden by Locality



## Measures of Economic Hardship

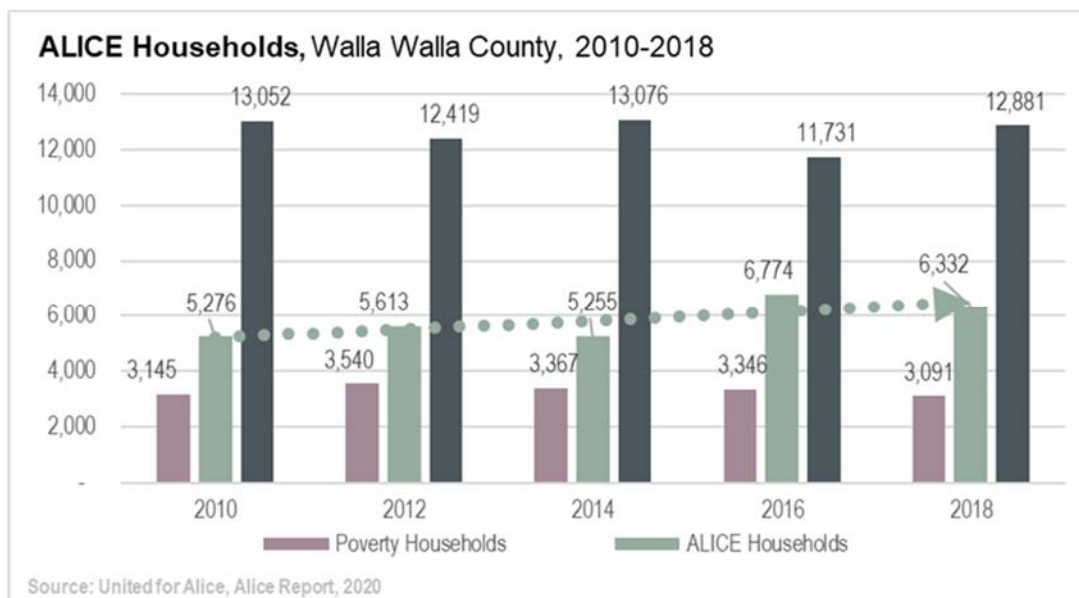
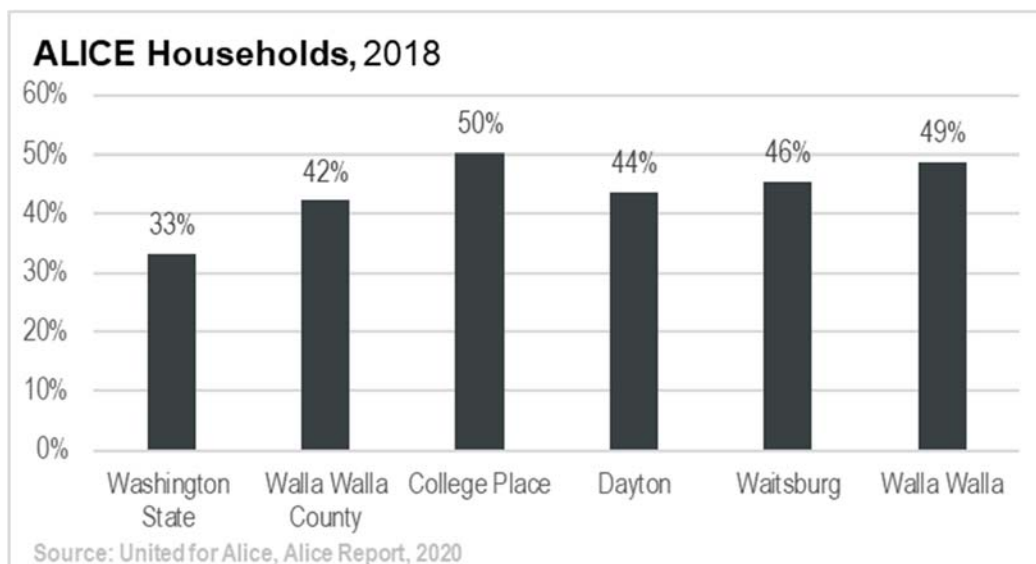
Like many rural communities across the U.S., an increasing share of households in the Region are experiencing economic hardship as the cost of living rises faster than income levels.

Since the War on Poverty began in 1965, the Federal Poverty Level (FPL) has provided a standard for determining the proportion of people living in poverty in the U.S. Despite the FPL's benefit of providing a nationally recognized income threshold for determining who is poor, its shortcomings include the fact that the FPL is not based on the current cost of basic household necessities, and except for Alaska and Hawaii, it is not adjusted to reflect cost of living differences across the U.S. In fact, federal poverty statistics indicate that the number of Walla Walla County households living in poverty decreased by 54 between 2010 and 2018.

In recognition of the short comings associated with federal poverty statistics, the United Way now provides a new measure of economically distressed households struggling in each county in a state. This effort provides a framework, to measure households that do not earn enough to afford basic necessities, with a population segment called **ALICE (Asset Limited, Income Constrained, Employed)**. The ALICE methodology takes into account the total cost of household essentials – housing, child care, food, transportation, technology, and health care, plus taxes and a 10 percent contingency. ALICE data are calculated separately for each county, and for six different household types. For more information check out: <https://www.unitedforalice.org/methodology>

In 2018, 42% of the households in Walla Walla County were either in poverty or in the ALICE category, which is well above the Washington statewide average of 33%. Within the Walla Walla Region, the share of households in poverty and ALICE categories ranged from 44% in Dayton to 50% in College Place (**Exhibit 7**).





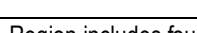
Exhibit 7: ALICE Household as Share of Total Households



## Employment

Employment in the cities of the Walla Walla region has been on a steady upward trajectory since 2002, with an estimated 13,281 jobs in 2002 and 14,006 jobs in 2017 (latest available data) a 5.5% overall increase in that timeframe. Job gains varied by sector, with industries such as Transportation and Utilities, Industrial Trades, and Agriculture recording job losses, while Health Care, Services and Education sectors recording the most job gains during this time frame (**Exhibit 8**).

Exhibit 8: Employment Trends: 2002-2017

Segment	2002 - 2017 Job Growth	2002	2010	2017	Change
Agriculture, Forestry, Fishing and Hunting		230	184	150	(80)
Transportation, Communications & Utilities		700	509	427	(273)
Industrial Trades & Construction		1,978	1,642	1,594	(384)
Retail Trade		2,392	2,911	2,337	(55)
Other Services, Restaurants & Lodging		3,673	4,129	4,022	349
Educational Services		1,042	1,033	1,288	246
Health Care and Social Assistance		3,083	3,396	4,012	929
Public Administration		183	173	176	(7)
<b>Total</b>		<b>13,281</b>	<b>13,977</b>	<b>14,006</b>	<b>725</b>

Source: US Census Bureau, On the Map.com. Region includes four cities: Walla Walla, College Place, Waitsburg and

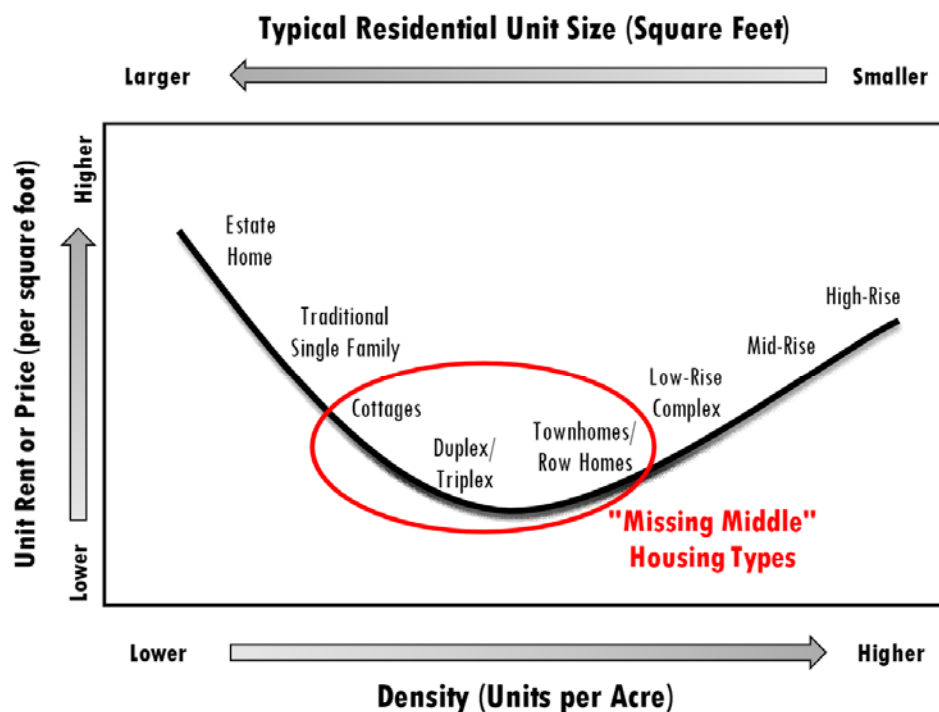
In that same timeframe in the Walla Walla MSA (Walla Walla and Columbia Counties) the civilian labor force increased by 1.9%, a figure well outpaced by job growth in the area according to the US Bureau of Labor Statistics. Unemployment in the area also dropped from 6.9% in 2002 to 4.9% in 2017.

## HOUSING NEEDS FORECAST

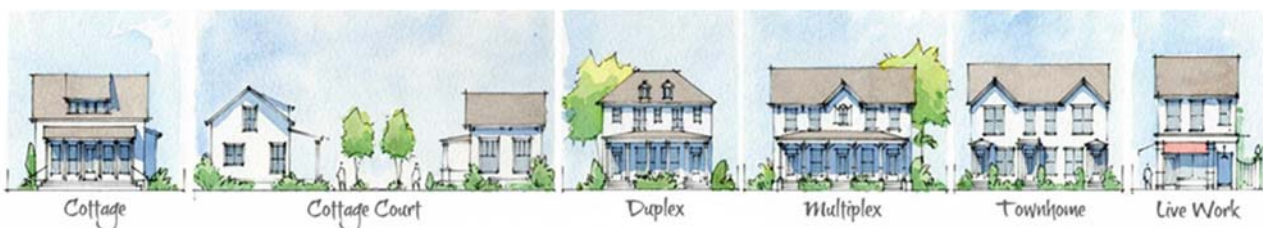
Representatives from public agencies have expressed concern over the lack of attainable and good quality housing for middle income families and local workers. To find attainable housing, some workers must travel long distances between their homes and their jobs to find attainable housing.

The Region would benefit from development of “middle income” housing types, such as apartments, duplexes, townhomes, cottages, manufactured homes and accessory dwelling units (ADUs). These housing types can be delivered at a lower cost and rent level per square foot than standard single family detached and mid-rise housing types (**Exhibit 9**).

Exhibit 9: Middle Housing Types



Source: Washington Department of Commerce Housing Memorandum (PNW Economics and LDC)



## Housing Market Gaps

Low vacancy rates and rising home prices have resulted in deficiencies in the regional housing inventory that could largely be addressed by new housing construction. The regional *Community Council's Affordable Housing Study Report*, Summer 2019, found that median income levels in the City of Walla Walla and College Place would need to increase by at least \$5,400 to enable families to purchase a home at 2018 prices.

The housing affordability gap within the region does vary significantly by location. As shown in **Exhibit 10**, regional home prices are highest in College Place (\$281,000) and lowest in the cities of Dayton (\$152,000) and Waitsburg (\$230,000). As a result of this wide disparity in home prices, approximately 69% of the region's households could likely afford to buy a home in Dayton, but less than half of the households can afford to buy a median priced home in College Place.



Exhibit 10: Median Home Price Sales Trends & Affordability

	5/19/2019	5/20/2020	Change from prior year %	Min. Income Needed to purchase median priced home*	Share of Regional HHs that qualify based on income**
Washington	\$403,000	\$425,000	5.5%	\$83,332	
Columbia County	\$186,400	\$208,300	11.7%	\$40,842	63.1%
Dayton	\$149,000	\$152,000	2.0%	\$29,803	69.3%
Walla Walla County	\$268,000	\$273,000	1.9%	\$53,528	49.5%
College Place	\$276,000	\$281,000	1.8%	\$55,097	48.9%
Waitsburg	\$226,000	\$230,000	1.8%	\$45,097	60.4%
Walla Walla City	\$268,000	\$273,000	1.9%	\$53,528	49.5%

**Source:** Zillow, (6/1/2020), Compiled by FCS GROUP.

\* Assumes 30-year mortgage, 3.6% interest, 1.89% property tax & insurance; 5%

\*\* Assumes 30% of household income dedicated to payments.

The Region's housing gap is most prevalent for long-term rentals as well as less-expensive for sale housing. In other words, there is an inadequate supply of deed-restricted rental housing as well as high-quality market rate apartments and for-sale housing priced under \$300,000. Housing needs reflect an increase in demand for homes in the \$291,000 to \$300,000 price range, which are affordable to households earning around the median income.

As reflected in **Exhibit 11**, the lack of affordable rental housing (priced at \$707/month or lower) has resulted in 791 households living in higher-cost housing than they can afford, which leads to severe rent burdens. If we assume that 33% of the housing gap can be addressed by new policies that encourage near term housing construction, we expect the Region could absorb nearly 240 market rate rentals units and at least 261 deed-restricted rental units within 1 or 2 year (**Exhibit 11**).

Exhibit 11: Rental Housing Market Gaps, Walla Walla Region, 2017

Median Household Income Range	Lower-end	Upper-End	Renter Households Counted	Affordable Monthly Rent Costs *	Level of subsidy required	Estimated Rental Units Counted	Year 2017 Housing (Gap) or Surplus
Upper (120% or more of MFI)	\$67,840 or more		1,304	\$1,696 & Above	Zero	580	(400)
Middle (80% to 120% of MFI)	\$45,226	\$67,840	1,173	\$1,131-\$1,686	Zero	1,497	
Low (50% to 80% of MFI)	\$28,267	\$45,226	1,518	\$707-\$1,131	Low	2,709	1,191
Very Low (30% to 50% of MFI)	\$16,960	\$28,267	1,177	\$424-\$707	Medium	1,541	(791)
Extremely Low (less than 30% of MFI)	\$16,960 or less		1,830	Less than \$424	High	674	
Total			7,001			7,001	

Source: US Census Bureau 2013-2017 ACS, analysis by FCS GROUP.

\* Calculated at 30% of Walla Walla County median family income based on HUD guidelines

#### Analysis of Pent-Up Rental Housing Demand, Walla Walla Region

Median Household Income Range	Renter Households in 2017	Rental Units in 2017	Housing (Gap)	Potential Capture Rate	Pent-up Housing Demand Capture
Upper (120% or more of MFI)	1,304	580	(724)	33%	239
Middle (80% to 120% of MFI)	1,173	1,497	324		
Low (50% to 80% of MFI)	1,518	2,709	1,191		
Very Low (Less than 50% of MFI)	3,006	2,215	(791)	33%	261

**Source:** US Census Bureau 2013-2017 ACS, analysis by FCS GROUP.

## Regional Housing Need

The 20-year regional housing demand forecast takes into account a share of the current market gap for rental housing along (noted in the preceding section) plus the amount of housing required to address demand from the projected changes in population for cities and unincorporated areas of Walla Walla and Columbia counties. Population growth rates are consistent with the adopted comprehensive plans for Walla Walla County and the cities of College Place, Walla Walla, Dayton and Waitsburg.

These plans anticipate a population increase of approximately 9,668 year-round residents by 2040 within Walla Walla County. According to the Walla Walla County Comprehensive Plan, the vast majority of population (and housing) growth is expected to occur within the Walla Walla, College Place and Waitsburg urban areas. Unincorporated areas of the county are projected to add 2,802 people. Since that forecast also reflects unincorporated portions of UGAs for the cities, we expect the majority of new population growth to occur within future annexation areas of local cities.

To estimate urbanization requirements for the four-city region, this regional housing action plan assumes that 70% of the housing growth and 90% of the group quarters population growth within unincorporated Walla Walla County will occur within the UGAs of Walla Walla, College Place, and Waitsburg. As indicated in **Exhibit 12**, this allocation of county growth equates to approximately 107 group quarters residents and 657 dwelling units. A more detailed breakdown of this analysis can be found in **Appendix C**.

Exhibit 12: Projected Regional Housing Capture of Unincorp. Walla Walla County, 2020 to 2040

	Walla Walla County	Unicorp. Walla Walla County**	Regional Housing Capture of Unincorp. County %	Regional Housing Capture of Unincorp. County
Net New Population	9,668	2,802		
New Pop in Group Quarters*	773	119	90%	107
Population in Households	8,894	2,683		
Housing Need for Permanent Residents (dwellings)	3,601	865		
Seasonal & Vacancy Allowance (@9.4 %)	358	74		
Growth-related Housing Demand (dwelling units)	3,959	939	70%	657

Source: FCS GROUP based on local pop. growth forecasts and current ACS data for local areas. \*Group quarters reflects people in dormitories, group homes, institutions, etc. \*\* Includes unincorporated areas within urban growth areas of local cities.

The baseline housing demand forecast converts future population growth into housing needs. To address changing demographic and householder preferences, the baseline housing demand forecast also takes into account the following assumptions:

- Future population growth forecasts for each city within the Walla Walla Region will be consistent with adopted local comprehensive land use plan forecasts (extrapolated).
- The tenancy mix and rate of homeownership will increase slightly overtime to the Washington statewide average (63% owners and 37% renters). Note, this results in a modest increase in homeownership rates within the Region from 60% currently to 63% by year 2040.
- Housing needs reflect increasing demand for attainably-priced middle housing types consistent with 30% of household income allocated to rent or mortgage (principal and interest).

- The housing needs forecast assumes a moderate shift toward middle housing types, including townhomes, plexes, apartments, ADUs and manufactured housing.

Given these assumptions, the Walla Walla Region should plan to add approximately 4,685 net new housing units over the next 20 years. Future housing demand in the Region is likely to include 1,523 standard-lot single family detached homes; 1,104 small-lot detached homes; 732 townhomes/plexes; 894 multi-family units (includes some group quarters demand), and 443 government-supported affordable housing units, manufactured homes and/or ADUs (**Exhibit 13**).

Exhibit 13: Walla Walla Region Housing Needs Forecast, 2020 to 2040

	Walla Walla City	College Place	Waitsburg	Dayton	Region Total
Projected Baseline Housing Demand	2,362	494	153	11 +	3,021
Plus Share of Housing Within Unincorp. UGAs	514	107	33	2 +	657
Plus Demand to Address 33% of Housing Gap	414	87			500
Total Housing Need	3,290	688	187	13 +	4,178
Plus Group Quarters Housing Units (@1.5 people per unit)*	420	88			762
Grand Total (units)	3,710	776	187	13 +	4,685
percent of total	79%	17%	4%	0.3%	100%

Source: FCS GROUP based on local pop. growth forecasts and current ACS data for local areas. \*Group quarters reflects people in dormitories, group homes, institutions, etc.

Projected Housing Need by Housing Type

Projected 2040 Housing Needs	Walla Walla UGA	College Place UGA	Waitsburg UGA	Dayton UGA	Walla Walla Region	Remainder of Walla Walla County
Housing Type						
Single-Family Detached						
Standard Lots	1,142	261	112	9 +	1,523	225
Small Lots, cottages, mfg. homes (lots)	899	205	-	-	1,104	-
Townhouses / Plexes (units)	556	155	19	1 +	732	-
Multi-family units (5+ units per structure)	816	78 +	-	-	894	-
Mobile homes/ADUs/other (units)	297 +	78 +	56 +	3 +	433	56 +
Total Dwelling Units	3,710	776	187	13 +	4,685	282

Projected Housing Need by Income Level

Family Income Level	Owner-Occupied	Renter-Occupied	Total	Dist. %	Attainable Housing Products
Upper (120% or more of MI)	2,361	260	2,621	56.0%	Single Family Lots
Upper Middle (80% to 120% of MI)	384	347	730	15.6%	Cottage Homes, Townhomes, Apartments
Lower Middle (50% to 80% of MI)	207	693	900	19.2%	Townhomes, Mfgd. Homes, Plexes, Apartments
Low (less than 50% of MI)	0	433	433	9.3%	ADUs, Govt. Assisted Apts.
Total	2,952	1,734	4,685	100.0%	

\*Derived from Appendix A.

A more detailed analysis of group quarters housing demand indicates that the majority of this segment is likely to be supported by seniors that desire assisted living facilities, and to a lesser extent university students and special needs population segments (including inmates at the correctional center). As indicated in **Exhibit 14**, the senior housing segment is projected to account for about three quarters of the overall group quarters demand, with the need for almost 380 units of shared senior housing required by year 2040.

Exhibit 14: Projected Senior Housing Demand: Walla Walla Region

	Region Total within UGAs
Current Population	48,363
Proj. Net New Population within Region UGAs (@2.3 persons/HH)	8,485
Future Population year 2040	56,848
Population over Age 65	20%
Share of pop. over Age 65 in Nursing Homes	5.0%
Avg. Household Size within Nursing Homes	1.50
Proj. Net New Population in Nursing Homes	568
Proj. Senior Housing Need (dwelling units)	379

Source: population estimates and forecasts based on WA Office of Financial Management data; nursing home capture rates based on National Institute of Aging estimates, 2015.

## Land Sufficiency Findings

According to the June 2019 Walla Walla County buildable land inventory and development capacity study, Walla Walla, College Place and Waitsburg UGAs had the potential to accommodate over 4,100 net new dwellings at full utilization (**Exhibit 15**). Note, the City of Dayton was included in a separate land capacity study for Columbia County.

Exhibit 15: Land Capacity Analysis (2019)

	Minimum Lot Size (SF)	Net Res. Land Inventory (acres)	Vacant percent	Under-developed percent	Net New Pop. Capacity	Net New Dwelling Capacity	Infill & redevelopment Dwellings	Dwellings on Vacant Land	% infill & redevelopment
<b>Waitsburg</b>					1,466	621	284	337	46%
R96 Suburban Residential	9,600	50.7	62%	38%	538	228	86	142	
Residential (incorporated)	10,000	92.7	49%	51%	875	371	189	182	
Flexible Comm./Res (Incorp.)	10,000	5.6	61%	39%	53	22	9	13	
<b>College Place</b>					588	249	139	110	56%
Multiple Family Residential	n/a	2.1			59	25	-	25	
R-60 Single Family Residential*	6,000	21.6	30%	70%	361	153	107	46	
R-72 Single Family Residential*	7,200	0.3			4	2	-	2	
R-96 Suburban Residential (incorp.)	9,600	6.3	58%	42%	67	28	12	16	
<del>R-96 Suburban Residential (area 2B)**</del>	<del>9,600</del>	<del>39.8</del>	<del>75%</del>	<del>25%</del>	<del>425</del>	<del>180</del>	<del>46</del>	<del>134</del>	
R-96 Suburban Residential (area 2C)	9,600	9.2	51%	49%	97	41	20	21	
<b>Walla Walla City</b>					7,641	3,238	1,632	1,606	50%
Multiple Family Residential	n/a	-			-	-			
R-60 Single Family Residential ***	6,000	-			-	-			
R-72 Single Family Residential ***	7,200	54.7	21%	79%	813	344	271	73	
R-96 Suburban Residential (incorp.)	9,600	569.0	51%	49%	6,116	2,592	1,260	1,332	
R-96 Suburban Residential (other)	9,600	60.8	67%	34%	712	302	101	201	

Source: Revised Land Capacity Analysis, Technical Memorandum, June 2019, the Watershed Company. Note, this analysis was completed prior to the City of Walla Walla creating a Neighborhood Residential zone to allow reduced lot sizes.

\* After 2019, College Place combined zones R-60/R-72/R-75 into a one SF District zone and allows up to two dwellings per lot.

\*\* Area 2B urban growth area expansion request was denied after 2020.

\*\*\* After 2019, Walla Walla changed code to allow 2-4 unit structures and ADUs in all single family zones.

In the years since the aforementioned land capacity analysis was conducted, the cities of Walla Walla and College Place amended their respective zoning codes to allow development of plexes (up to 4 units per structure) within their low density zones. The estimated residential land capacity for the Walla Walla Region assumes there will be a moderate increase in housing density on single family zones in the cities of College Place and Walla Walla, and reflects significant growth potential for the city of Dayton.

As indicated **Exhibit 16**, the Walla Walla Region is now be expected to accommodate nearly 5,058 dwelling units, including 4,611 dwellings with 1 to 4 units per structure, and approximately 447 multi-family dwellings with 5+ units per structure.

Exhibit 16: Regional Residential Land Capacity and Housing Need (2021)

	Infill & Dwellings redevelop- ment Dwellings	on Vacant Land	Total Dwelling Capacity	Projected 20-Year Housing Need	Net Housing Surplus or (Gap)
College Place	206	140	345	747	(402)
1 to 4 units per structure *	146	115	260	672	(412)
5 or more units per structure	60	25	85	75 +	10
Walla Walla City	2,054	1,686	3,740	3,570	170
1 to 4 units per structure *	1,714	1,686	3,400	2,785	615
5 or more units per structure **	340		340	785	(445)
Waitsburg	306	367	673	178	495
1 to 4 units per structure	298	353	651	124 +	527
5 or more units per structure	9	13	22	53	(31)
Dayton	100	200	300	12	288
1 to 4 units per structure ***	100 +	200 +	300 +	12 +	288 +
5 or more units per structure			-	-	-
Region Total	2,665	2,393	5,058	4,507	552
1 to 4 units per structure	2,257	2,354	4,611	3,593	1,018
5 or more units per structure	409	38	447	913	(466)

*Findings are derived from prior tables and input provided by project advisory and stakeholder committees, Washington Dept. of Commerce staff, and the following notations.*

*\* Assumptions for College Place and Walla Walla take into account recent code changes; assumes 5% of the land zoned for single family will be utilized by plexes or ADUs.*

*\*\* Multi-family capacity analysis (5+ units per structure) for Walla Walla reflects current development applications.*

*\*\*\* Dayton capacity analysis derived from City of Dayton Buildable Land Inventory maps.*

While the overall land capacity within the Region appears to be adequate for addressing the long-term housing need for Waitsburg and Dayton, the analysis cited above indicates that nearly half of new construction would need to occur on under-developed (part vacant) tax lots. If property owners do not wish to subdivide their tax lots, the likelihood of meeting housing needs through “infill” is unlikely.

These findings also indicate that the current zoning and related land capacity within the College Place and Walla Walla UGAs (combined) may not be sufficient to fully accommodate multi-family demand. This issue is particularly acute in College Place, where the housing demand for single family and middle housing (672 units) is expected to exceed its zoned land capacity by 412 dwellings.

Based on the residential capacity analysis and this housing needs assessment, the following conclusions are made:

**College Place UGA:** the projected 20-year housing need of 747 dwelling units is far greater than the potential UGA capacity of 345 units, even after accounting for recent code changes and assuming 60% of net new housing will need to be constructed on infill and redevelopment lands.

**Walla Walla UGA:** the projected 20-year housing need of 3,570 dwelling units is below the potential UGA capacity of 3,740 dwelling units. However, the current amount of land zoned for multi-family structures may be inadequate to meet overall housing needs, even after assuming 55% of

the net new housing will be constructed on infill and redevelopment lands (including residential and commercial housing zones).

During the next round of local comprehensive land use plan updates, it is recommended that the cities of College Place and Walla Walla continue to work with Walla Walla County and regional housing advocates to ensure that new housing density can be optimized within current UGAs, and new areas be identified for potential UGA expansion.

**Waitsburg and Dayton UGAs:** the combined projected housing demand of 200 dwellings for these two small cities can be accommodated by their existing UGAs if adequate water and wastewater infrastructure is provided.

Additional policy actions and housing program considerations are provided in the next section.



# III. HOUSING POLICY, PROGRAMS & ACTIONS

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The Walla Walla Region is facing unprecedented challenges to its ability to provide safe and affordable housing. Like many areas across the USA, housing costs are rising faster than income levels and there is a limited supply of skilled workers, inadequate supply of developable lots, and restrictions attributed to development regulations.<sup>2</sup> Local policies and actions aimed at reducing barriers to new construction can help. It is more important than ever for local jurisdictions to work together with public, private and non-profit developers, homeowners and land trusts to identify lasting solutions.

This section identifies potential code changes, affordable housing programs, and strategies to mitigate housing displacement for the most vulnerable population segments. A summary of strategies that can increase the housing supply is provided in **Exhibit 17**.

## STRATEGIES TO INCREASE HOUSING SUPPLY

### Code-Related Policies

In general, development regulations need to be clear and objective, and less restrictive code requirements can lower development costs and lead to a greater variety of housing types. In the Walla Walla Region, the need for code amendments varies by city. While Walla Walla and College Place have already implemented many of the state recommendations regarding increased flexibility in the types of housing allowed in low-density zones, Dayton and Waitsburg may benefit from additional code updates.

It is recommended that cities within the region consider reducing or eliminating minimum lot size requirements and removing parking and owner occupancy requirements for accessory dwelling units. All cities can strive to improve the efficiency of their permitting process.

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<sup>2</sup> American Planning Association. "APA Policy Guide on Housing" (2019). Guide available at <https://www.planning.org/publications/document/9178529/>

Some code-related best practices include the following:

1. Single Family Zones
  - Authorize cluster zoning or lot size averaging in all zoning districts that permit single-family residences to allow developers to incorporate natural features into their site plans and minor partitions.
2. Accessory Dwelling Units
  - Remove owner occupancy requirements related to accessory dwelling units.<sup>3</sup>
  - Remove minimum residential parking requirements related to accessory dwelling units.<sup>4</sup>
3. Middle Housing Types
  - Ensure that local zoning ordinances do not unduly hinder the functioning and placement of manufactured homes.
  - Ensure local zoning ordinances specifically allow slightly used manufactured homes.
  - Reduce the minimum lot size for duplex and multifamily developments to 7,500 square feet or less or eliminate minimum lot size requirements to promote the development of greater diversity of housing types.
  - Adopt other permit process improvements where it is demonstrated that the code, development regulation, or ordinance changes will result in a streamlined and more efficient permit process to attract interest from developers.<sup>5</sup>

### Development Incentive Programs

To better understand the feasibility of developing multifamily apartments in the Region, FCS Group conducted a supplemental analysis of two prototypical multifamily developments (garden apartments and flats) in the city of Walla Walla, which is summarized in **Appendix D**. The analysis evaluated financial feasibility from the perspectives of either a for-profit or a non-profit developer. Key conclusions from the financial analysis are:

- The current housing market is strong enough to attract for-profit developers
- Garden apartments are viable without incentives
- Market rate flats over parking will likely require some form of development incentive (see list below)
- Income-restricted affordable housing developments and mixed-income housing by a for-profit developer, will also require incentives to be market feasible, such as:
  - 12-year tax abatement (for affordable housing element)

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<sup>3</sup> RCW 36.70A.600. (2020). Washington State Legislature. <https://app.leg.wa.gov/RCW/default.aspx?cite=36.70A.600>

<sup>4</sup> RCW 36.70A.600. (2020). Washington State Legislature. <https://app.leg.wa.gov/RCW/default.aspx?cite=36.70A.600>

<sup>5</sup> RCW 36.70A.600. (2020). Washington State Legislature. <https://app.leg.wa.gov/RCW/default.aspx?cite=36.70A.600>.

- Impact fee reduction (e.g. lower utility connection charges) for deed restricted affordable housing elements.
  - Land write-down
  - Parking reductions
  - The use of a non-profit developer for a 100% affordable development could make the development “pencil” with fewer incentives than would be required with a for-profit developer.
- There are specific strategies that can be considered to increase the production of affordable housing and to reduce the cost of owning or renting a home:

1. Incentives for affordable housing:
  - Multifamily Tax Exemption (applies to City of Walla Walla only) is currently allowed for cities with over 15,000 people and is now a policy that applies in downtown Walla Walla. This program includes an 8 or 12-year property tax exemption based on the value of improvements for 4+ housing units, depending on the share of units that are to be set aside for low-income families. This program is designed to promote needed housing development in targeted areas of the urban core by directly addressing the financial feasibility gap.
  - It is recommended that Walla Walla consider expanding this program by including areas outside downtown that have proximity to public transit and community services.
  - Consider allowing bonus density increases for any deed-restricted affordable housing development, including single-family or multifamily residences located on real property owned or controlled by a religious organization.<sup>6</sup>
2. Incentives for home ownership:
  - Enhance and promote existing programs that supply down payment assistance and application support a matching grant program for first-time homebuyers.

#### Other Actions that can help lower development costs and housing costs

1. **Sponsor Construction-related Workforce Training:** Economic development strategies that improve local resiliency through workforce training bolster opportunity for existing residents. Each city in the region can work with higher and secondary educational institutions to take advantage of sector-based partnerships. Construction-related training and volunteer programs (such as Habitat for Humanity) that deliver housing improve the supply of low-income housing and improve skills for workers. The goal is to create programs that offer training/apprenticeships and future job opportunities that improve the quality of jobs in the area.
2. **Pursue Public/Private Developments:** Cities and county governments can leverage private or non-profit development of under-utilized public lands. Typically formulated as private

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<sup>6</sup> 2019-2020 Housing Laws. Washington State Department of Commerce.  
<https://deptofcommerce.app.box.com/s/uvqd9297a8tisplk0jjulwe97fnr66px>

construction of housing and/or commercial space on public land public/private partnerships can lead generate both market rate and affordable housing in the region.

3. **Support Development of a Community Land Trust:** Community land trusts create additional affordable home ownership opportunities by removing land from the costs of real estate. In a traditional Community Land Trust model, the homeowner owns the home (and the value of any improvements), but a nonprofit owns the land. Developments that are constructed on land trust parcels tend to have more stable housing values, which are somewhat insulated from the overall real estate market and reflective of the local cost of living.

Community land trusts can be granted the right of first offer or right of first refusal to allow them to purchase homes in specifically vulnerable communities to provide homeownership opportunities to households with low-income households. Right of first offer places very minimal requirements on property owners. Notice would be sent that a property will be for sale and either the trust or the owner sets and offer price depending on the program framework.

## DISPLACEMENT MINIMIZATION STRATEGIES

Many of the policy measures and programs listed above will help increase the housing supply while enhancing housing affordability. Additional measures are needed to address displacement that tends to occur with major redevelopment. Displacement occurs when households or businesses are involuntarily forced out of an area due to increasing housing prices/property taxes or due to economic and demographic changes that alter the neighborhood's character. Gentrification, a well-documented housing issue since the 1960s, has traditionally been associated with urban cores, but rural gentrification is now an issue in light of the ever-expanding digital workforce and access to goods online.

Gentrification typically occurs in areas with relatively low property values and nearby amenities. As demand in the region grows, areas with relatively low rents/home values and/or areas perceived as having lower-quality housing become more attractive and profitable for redevelopment. Some housing experts expect that the recent global pandemic will only increase gentrification in smaller communities.

### Findings for Walla Walla Region

Vulnerability is calculated using factors closely associated with an increased probability of redevelopment coupled with the evaluation of local demographic conditions. US Census data depicting housing tenure, poverty rates, educational attainment, median home value, median gross rent, and race/ethnicity are considered in order to identify specific Census Block Groups that may be most vulnerable to displacement. While Walla Walla was the only city in the region with vulnerability on five out of six data variables, each jurisdiction in the region contains populations vulnerable to displacement. Please refer to the detailed analysis provided in **Appendix E**.

### Strategies to Address Physical Displacement

- Require a displacement impact assessment to be provided by the applicant for major redevelopment projects. An impact assessment is a method of tracking how many net new housing units are being developed in a specific location after accounting for existing housing units (and households) that are likely to be displaced.

- Partner with groups offering weatherization and energy efficiency services for low-income homeowners and seniors.

### Strategies to Address Economic Displacement

Strategies to improve housing outcomes for economically vulnerable populations and seniors:

- Support programs that provide emergency rental assistance for families facing eviction and/or homelessness due to temporary economic hardship.
- Consider adoption of a resolution to extend the notice period for no-cause evictions to 60 days for landlords with five or more units to allow renters additional time to plan, contact services, and hopefully relocate without a disruption in adequate housing.
- Consider new policies that preserve existing manufactured housing parks, including a new manufactured housing park zone classification.
- Address the causes of homelessness by working with local agencies and non-profits that provide direct services to this community.<sup>7</sup>
- Encourage the development and retrofitting of housing for seniors and people living with disabilities that is physically accessible and adheres to Universal Design Principles.<sup>8</sup>

### Strategies to Address Cultural Displacement

Locating rental opportunities and completing multiple applications with individual documentation requirements and fees is often listed as a major barrier to obtaining adequate housing. This is particularly true for families facing unforeseeable displacement and possible homelessness and is compounded in rural areas often overlooked by statewide databases and national tenant resource websites. As regional population grows and rents increase, local government agencies can become more directly involved in the rental market and application process. As with other recommendations, this involvement exists on a spectrum depending on the severity of housing issues and the success of initial programs.

### Strategies to Streamline Rental Application Process

A registration program would create a consolidated database of available government-supported affordable housing units in the region, along with cost estimates. Cities like Seattle have instituted a Rent Registration and Inspection Ordinance (RIIO)<sup>9</sup> that requires all rental

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<sup>7</sup> Walla Walla Comprehensive Plan Update. (2018). City of Walla Walla.  
<https://www.wallawallawa.gov/home/showdocument?id=854>.

<sup>8</sup> Universal Design in Housing. (2006). The Center for Universal Design.  
[https://projects.ncsu.edu/ncsu/design/cud/pubs\\_p/docs/UDinHousing.pdf](https://projects.ncsu.edu/ncsu/design/cud/pubs_p/docs/UDinHousing.pdf).

<sup>9</sup> City of Seattle, Rental Registration and Inspection Ordinance, accessed March 25, 2021 via  
<https://www.seattle.gov/sdci/codes/licensing-and-registration/rental-registration-and-inspection-ordinance>

properties to register with the City and demonstrate adequate habitability. A similar database could also serve as a resource for families searching for housing.

Searchable databases of available rentals in the region could also be linked to websites providing tenant information on applications and screening. A small fee per unit could be established to fund the program, which could include a streamlined application process.

The King County Housing Authority website<sup>10</sup> contains housing listings for various government subsidized apartments at different eligibility requirements and market rate housing at different price points. Market rate housing listings are included by linking to Apartments.com, which appears to have a streamlined tenant screening and application process. While not a requirement, inclusion of Apartments.com serves as a powerful incentive for local landlords to list their apartments on the website.<sup>11</sup> New York City has created a similar searchable database called NYC Housing Search<sup>12</sup> and a streamlined application process for all available government subsidized housing, called NYC Connect.<sup>13</sup>

A streamlined and affordable mechanism for locating available housing in the region would mitigate the impacts of displacement by aiding families in locating alternative housing within their existing community. Partnering with housing groups in the area could help mitigate initial program costs. For example, Tenants Union of Washington State has a variety of resources online regarding the screening process and fees.<sup>14</sup>

## Land Supply Strategies

In active collaboration with the cities of Walla Walla, College Place, and Waitsburg, work with Walla Walla County to review and update the 1993 Countywide Planning Policies to actively promote the development of new affordable housing opportunities. This may include, but is not limited to:

- a. Updating the methodology for more realistically determining the development capacity of existing lands.

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<sup>10</sup> King County Housing Authority Apartment Search Resource <https://www.kcha.org/>

<sup>11</sup> Online Rental Application for Apartments.com: [https://www.apartments.com/rental-manager/features/online-rental-applications?gclid=Cj0KCQjwo-aCBhC-ARIsAAkNQiuOFW\\_vSyyGBrtVpNem93vueHCgD\\_FTlwTVBQYigk6flvC50vJQ2w0aAkFpEALw\\_wcB&gclsrc=aw.ds](https://www.apartments.com/rental-manager/features/online-rental-applications?gclid=Cj0KCQjwo-aCBhC-ARIsAAkNQiuOFW_vSyyGBrtVpNem93vueHCgD_FTlwTVBQYigk6flvC50vJQ2w0aAkFpEALw_wcB&gclsrc=aw.ds)

<sup>12</sup> New York City Housing Search database: <https://www.nyhousingsearch.gov/index.html>

<sup>13</sup> New York City Housing Connect centralized government housing application process and fee schedule: <https://www1.nyc.gov/site/hpd/services-and-information/housing-connect-rentals.page>

<sup>14</sup> Tenants Union of Washington State, Tenant Screening Information Hub: <https://tenantsunion.org/rights/tenant-screening>

- b. Exempting the new construction of affordable housing on publicly owned land from the assessment of the need for new housing.
- c. Increase the percentage of projected new growth allocated to the cities of Walla Walla and College Place.
- d. Increasing the market factor to allow for the addition of land to urban growth areas based on a finding that there is a critical shortage of affordable housing.
- e. Authorizing further increases in the market factor to support specific strategies to increase the construction of new multi-family housing in cities. This may include affordable housing “bonuses”.
- f. Monitoring new residential development and providing for more frequent updates of the Countywide Planning Policies.
- g. Ensuring that there is an adequate supply of new commercial development to serve new residential development.
- h. Supporting the cost-effective planning, construction, and use of public infrastructure to serve new residential development.

It is recommended that Walla Walla County, in active collaboration with the cities of Walla Walla, College Place, and Waitsburg, inventory and assess publicly owned lands in urban growth areas as sites suitable for the construction of affordable housing.



**Exhibit 17: Housing Action Plan Policy Recommendations\***  
**City of Walla Walla Implementation Approach**

FOCUS AREA	POLICY/ACTION	DETAILS	CITIES	TIMELINE	LEAD DEPT.	ASSISTING DEPT. OR ORG.	APPLICABLE TO WALLA WALLA
Code Changes	Authorize cluster zoning or lot size averaging in all zoning districts that permit single-family residences. (RCW <a href="#">36.70A.600</a> )	Allows developers to navigate around natural features and reduces development costs. May be most appropriate for large subdivisions or planned urban developments.	College Place, Dayton, Waitsburg				N/A
Code Changes	Allow for the division or redivision of land into the maximum number of lots through the short subdivision process. (RCW <a href="#">36.70A.600</a> )	"The legislative authority of any county planning under RCW 36.70A.040 that has adopted a comprehensive plan and development regulations in compliance with chapter 36.70A RCW may by ordinance increase the number of lots, tracts, or parcels to be regulated as short subdivisions to a maximum of nine in any urban growth area" (RCW 58.17.020 Definitions)	Dayton, Waitsburg				N/A
Code Changes	Adopt increase in categorical exemptions for residential or mixed-use development. (RCW <a href="#">36.70A.600</a> )	Categorically exempts government action related to development proposed to fill in an urban growth area, designated according to RCW 36.70A.110, where current density and intensity of use in the area is roughly equal to or lower than called for in the goals and policies of the applicable comprehensive plan. (RCW 43.21C.229)	ALL	Near term (1-2 years)	Develop. Services	Public Works Support Services WW Planning Commission WW City Council	

Code Changes	Authorize at least one duplex, triplex, quadplex, six-plex, stacked flat, townhouse, or courtyard apartment on each parcel in one or more zoning districts that permit single-family residences unless a city documents a specific infrastructure of physical constraint that would make this requirement unfeasible for a particular parcel. (RCW <a href="#">36.70A.600</a> )	Creates more housing options.	All cities in the region allow duplexes in single family zones; College Place and Walla Walla allow up to 4-units			N/A
Code Changes	Authorize a minimum net density of six dwelling units per acre in all residential zones, where the residential development capacity will increase within the city. (RCW <a href="#">36.70A.600</a> )	For purposes of this subsection, the calculation of net density does not include the square footage of areas that are otherwise prohibited from development, such as critical areas, the area of buffers around critical areas, and the area of roads and similar features	ALL	Near term (1-2 years)	Develop. Services	Public Works Fire Dept. Support Services WW Planning Commission WW City Council
Code Changes	Remove minimum residential parking requirements related to accessory dwelling units. (RCW <a href="#">36.70A.600</a> )	Reduces barriers to ADU development.	ALL	Near term (1-2 years)	Develop. Services	Public Works Fire Dept. Support Services WW Planning Commission WW City Council
Code Changes	Remove owner occupancy requirements related to accessory dwelling units (RCW <a href="#">36.70A.600</a> )	Creates more flexibility for owners who may wish to rent their ADU. Provides additional rental housing.	Dayton, Waitsburg			N/A

Code Changes	Adopt other permit process improvements where it is demonstrated that the code, development regulation, or ordinance changes will result in a more efficient permit process for customers (RCW <u>36.70A.600</u> )	Streamlining can generate development interest.	ALL	Near term (1-3 years)	Develop. Services	Public Works Fire Dept.
Code Changes	Reduce the minimum lot size for duplexes and multifamily development to 7,500 square feet or less or eliminate minimum lot size requirements.	Reducing or eliminating lot sizes promotes the development of a greater diversity of housing types.	Waitsburg			N/A
Code Changes	Reduce the required minimum lot area for new platted lots to 7,500 square feet or less or eliminate minimum lot size requirements.	Reducing or eliminating lot sizes promotes the development of a greater diversity of housing types.	Waitsburg			N/A
Code Changes	Remove "are compatible with the neighborhood characteristic" from the definition of Neighborhood Residential or clearly define how to achieve this in the code.	Best practices support using terms that are clearly defined. "Neighborhood character" may be interpreted in many different ways.	Walla Walla	Near term (1-2 years)	Develop. Services	WW Planning Commission WW City Council
Code Changes	Reduce the minimum lot size for multifamily development from 3,600 square feet per unit to less than 2,000 square feet per unit.	Reducing or eliminating lot sizes promotes the development of a greater diversity of housing types.	Dayton			N/A
Code Changes	Remove guest parking space requirements for multifamily dwelling units.	Reduces barriers to the development of multifamily housing.	Waitsburg			N/A
Code Changes	Remove conditional use permit requirements for manufactured homes.	This creates an additional cost burden for a type of home that is valued for its affordability.	Waitsburg			N/A

Anti-Displacement	Integrate displacement into the analysis and review of potential policies, programs, and development applications by creating a standardized assessment of potentially unintended consequences upfront and enforcing reasonable mitigation efforts directly connected to the proposal.	An impact assessment tracks how many affordable units are being developed and at the cost of how many existing units. The assessment can be conducted by the applicant or city staff.	ALL	Long-term (5-7 years)	Develop. Services	Support Services (CDBG) WW Planning Commission WW City Council Community Council
Anti-Displacement	Create a rental registration program to track available units in the region and rental costs. (Affordable Housing Report)	This program would work to improve access to rental information and reduce the burden of multiple applications, fees, and credit checks.	Regional Effort	Long-term (5-7 years)	Support Services	Develop. Services WW Planning Commission Private Sector (landlords) Housing Providers Community Council
Anti-Displacement	Extend the notice period for no cause evictions to 60 days for landlords with five or more units.	Provides renters with time to plan, contact services, and relocate.	ALL	Mid-term (3-5 years)	Support Services	Housing Providers Private Sector CA Office WW City Council
Anti-Displacement	Enhance and promote existing programs that supply down payment assistance and application support to first time homebuyers.	Washington offers the Home Advantage Needs Based Downpayment Assistance Loan Program to eligible homebuyers.	ALL	Near term (1-2 years)	Support Services (CDBG)	Common Roots

Anti-Displacement	Identify job training partnerships to foster local opportunities and prosperity through improved workforce development initiatives.	Economic development strategies that improve local resiliency through workforce training bolster opportunity for existing residents. Focus on both higher and secondary educational institutions in the region to take advantage of sector-based partnerships. Construction based partnerships in particular are likely to improve the supply of low-income housing.	ALL	Long-term (5-7 Years)	Support Services	Develop. Services Colleges/ Universities Private Sector
Anti-Displacement	As neighborhoods change, work to eliminate the displacement of those who are under-served or under-represented.	Promotes equitable housing practices.	ALL	On-going	Develop. Services	Support Services
Anti-Displacement Affordable Housing	Support existing programs that provide emergency rental assistance for families facing homelessness due to temporary economic hardship.	Many state and county programs offer emergency rental assistance.	ALL	On-going	Support Services	BMAC WW County Dept. of Comm. Health
Anti-Displacement Affordable Housing	Identify and acquire sites suitable for affordable housing.	Cities can work with state agencies and an community land trust to identify "surplus property" and acquire tax lots in foreclosure. Sites should be evaluated based on cost, density, environmental quality, access to transportation, community services, and housing types that can be produced.	ALL	Long-term (5-7 years)	Support Services	WW City Council Common Roots
Anti-Displacement Affordable Housing	Establish a community land trust to create additional affordable home ownership opportunities.	In a traditional Community Land Trust model, the homeowner owns the home (and the value of any improvements), but a nonprofit owns the land. Thus, creating additional affordable opportunities for homebuyers by removing land from the cost of real estate.	College Place, Dayton, Waitsburg			N/A

Anti-Displacement	Create a right of first offer/refusal program for the community land trust.	Community land trusts can be granted the right of first offer or right of first refusal to allow them to purchase homes in specifically vulnerable communities to provide homeownership opportunities to households with low-income households.	ALL	Long-term (5-7 years)	Support Services	CA Office WW City Council Common Roots
Anti-Displacement Energy Efficiency	Partner with groups offering weatherization and energy efficiency services.	Weatherization and energy efficiency services can reduce housing costs, increasing the affordability of owning a home.	College Place, Dayton, Waitsburg			N/A
Affordable Housing	Work with the state to identify opportunities for affordable housing on public land.	Washington state (through RCW 43.63A.510 and RCW 39.33.015) directs specific state agencies to inventory under-utilized or surplus state-owned land, which can be used to develop housing for low- and very-low-income households.	ALL	Mid-term (3-5 years)	Support Services	State agencies CA Office
Affordable Housing	Multifamily tax exemption	Promotes the development of multifamily housing.	Walla Walla	Near term (1-2 years)	Support Services	Develop. Services
Affordable Housing	Local community land trust	Support the development of a local community land trust	ALL	On-going	Support Services	Common Roots
Energy Efficiency	Encourage residential development that conserves water, reduces energy use, and uses sustainable materials.	Energy efficiency services can reduce housing costs and sustainable materials reduce the home's environmental impact.	ALL	Mid-term (3-5 years)	Develop. Services	State Building Code Council
Accessibility and Seniors	Encourage the development and retrofitting of housing for seniors and people living with disabilities that is physically accessible and adheres to Universal Design Principles.	Accessible homes provide seniors and people living with disabilities independence.	ALL	On-going	Develop. Services	Fire Dept. Public Works

Accessibility and Seniors	Allow for housing types and designs that allow seniors to age in place.	Neighborhoods with diverse housing types allow seniors to age in place by remaining in their home or moving to a smaller home in the same neighborhood.	ALL				N/A – permitted in WW
Homelessness	Address the causes of homelessness by working with local agencies and non-profits that provide services to this community (Walla Walla City policy 1.2)	Example policy that addresses underlying causes of homelessness.	Waitsburg, Dayton				N/A
Homelessness	Allow an increased density bonus consistent with local needs for any affordable housing development of any single-family or multifamily residence located on real property owned or controlled by a religious organization. (2019-2020 Housing Laws)	Provides a density bonus for affordable housing on religious organizations' land.	ALL	Mid-term (3-5 years)	Develop. Services	Support Services Public Works Fire Dept. WW Planning Commission WW City Council	
Land Supply	Walla Walla County, in active collaboration with the cities of Walla Walla, College Place, and Waitsburg review and update the Countywide Planning Policies to address the methodology for buildable lands, population allocation, and other strategies to support housing development.	Housing needs assessment identified potential concern that over 50% of the housing capacity available in the cities of College Place and Walla Walla are redevelopable lands and is that a reasonable assumption.	College Place, Waitsburg, and Walla Walla	Near term (1-2 years)	Develop. Services	Support Services WW Planning Commission WW County WW City Council	

\* In this table, the term “affordable housing” refers to income-restricted housing units.

#### Sources:

RCW 36.70A.600. (2020). Washington State Legislature. <https://app.leg.wa.gov/RCW/default.aspx?cite=36.70A.600>.

Affordable Housing Community Council Report. (2019). Community Council. [https://res.cloudinary.com/dpmkpsih/image/upload/ww-community-council-site-354/media/1125/affordable-housing-study-report\\_2019.pdf](https://res.cloudinary.com/dpmkpsih/image/upload/ww-community-council-site-354/media/1125/affordable-housing-study-report_2019.pdf).

Walla Walla Comprehensive Plan Update. (2018). City of Walla Walla. <https://www.wallawallawa.gov/home/showdocument?id=854>.

2019-2020 Housing Laws. Washington State Department of Commerce. <https://deptofcommerce.app.box.com/s/uvqd9297a8tisplk0jjulwe97fmr66px>



# APPENDIX A: PUBLIC OUTREACH PLAN

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## **Walla Walla Regional Housing Action Plan**

### **Public Outreach Plan**

**August 2020**

1. Overview: FCS GROUP and Fregonese Associates will assist local staff in executing a public outreach strategy that is consistent with local and state requirements and best practices. The outreach process will:
  - Assist local communities of College Place, Walla Walla, Dayton and Waitsburg with identifying current and future housing needs.
  - Consider housing policies to improve housing availability and affordability.
2. Objective: To provide opportunities for community participation throughout the planning process.
  - The community participation process is designed to meet the following objectives:
    - i. Provide a forum to share, develop and refine ideas and data.
    - ii. Develop a shared understanding of current housing conditions, issues, concerns, and opportunities.
    - iii. Provide avenues for the public, applicable committees, and supporting agencies to be involved during the planning process.
    - iv. Build support for adoption of local housing policies.
3. Activities:
  - Stakeholder Advisory Committee: The Advisory Committee will represent a range of informed housing perspectives. The committee will include representatives of city and county agencies, housing providers, and other public agencies, along with local property owners, residents, and community organizers.
    - i. The Committee will assist local planning staff and consultants with reviewing housing issues and helping to shape housing policy options, guiding community engagement strategies, and encouraging community members to participate in the planning process.
    - ii. The Committee will meet up to four (4) times during the project at regular intervals consistent with significant milestones in the project.
      1. July 2020: Introductory Goal Setting & Outreach Strategies
      2. September 2020: Housing Gaps and Needs Assessment
      3. November 2020: Draft Housing & Displacement Minimization Strategies
      4. February 2021: Existing Policy Barriers & Final Recommendations for Housing Strategies
    - iii. Consultants will conduct survey of committee members and other identified stakeholders prior to the first meeting to frame discussion of existing and suggested housing policies.
  - Stakeholder Interviews (August -September 2020)

- i. Consultants will interview local, regional, and state housing experts regarding housing conditions, barriers, opportunities, and potential policy solutions. Developers of both affordable housing and higher market rate units will provide insight into existing tools they use to make projects ‘pencil’ and the regulatory barriers that can preempt new housing development.
  - ii. A mix of virtual meetings and telephone interviews are planned.
  - iii. Specific stakeholder groups are to be identified by City staff and include, but are not limited to:
    1. Walla Walla Housing Authority,
    2. Blue Mountain Action Council,
    3. Identified local community or neighborhood groups
    4. Housing developers and real estate brokers.
  - In addition, any input received from the public during the development and adoption of the regional housing action plan will be summarized by local city representatives as part of the public record.
4. Potential Additional Tools:
  - Email blasts from mailing list
  - Project website(s) with infographics, reports, and presentation summaries
5. Adoption Outreach (April to March 2021)
  - Public Comment via websites

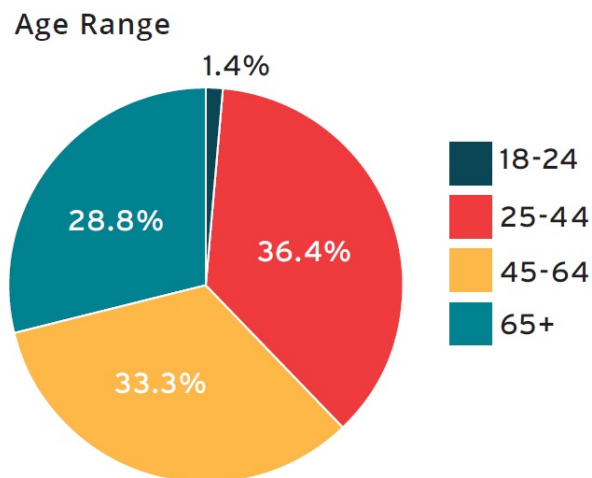
## APPENDIX B: WALLA WALLA REGIONAL HOUSING ACTION PLAN SURVEY RESULTS

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Question 1: What is Your Home ZIP Code?

Zip Code	Count	Percent
87505	1	0%
97862	1	0%
99323	1	0%
99324	44	11%
99328	15	4%
99348	1	0%
99352	1	0%
99360	1	0%
99361	3	1%
99362	322	81%
99363	2	1%
98188	1	0%
89119	1	0%
90009	1	0%
98204	1	0%
85737	1	0%
99205	1	0%
98146	1	0%
99365	1	0%
Total	400	100%

Question 2: What is Your Age Range?



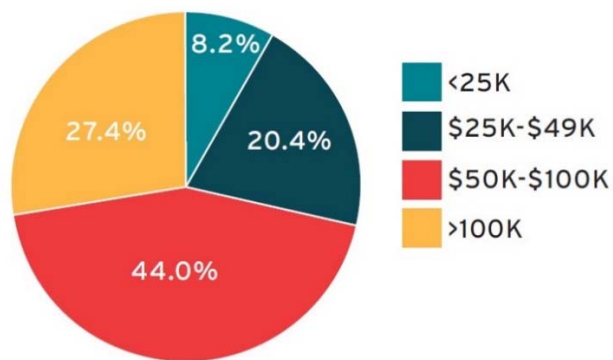
423 Total Responses

**Question 3: How do you identify your race or ethnicity? (check all that apply)?**

Race or Ethnicity	Count	Percent
Hispanic Latino/a/x	38	8%
White	362	80%
Native Hawaiian or Other Pacific Islander	1	0%
Multiracial or Multiethnic	10	2%
Middle Eastern or North African	2	0%
American Indian or Alaskan Native	9	2%
Asian	8	2%
Black or African	3	1%
Other	17	4%
Total	450	100%

**Question 4: What is the annual income range of your household?**

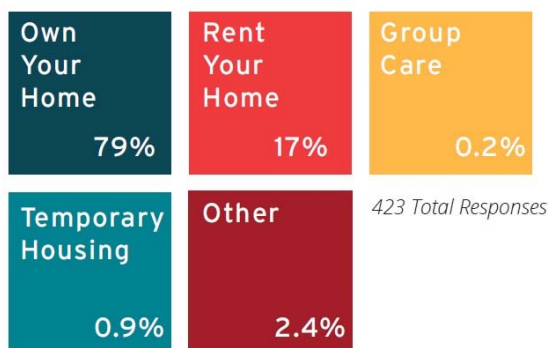
**Annual Household Income**



416 Total Responses

**Question 5: Do you currently:**

**Living Situation**



423 Total Responses

**Question 6: What type of building do you currently live in?**

Housing Type	Count	Percent
ADU/Tiny Home	2	0.5%
Apartment	22	5.2%
Attached house (duplex, triplex, townhouse)	27	6.4%
Condominium	1	0.2%
Group quarters	1	0.2%
I am currently unhoused	1	0.2%
Manufactured home	9	2.1%
Other	2	0.5%
Single family house detached	358	84.6%
Total	423	100.0%

**Question 7: Please Rank the Top Five Housing Issues in the Region**

**Top 5 Housing Issues**

**1 Housing Affordability**

**2 Housing Availability**

**3 Homelessness**

**4 Range of Housing Types**

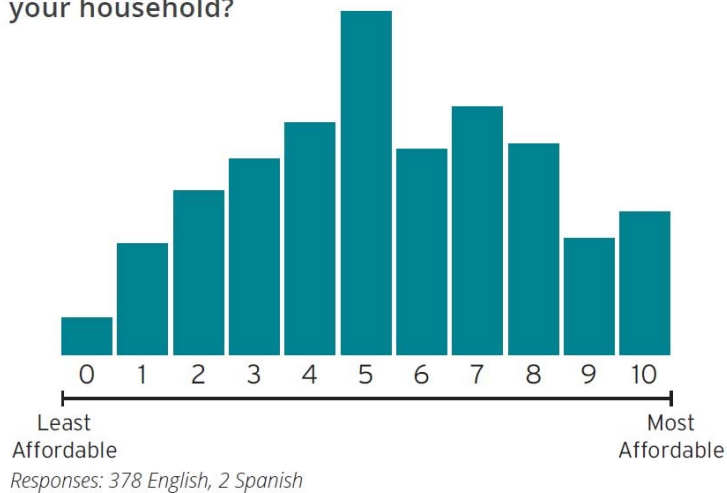
**5 Housing Quality**

Question 8: If you selected "Other in the question above, please describe the housing issue or issues below:



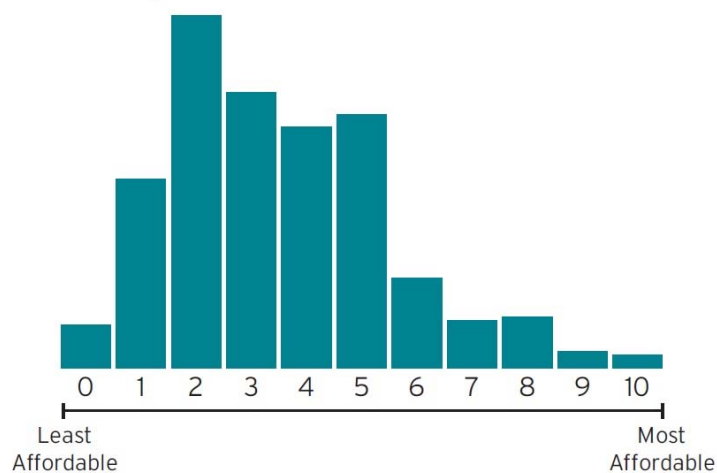
Question 9: How affordable do you thinking housing is for you and your household?

How affordable do you think housing is for you and your household?



### Question 10: How affordable do you think housing is for the larger community?

How affordable do you think housing is for the larger community?



Responses: 364 English, 2 Spanish

### Question 11: What are the top three barriers to affordable housing development in your community?

	Count	Percent
Regulations	112	10.4%
Construction Costs	246	22.7%
Lack of Incentives for Developers	151	14.0%
Cost of Infrastructure	200	18.5%
Cost of Land	257	23.8%
Other	116	10.7%
<b>Total</b>	<b>1,082</b>	<b>100.0%</b>

Other Responses:

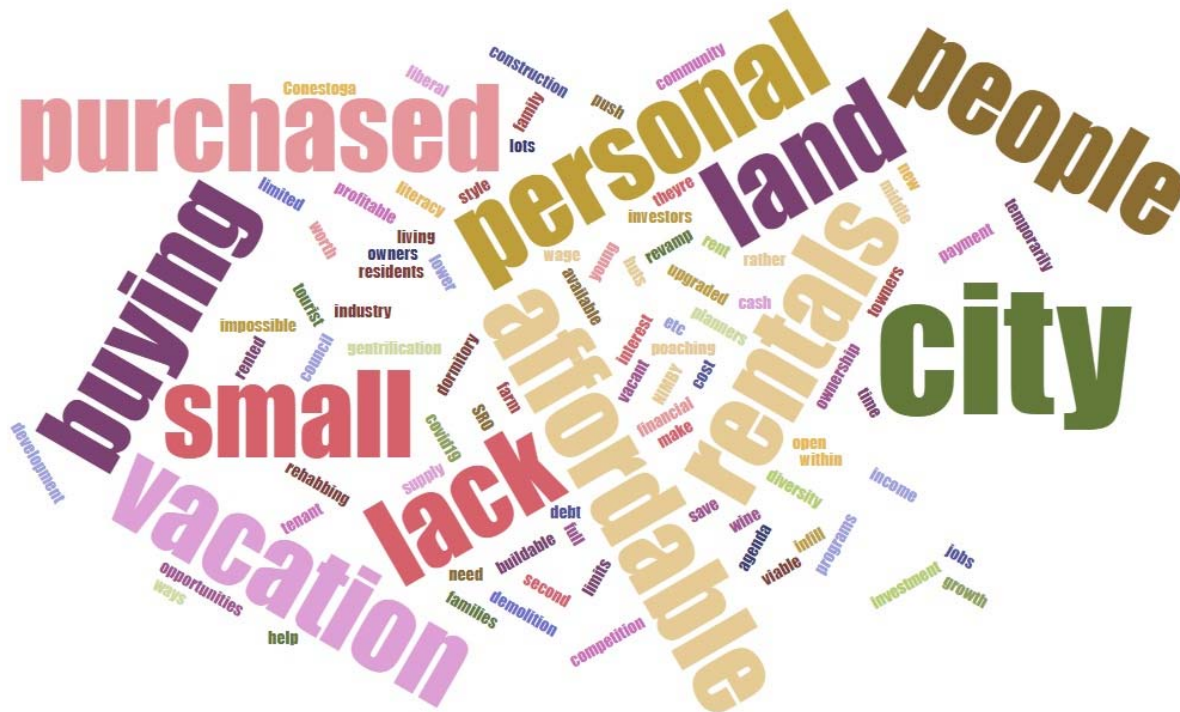




Question 12: What are the top three barriers to home ownership in your community?

Barriers to Home Ownership	Count	Percent
Limited Housing Supply	249	21.9%
Availability of Living Wage Jobs	290	25.5%
Affordability of Available Homes	371	32.6%
Programs for Homeowners	124	10.9%
Lack of Resources/Education on Home Ownership	63	5.5%
Other	40	3.5%
<b>Total</b>	<b>1,137</b>	<b>100.0%</b>

Other Responses:



Question 13: What are the top three barriers to renting in your community?

	Count	Percent
Low Vacancy Rates	298	30.0%
Lack of Affordable Rentals	351	35.3%
Strict Rental Requirements	196	19.7%
Confusing Rental Application Process	48	4.8%
Other	101	10.2%
Total	994	100.0%

Other Responses:



**Question 14: Please identify up to three actions officials should consider in addressing the housing issues you noted above.**

Housing Actions	Count	Percent
Increase the supply of land for housing within the urban growth area	94	8.3%
Encourage construction of accessory dwellings by offering "how to" programs for local property owners	62	5.5%
Encourage local home ownership by providing a \$5,000 matching down payment for first time homebuyers	150	13.3%
Create low interest loan or grant matching programs for homeowners that invest over \$5,000 in qualifying improvements to their homes	124	11.0%
Provide tax incentives for developers that build apartments, townhomes, and plexes (eg. duplex)	52	4.6%
Provide new tax incentives for developers that build affordable housing specifically for low-income households (at/below 80% area median income)	155	13.7%
Change development standards (e.g. building height, minimum parking, setbacks)	27	2.4%
Create public-private partnerships to attract affordable housing development through a Community Housing Trust	190	16.8%
Change zoning requirements to make it easier to construct townhomes, plexes (eg. duplex), and cottage clusters in areas with low housing density	136	12.0%
Change zoning to create new opportunities for multifamily apartments	85	7.5%
Other	56	5.0%
<b>Total</b>	<b>1,131</b>	<b>100.0%</b>

## Other Responses



# APPENDIX C: HOUSING NEEDS

## ASSESSMENT MEMORANDUM

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**To:** Project Advisory Team: Elizabeth Chamberlain, City of Walla Walla; Jon Rickard, City of College Place; Meagan Bailey, City of Dayton; Randy Hinchliffe, City of Waitsburg; Nikki Sharp, Walla Walla County

**Date:** October 23, 2020 (Revised)

**From:** Todd Chase & Tim Wood, FCS GROUP

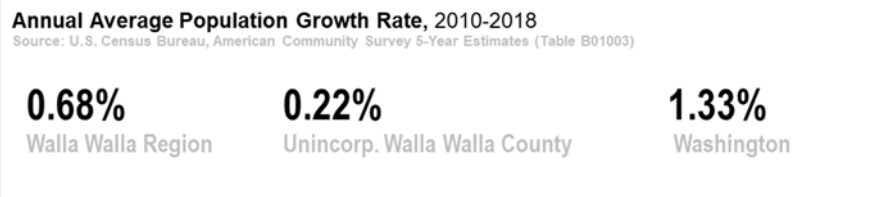
**CC:** Violet Brown & Scott Fregonese, Fregonese & Associates

**RE:** **Walla Walla Regional Housing Action Plan, Task 2: Housing Needs Assessment**

This memorandum describes the existing housing inventory, evaluates market trends and establishes a baseline housing needs forecast for the Walla Walla Region.

### Demographic Trends

**The Region is growing!** Population within the Walla Walla Region (includes the cities of Walla Walla, College Place, Dayton and Waitsburg) reached a record high of 47,695 year-round residents in 2019 (*according to the WA Office of Financial Management*). Population within the Walla Walla Region has been increasing at an annual average rate of 0.68% since 2010, which is three times faster than unincorporated Walla Walla County, but almost half the statewide average (**Figure 1**).





**Figure 1. Population Trends**

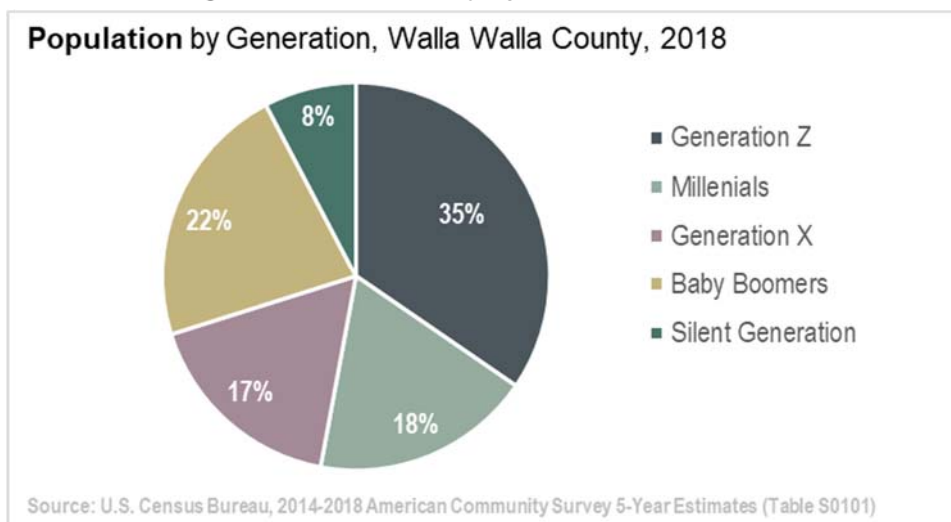
Population Trends		2010	2018	AGR
Washington		6,561,297	7,294,336	1.33%
Columbia County		3,957	4,001	0.14%
Dayton		2,463	2,682	1.07%
Walla Walla County		57,585	60,236	0.56%
College Place		8,502	9,136	0.90%
Waitsburg		1,194	1,188	-0.06%
Walla Walla		31,177	32,731	0.61%
Walla Walla Region		43,336	45,737	0.68%
Unincorp. Walla Walla County		14,249	14,499	0.22%

Source: U.S. Census Bureau, 2014-2018 American Community Survey 5-Year Estimates (Table B01003)

AGR: average annual growth rate.

The relationship between demographic changes, income levels and housing preferences can shed light on future housing needs for the Walla Walla Region. The primary demographic age cohorts are shown in **Figure 2** and described below.

**Figure 2. Population by Age Cohort Generation**



Overall, the Region has a relatively younger (Generation Z) and older (Silent Generation) share of population than the statewide average, and a lower share of Millennials, Generation X and Baby Boomers.

#### Silent Generation (those born before 1925 to 1945)

This includes retirees over age 75, who were raised during the Great Depression or World War II. This cohort currently accounted for 8% of the Region's population in 2018 and is projected to be one of the fastest growing segment over the next 20 years. As people reach their 80s, a large share desire to move into assisted living or senior housing facilities with nearby health care and transit access.

### **Baby Boom Generation (born 1946 to 1964)**

Baby boomers (currently age 56 to 75) accounted for 22% of the Region's residents. The boomer segment has been growing more rapidly than the other cohorts over the past 10 years and many are now entering their retirement years. Boomers prefer to "age in place" until after age 80, then may downsize or move in with family members (sometimes opting to reside in accessory dwellings).

### **Generation X (born 1965 to 1980)**

Gen X is the demographic cohort following the baby boomers and preceding the Millennials. This cohort (currently includes people between age 40 to 55) accounts for 17% of the Region's residents and is expected to overtake the baby boom cohort in numbers within the next decade. GenX households often include families with children, and many prefer to live in single family detached dwellings.

### **Millennials (born 1980 to early 2000s)**

Millennials (currently in their twenties or thirties) account for 18% of the Region's residents and is expected to increase moderately in the near future. Younger millennials tend to rent as they establish their careers and/or payback student loans. However, working millennials in their thirties often become first-time homebuyers, opting to purchase smaller single family detached homes or townhomes.

### **Generation Z (born mid-2000s or later)**

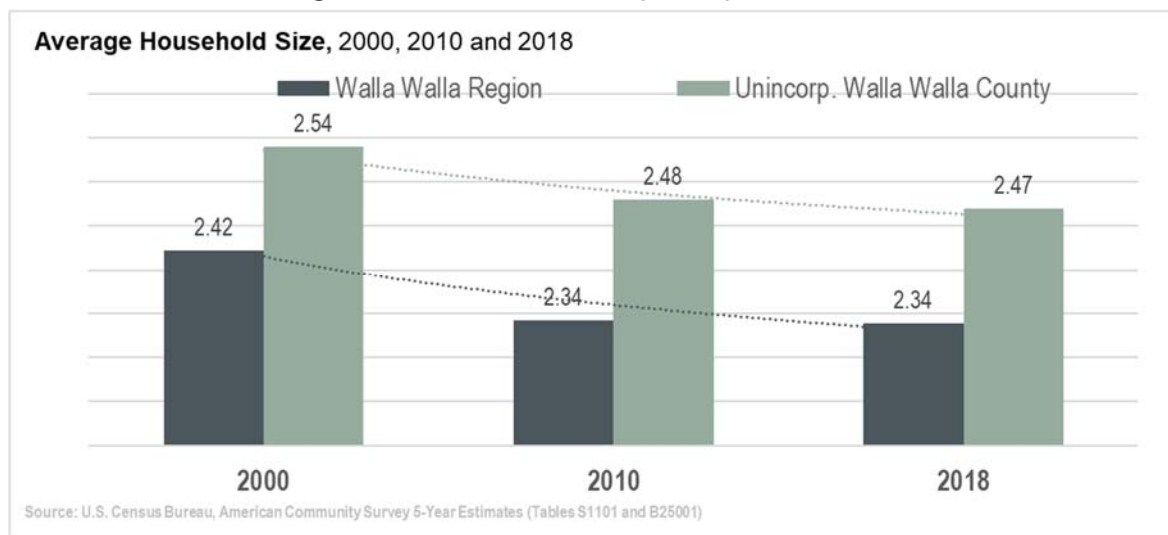
GenZ includes residents under age 20. This is the Region's largest demographic segment with 35% of the overall population. It includes people studying at Whitman and other higher education institutions and those living with GenXers and Baby Boomers. This segment has been increasing in over the past several years, but growth will likely slow down as people delay starting families and now tend to have fewer children than past generations.

### **Hispanic and other ethnic groups**

The largest ethnic group in the Region includes the Hispanic/Latino segment, which is spread among all demographic cohorts. Hispanic/Latino population accounts for 21% of all residents within the Region compared with 12% statewide. While overall growth in this group may slow in comparison to the past, it is still projected to be the fastest growing racial/ethnic group over the next few decades.

These trends reflect a need for a mix of housing types to support demand from young families as well as aging seniors. Consistent with national trends, the average household size is also falling, as people delay starting families, families have fewer children, and seniors reach their lifespans (**Figure 3**).

**Figure 3.** Trends in Declining Average Household Size



## Employment Trends

Long-term employment growth is also positive within the Walla Walla Region. As indicated in **Figure 4**, the region added 725 net new jobs between 2002 and 2017. Most new Regional job growth has occurred within the health care and social assistance sector (929 jobs added) followed by the service and education sectors (595 jobs added). The largest declines in employment occurred within the industrial and construction sectors (384 jobs lost) and the transportation, communications and utilities sectors (373 jobs lost).

**Figure 4.** Employment Trends

Walla Walla Region Employment Trends (at place of work employment)

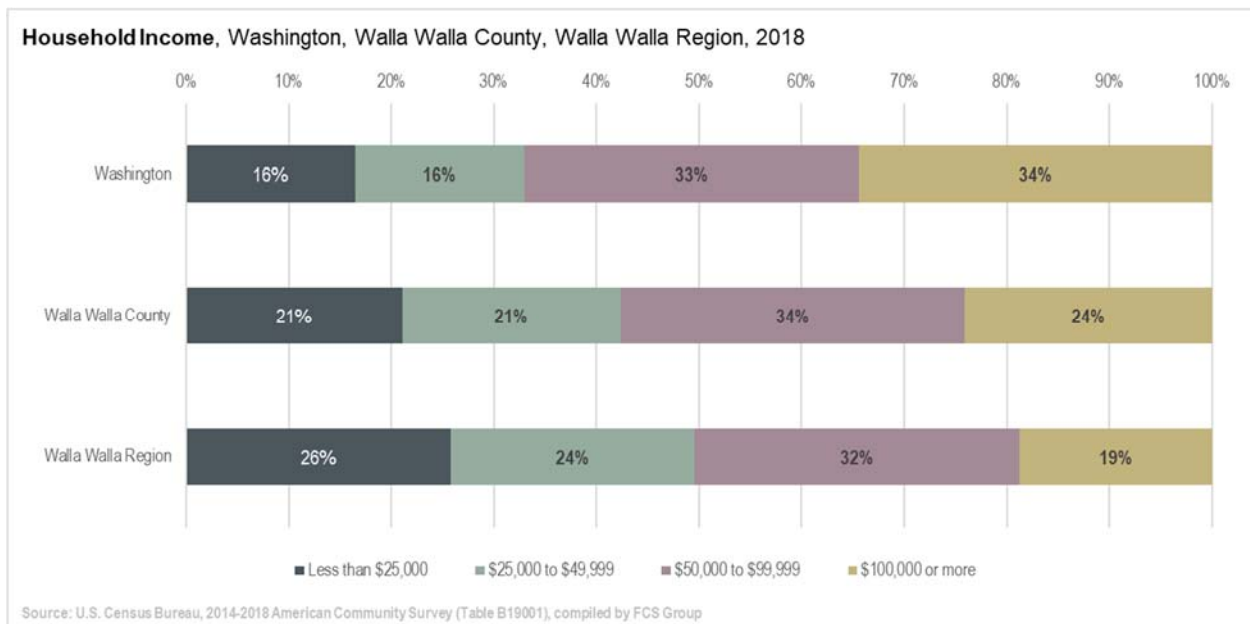
Segment	2002 - 2017 Job Growth	2002	2010	2017	Change
Agriculture, Forestry, Fishing and Hunting		230	184	150	(80)
Transportation, Communications & Utilities		700	509	427	(273)
Industrial Trades & Construction		1,978	1,642	1,594	(384)
Retail Trade		2,392	2,911	2,337	(55)
Other Services, Restaurants & Lodging		3,673	4,129	4,022	349
Educational Services		1,042	1,033	1,288	246
Health Care and Social Assistance		3,083	3,396	4,012	929
Public Administration		183	173	176	(7)
<b>Total</b>		<b>13,281</b>	<b>13,977</b>	<b>14,006</b>	<b>725</b>

Source: US Census Bureau, On the Map.com. Region includes four cities: Walla Walla, College Place, Waitsburg and Dayton.

If the Region continues to shift away from higher paying industrial jobs to lower paying service jobs, income levels will remain well below statewide averages. Currently, the median income for Walla Walla County was \$56,533 in 2018, which compares to \$70,116 for Washington state. As shown in **Figure 5**, during 2018, half of all workers within the Region received under \$50,000 per year.



**Figure 5. Household Income**

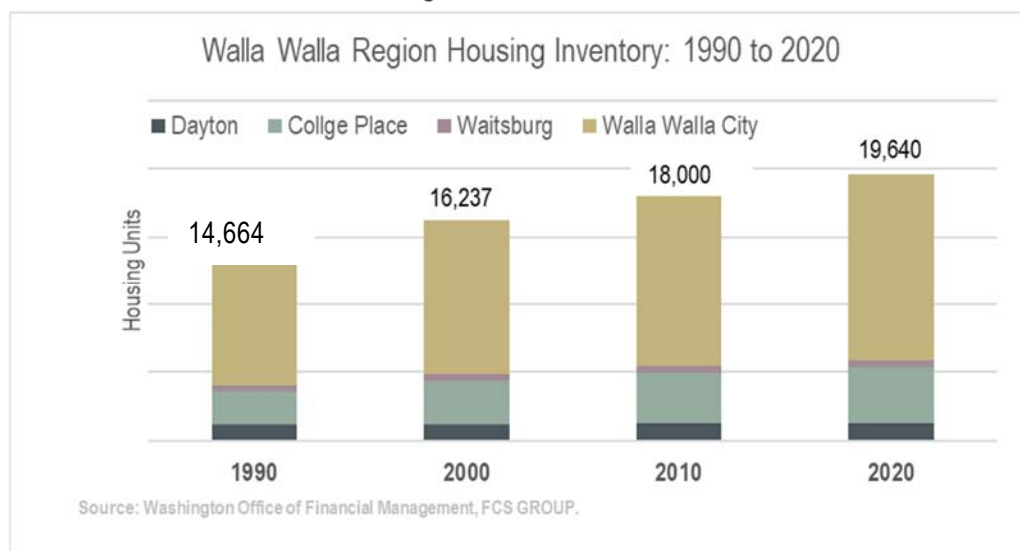


## Housing Inventory

As of 2020 Q1, the four-city Region had a total housing inventory of 19,640 dwelling units. In comparison, there were 25,205 dwelling units in Walla Walla County and 2,219 units in Columbia County (**Figure 6**).

The Region's housing inventory is primarily comprised of single family detached homes (65%). Townhomes, duplexes and multifamily structures make up 29% of the inventory, followed by mobile homes with 6% of the inventory.

**Figure 6.**



In order to address gaps in the current housing inventory, and meet future demand for attainable housing prices, the Walla Walla Region's housing inventory will need to accommodate a wide variety of housing types. The current mix of housing types is depicted in **Figure 7**.

**Figure 7.** Current Housing Mix by Location, 2018

Housing Types	Walla Walla County	College Place	Dayton	Waitsburg	Walla Walla City	Walla Walla Region
Single Family Detached	70%	59%	81%	66%	65%	65%
Townhouses / Plexes	11%	26%	11%	4%	11%	14%
Multi-family (5+)	12%	7%	5%	0%	19%	15%
Mobile homes/other	7%	9%	2%	30%	5%	6%
Total	100%	100%	100%	100%	100%	100%

Source: U.S. Census Bureau, 2014-2018 American Community Survey 5-Year Estimates (Table B25024)

Housing growth in the Walla Walla Region has been driven by a combination of in-migration, natural increases in population, university student housing, second home investors and seasonal rentals. Between 2000 and 2018, the Region added 2,246 households and the average household size fell from 2.42 to 2.34 people per household (**Figure 8**).

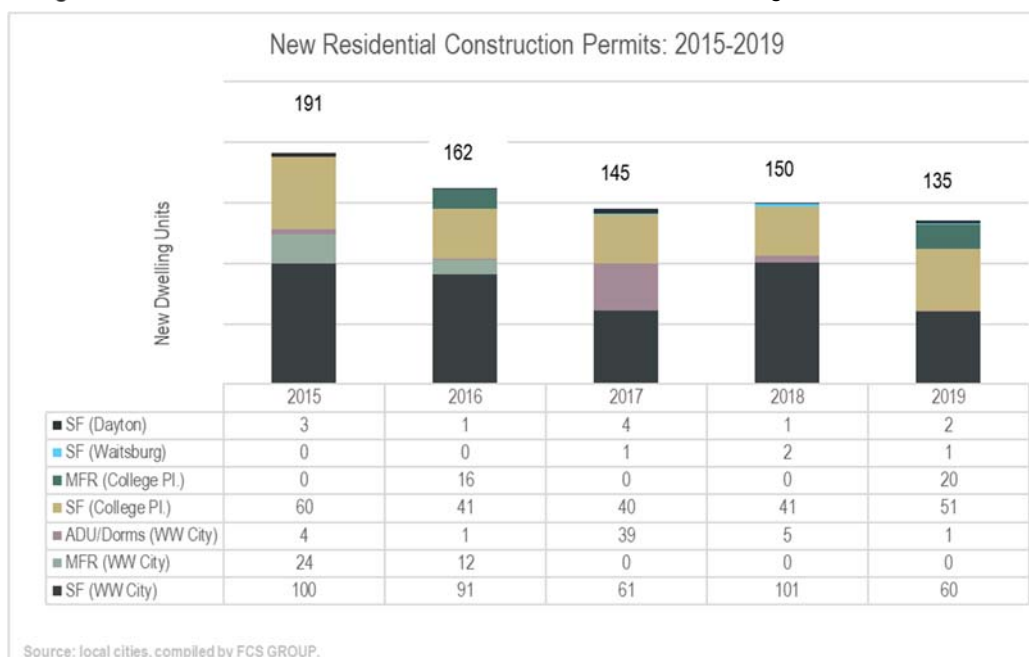
**Figure 8.** Trends in Household Formations and Occupied Housing Units, Walla Walla Region

	2000	2010	2018	Change: 2000-18	Annual Change
Households	15,076	16,528	17,322	2,246	125
Average household size	2.42	2.34	2.34		
Occupied Dwelling Units	16,237	18,032	19,092	2,855	159

Source: U.S. Census Bureau, 2000 Census (Tables P015, P017, H001), American Community Survey 5-Year Estimates (Tables S1101 and B25001)

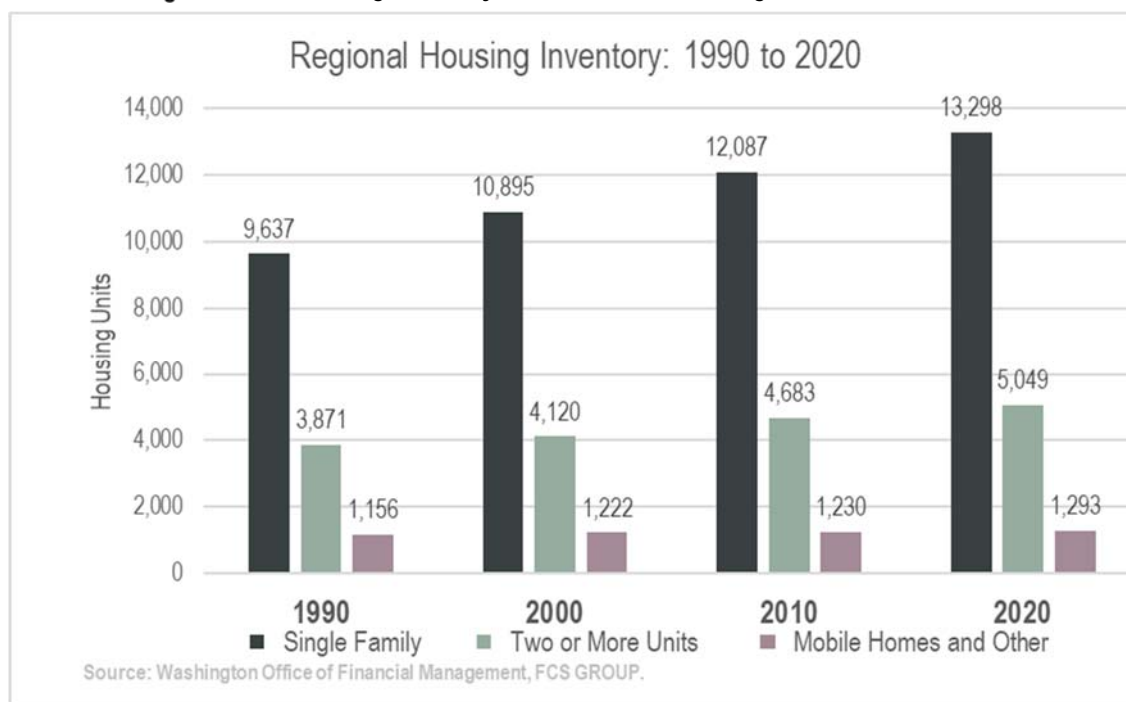
In recent years, housing production has not kept pace with housing demand. As shown in **Figure 9**, new residential construction within the Region declined from 191 permits issued in 2015 to 135 permits in 2019.

**Figure 9.** New Residential Construction Permits, Walla Walla Region, 2015 to 2019



Housing inventory data provided by the Washington Office of Financial Management indicates that there have been net increases in all housing types within the Region over the past two decades (**Figure 10**).

**Figure 10.** Housing Inventory Trends, Walla Walla Region, 1990 to 2020



Unfortunately, not all new construction has occurred without displacement of some existing housing. As indicated in **Figure 11**, the Region recorded a net increase of 1,159 single family detached homes and 62 townhomes/plexes, between 2010 and 2018, but displaced at least 80 multifamily units and 81 mobile homes during that time.

**Figure 11.** Net Change in Housing, Walla Walla Region, 2010 to 2018

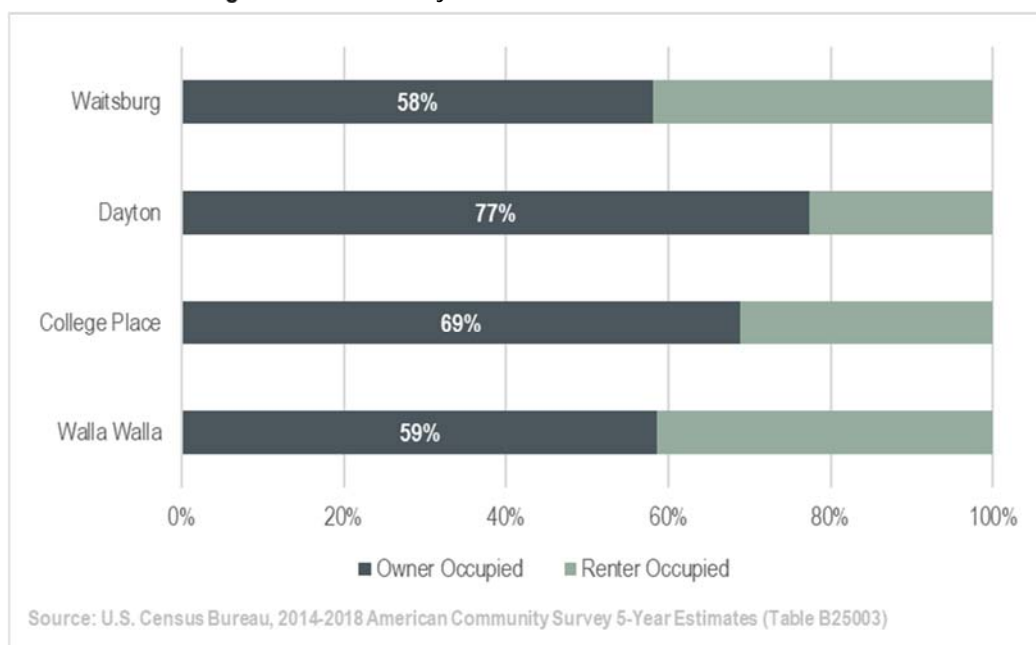
Housing Type	2010 Est. (2006-2010 ACS)	2018 Est. (2014-2018 ACS)	Change
Single Family Detached	11,235	12,394	1,159
Townhouses / Plexes	2,631	2,693	62
Multi-family (5+)	2,936	2,856	(80)
Mobile homes/other	1,230	1,149	(81)
<b>Total</b>	<b>18,032</b>	<b>19,092</b>	<b>1,060</b>

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (Table B25024).

## Tenancy and Vacancy Levels

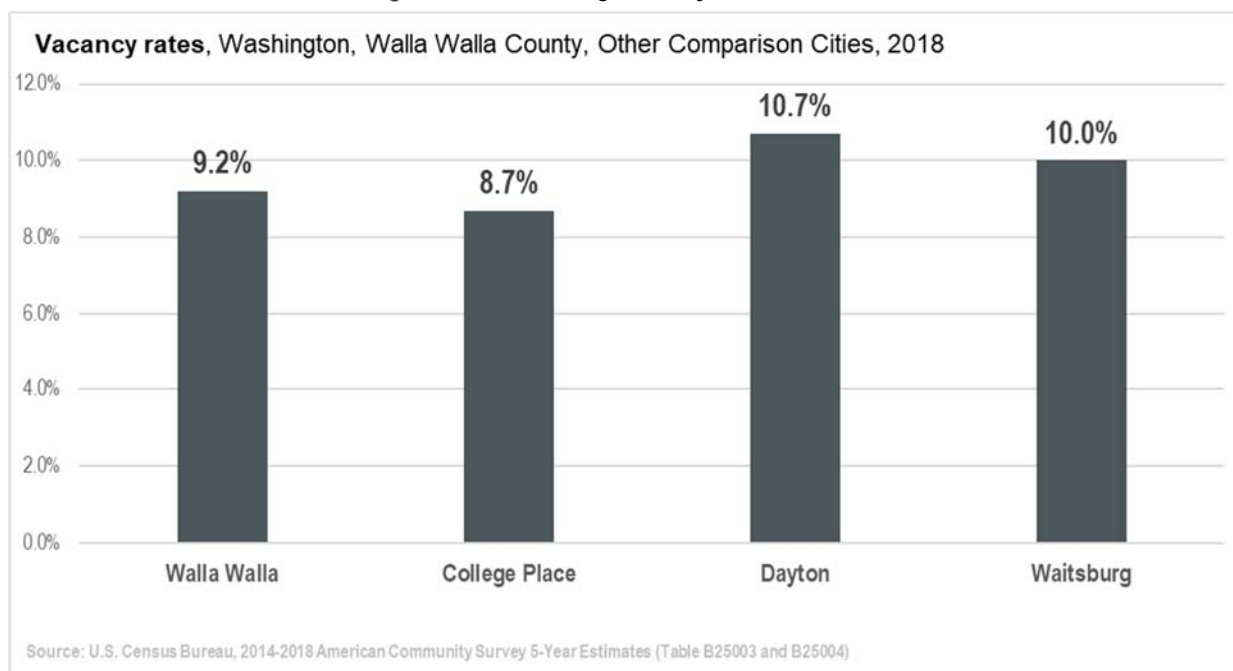
The Region's tightening housing supply is impacting homeowners and renters. Overall tenancy within the Region is comprised of 60% owners and 40% renters. As shown in **Figure 12**, the rate of homeownership varies significantly among the region's four cities.

**Figure 12. Tenancy Characteristics, ACS 2014-2018**



Housing vacancy rates were mostly around 10% in 2018 within the cities of College Place, Dayton, Waitsburg and Walla Walla, and are reported to be lower today (**Figure 13**). Within the Region, the highest vacant rates are in Dayton, which has a vacancy rate of 10.7%.

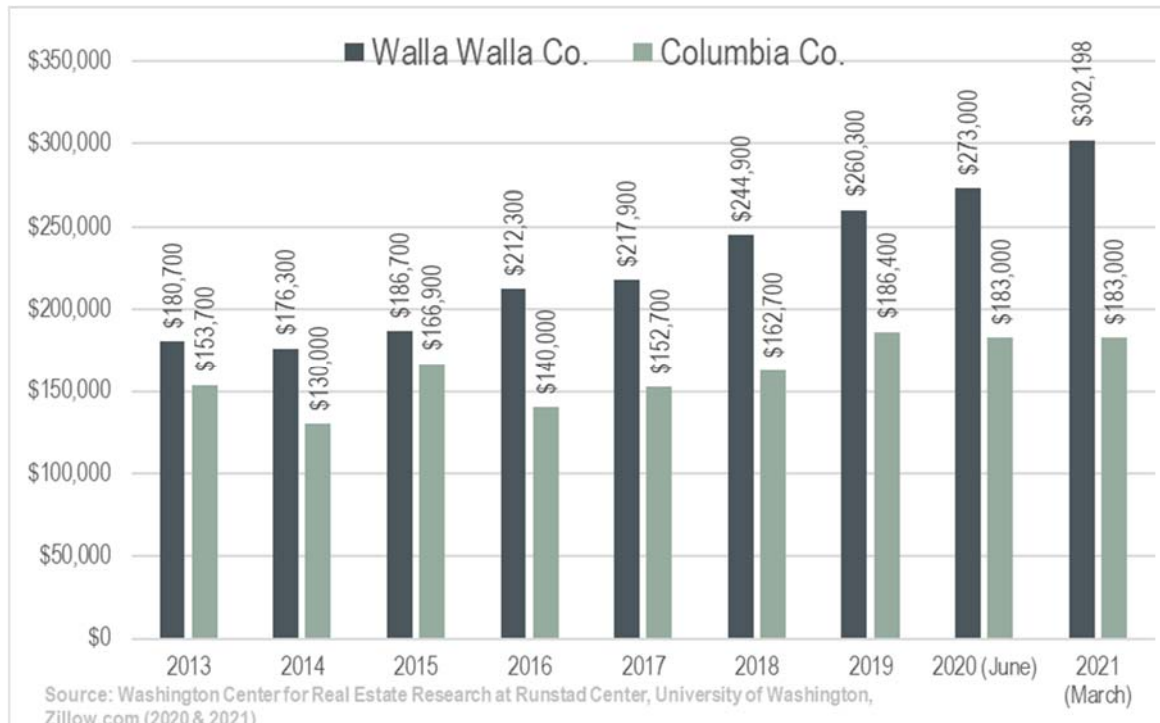
**Figure 13. Housing Vacancy Rates, 2018**



## Home Prices and Rents

As vacancy rates decline, home prices and rent levels are increasing. Median home prices have increased steadily over the past several years within the Region to record levels (**Figures 14 and 15**).

**Figure 14.** Median Home Prices



**Figure 15.** Median Home Prices

	3/1/2020	3/1/2021	Change from prior year %
Washington	\$429,000	\$488,000	13.8%
Columbia County	\$182,000	\$183,000	0.5%
Dayton	\$172,000	\$171,000	-0.6%
Walla Walla County	\$283,000	\$302,000	6.7%
College Place	\$289,000	\$309,000	6.9%
Waitsburg	\$235,000	\$250,000	6.4%
Walla Walla City	\$283,000	\$301,000	6.4%

**Source:** Zillow, (6/1/2020), Compiled by FCS GROUP.

\* Assumes 30-year mortgage, 3.6% interest, 1.89% property tax & insurance; 5% downpayment.

\*\* Assumes 30% of household income dedicated to payments.

Monthly rents have also increased to record levels. As shown in **Figure 16**, the median rent within the Region is currently \$1,486, and the price difference between the top quality and lowest quality rental housing units has narrowed considerably.

**Figure 16.** Median Housing Rent, Walla Walla Region, 2011 to 2020



By comparison, the current U.S. Housing and Urban Development (HUD) Fair Market Rents in Walla Walla County range from \$680 for an efficiency to \$1,509 for a four-bedroom unit, as shown below. According to input received from stakeholders, there are very few (if any) non-government subsidized properties that would meet HUD fair market rents in the Walla Walla Region.

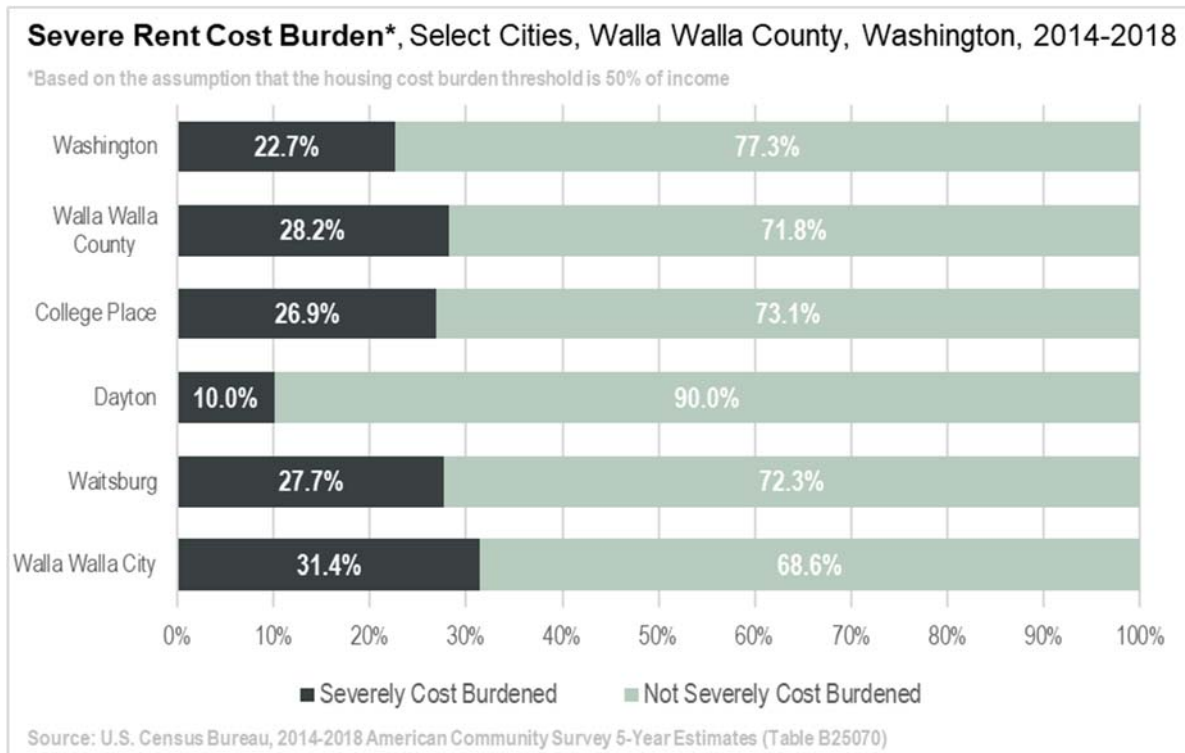
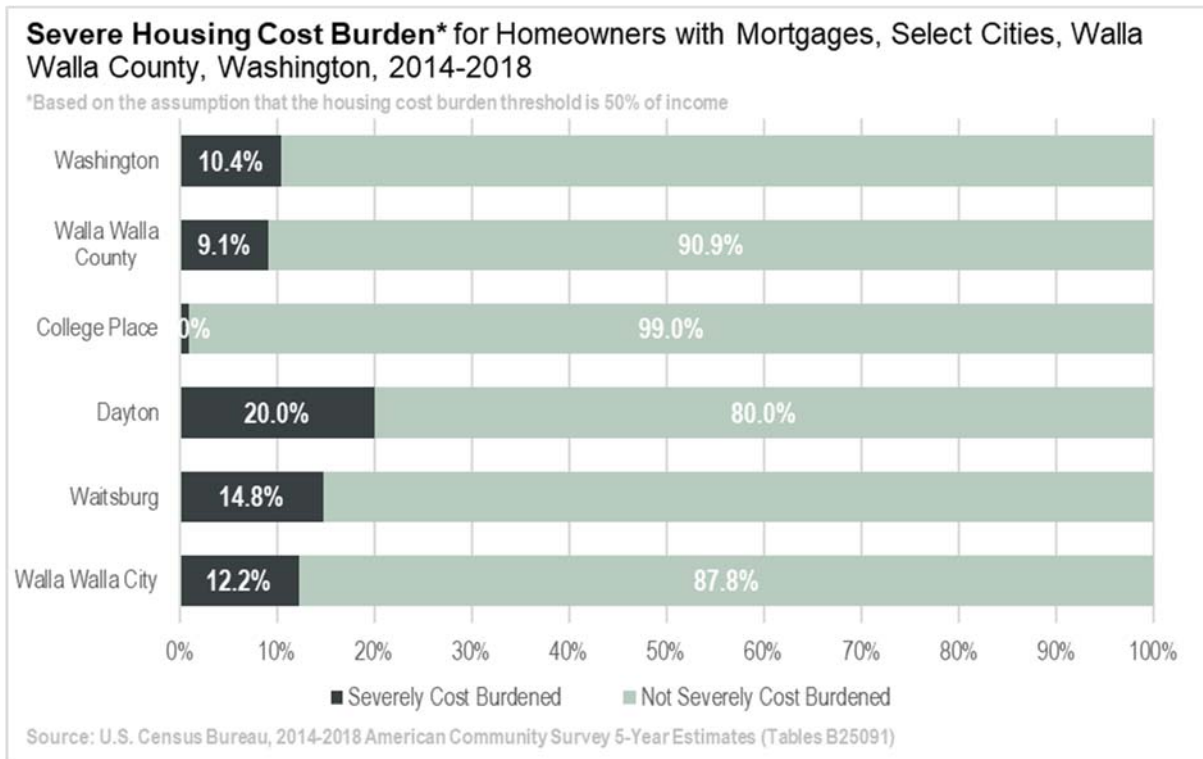
HUD Fair Market Rent (FMR) by Unit Type, Walla Walla County, 2020				
Source: U.S. Department of Housing and Urban Development				
<b>\$680</b>	<b>\$792</b>	<b>\$1,043</b>	<b>\$1,505</b>	<b>\$1,509</b>
Efficiency	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

## Housing Attainability

According to the U.S. Housing and Urban Development (HUD), households are considered “cost burdened” if they pay over 30% of their gross income on housing and utilities. Households are “severely cost burdened” if they pay over 50% of their gross income on housing and utilities.

As of 2018, approximately 9% of homeowners and 28% of the renters in Walla Walla County were severely cost burdened by housing expenses alone (**Figure 17**). If housing costs continue to rise faster than incomes, the share of severely cost burdened households will continue to increase.

**Figure 17. Severe Housing Cost Burden by Locality**



To help gauge housing attainability, FCS GROUP examined median household income (MHI) data for selected cities within Walla Walla and Columbia counties. Median household income in Walla Walla County (\$56,533) is currently well below the Washington average (\$70,116). However,



income levels for households in Walla Walla County have been increasing slightly faster than the state average (**Figure 18**).

**Figure 18.** Median Income Trends, 2010-2018

	2010	2018	AGR
Washington	\$57,244	\$70,116	2.6%
Walla Walla County	\$45,575	\$56,533	2.7%
College Place	\$40,137	\$47,525	2.1%
Dayton	\$39,861	\$44,524	1.4%
Waitsburg	\$45,568	\$48,403	0.8%
Walla Walla	\$39,397	\$48,678	2.7%

Source: U.S. Census Bureau, 2014-2018 American Community Survey 5-Year Estimates (Table B25119)

AGR: average annual growth rate.

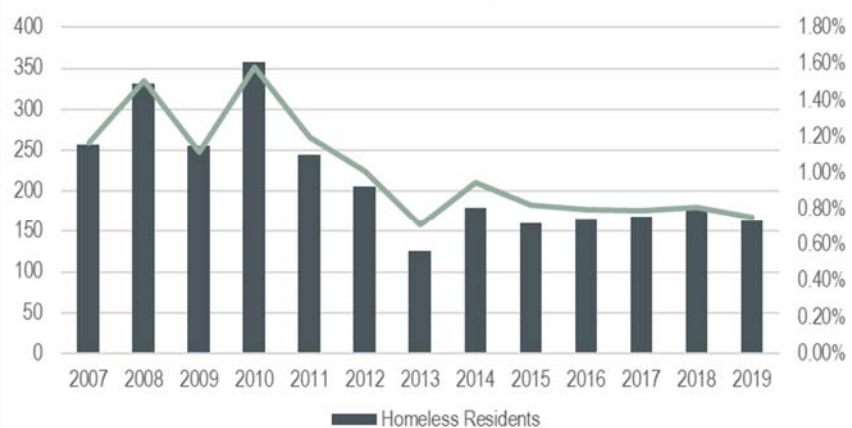
To meet HUD guidelines for housing affordability, no more than 30% of income should be allocated to housing. Hence, middle-income families earning 80% to 120% of the median household income (MHI) should be able to afford monthly rents at \$1,131 to \$1,696; or homes priced between \$194,000 and \$291,000. If middle-income households pay more than this, they would be “cost burdened” to some degree. As indicated in **Exhibit 19**, using current statistics, affordable monthly housing cost for low-income families is as follows:

- Low Income, \$707 to \$1,131
- Very Low Income, \$424 to \$707
- Extremely Low Income, \$424 or less

#### Point in Time Homeless Residents

The homeless population in Walla Walla County has fluctuated between 126 and 358 over the past decade. In 2019, Walla Walla County’s homeless population included an estimated 163 people or about 0.75% of the statewide homeless count, which is less than the county’s 0.82% overall share of statewide population. Stakeholder input indicates that the number of homeless residents appears to have increased since the global Covid-19 pandemic began in 2020.

**Homeless Residents, Walla Walla County, 2007-2019**



Source: Washington State Department of Commerce Annual Point in Time Count

**Figure 19. Analysis of Attainable Housing Prices/Rents**

**Housing Attainability Analysis**

<b>Walla Walla County Median Household Income (2018)*</b>		<b>\$56,533</b>
<b>Market Segment by Income Level</b>		<b>Lower-end Upper-End</b>
Upper (120% or more of MHI)		120%
Middle (80% to 120% of MHI)	80%	120%
Low (50% to 80% of MHI)	50%	80%
Very Low (30% to 50% of MHI)	30%	50%
Extremely Low (less than 30% of MHI)	30%	
<b>Qualifying Income Level</b>		<b>Lower-range Upper-range</b>
Upper (120% or more of MHI)	\$67,840	or more
Middle (80% to 120% of MHI)	\$45,226	\$67,840
Low (50% to 80% of MHI)	\$28,267	\$45,226
Very Low (30% to 50% of MHI)	\$16,960	\$28,267
Extremely Low (less than 30% of MHI)		\$16,960
<b>Attainable Monthly Rent or Payment (@30% of income level)</b>		<b>Lower-range Upper-range</b>
Upper (120% or more of MHI)	\$1,696	or more
Middle (80% to 120% of MHI)	\$1,131	\$1,696
Low (50% to 80% of MHI)	\$707	\$1,131
Very Low (30% to 50% of MHI)	\$424	\$707
Extremely Low (less than 30% of MHI)		\$397
<b>Approximate Attainable Home Price**</b>		<b>Lower-range Upper-range</b>
Upper (120% or more of MHI)	\$291,000	or more
Middle (80% to 120% of MHI)	\$194,000	\$291,000
Low (50% to 80% of MHI)	\$116,000	\$185,000
Very Low (30% to 50% of MHI)	\$69,000	\$116,000
Extremely Low (less than 30% of MHI)	n/a	n/a

*Notes:*

\* based on current U.S. Census estimates of household income for Walla Walla County.

\*\* assumes 5% down (zero down payment for low income purchasers) on 30-yr mortgage @ 3.6% interest; and 1.89% for taxes and insurance.

Source: analysis by FCS GROUP using U.S. Census, American Community Survey data.

## Measures of Economic Hardship

Like many rural communities across the U.S., an increasing share of Walla Walla Region's households are experiencing economic hardship as the cost of living rises faster than income levels.

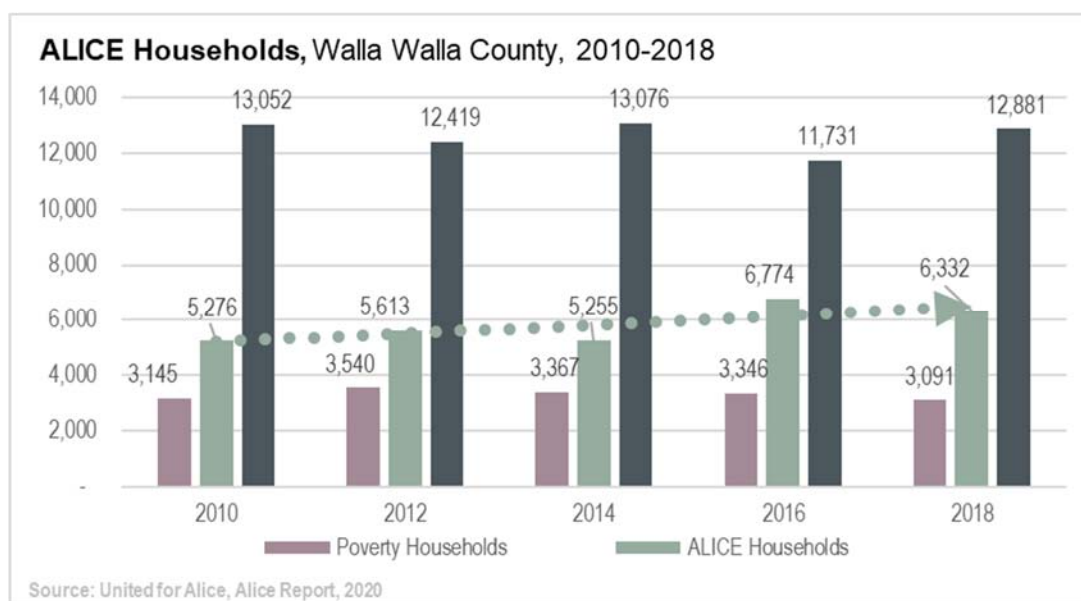
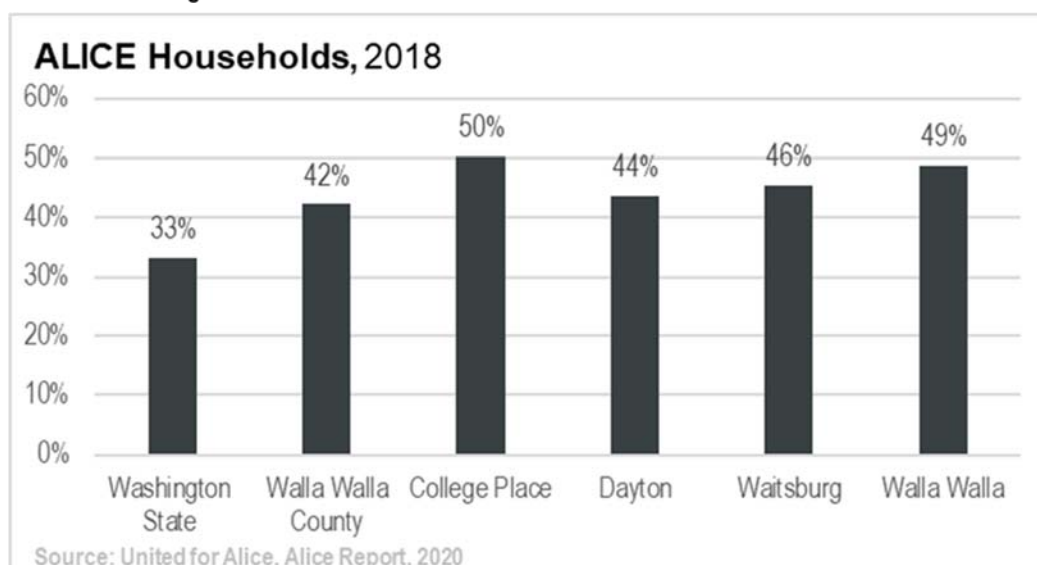
Since the War on Poverty began in 1965, the Federal Poverty Level (FPL) has provided a standard for determining the proportion of people living in poverty in the U.S. Despite the FPL's benefit of providing a nationally recognized income threshold for determining who is poor, its shortcomings include the fact that the FPL is not based on the current cost of basic household necessities, and except for Alaska and Hawaii, it is not adjusted to reflect cost of living differences across the U.S. In fact, federal poverty statistics indicate that the number of Walla Walla County households living in poverty decreased by 54 between 2010 and 2018.

In recognition of the shortcomings associated with federal poverty statistics, the United Way now provides a new measure of economically distressed households struggling in each county in a state. This

effort provides a framework, to measure households that do not earn enough to afford basic necessities, with a population segment called ALICE (Asset Limited, Income Constrained, Employed). The ALICE methodology takes into account the total cost of household essentials – housing, child care, food, transportation, technology, and health care, plus taxes and a 10 percent contingency. ALICE data are calculated separately for each county, and for six different household types. For more information please check out: <https://www.unitedforalice.org/methodology>

In 2018, 42% of the households in Walla Walla County were either in poverty or in the ALICE category, which is well above the Washington statewide average of 33%. Within the Walla Walla Region, the share of households in poverty and ALICE categories ranged from 44% in Dayton to 50% in College Place (Figure 20).

**Figure 20. ALICE Household as Share of Total Households**

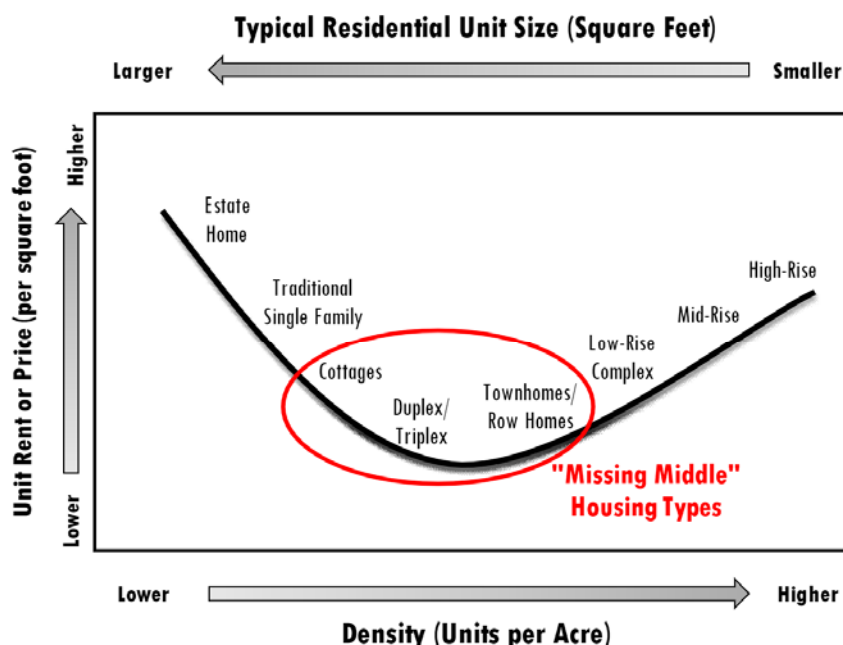


## Housing Supply Gaps

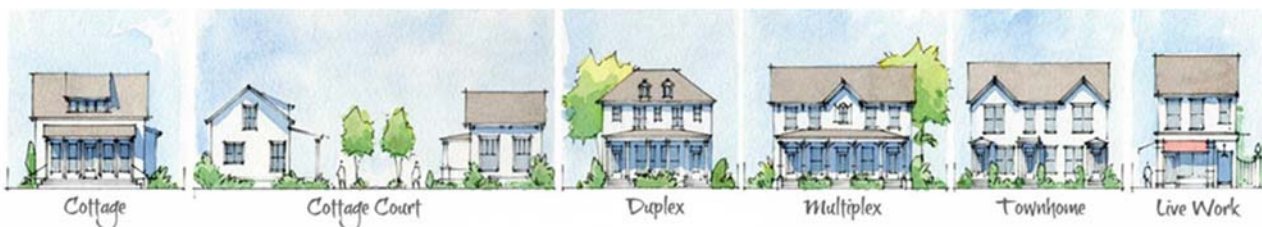
Representatives from public agencies have expressed concern over the lack of attainable and good quality housing for middle income families and local workers. To find attainable housing, some workers must travel long distances between their homes and their jobs to find attainable housing.

Given the need for workforce housing, the Region would benefit from development of “middle income” housing types, such as apartments, duplexes, townhomes, cottages, manufactured homes and accessory dwelling units (ADUs). These housing types can be delivered at a lower cost and rent level per square foot than standard single family detached and mid-rise housing types (**Figure 21**).

**Figure 21. Middle Housing Types**



Source: Washington Department of Commerce Housing Memorandum (PNW Economics and LDC)



## Transportation Considerations

Long commutes into the Walla Walla Region may represent potential pent-up demand for new housing. According to U.S. Census On-the-Map data, in 2017 there were 9,275 workers who commuted to work in Walla Walla County and 5,978 county residents who commuted to work outside the County (**Figure 22**). **One in five workers in the County commute over 100 miles per day; which is 55% higher than the statewide average.**

**Figure 22.** Commute Patterns, Walla Walla County, 2017



## Affordability and Current Market Gaps

Low vacancy rates and rising home prices have resulted in market gaps that could be filled only by new housing construction. The regional *Affordability Housing Community Council Report*, Summer 2019, found that median income levels in the City of Walla Walla and College Place would need to increase by at least \$5,400 to enable families to purchase a home at 2018 prices. This affordability gap has increased since.

The Region's rental housing gap is most prevalent at the highest and lowest income levels. In other words, there is currently an inadequate supply of quality market rate apartments (at \$1,131/month or higher) or for-sale housing (at \$279,000+). This is partially the reason why 400 middle and upper income households currently live in lower-quality *middle-income* rental housing. And the lack of affordable housing (at \$707/month or lower) has resulted in 791 households living in higher-cost housing which leads to severe rent burdens. This analysis assumes that 33% of the current housing gap can be addressed by new policies that help stimulate near-term housing construction with 239 market rate units and 261 affordable units (**Figure 23**).

**Figure 23.** Rental Housing Market Gaps, Walla Walla Region, 2017

Median Household Income Range	Lower-end	Upper-End	Renter Households Counted	Affordable Monthly Rent Costs *	Level of subsidy required	Estimated Rental Units Counted	Year 2017 Housing (Gap) or Surplus
Upper (120% or more of MFI)	\$67,840 or more		1,304	\$1,696 & Above	Zero	580	(400)
Middle (80% to 120% of MFI)	\$45,226	\$67,840	1,173	\$1,131-\$1,686	Zero	1,497	
Low (50% to 80% of MFI)	\$28,267	\$45,226	1,518	\$707-\$1,131	Low	2,709	1,191
Very Low (30% to 50% of MFI)	\$16,960	\$28,267	1,177	\$424-\$707	Medium	1,541	(791)
Extremely Low (less than 30% of MFI)	\$16,960 or less		1,830	Less than \$424	High	674	
<b>Total</b>			<b>7,001</b>			<b>7,001</b>	

Source: US Census Bureau 2013-2017 ACS, analysis by FCS GROUP.

\* Calculated at 30% of Walla Walla County median family income based on HUD guidelines

### Analysis of Pent-Up Rental Housing Demand, Walla Walla Region

Median Household Income Range	Renter Households in 2017	Rental Units in 2017	Housing (Gap)	Potential Capture Rate	Pent-up Housing Demand
Upper (120% or more of MFI)	1,304	580	(724)	33%	239
Middle (80% to 120% of MFI)	1,173	1,497	324		
Low (50% to 80% of MFI)	1,518	2,709	1,191		
Very Low (Less than 50% of MFI)	3,006	2,215	(791)	33%	261

Source: US Census Bureau 2013-2017 ACS, analysis by FCS GROUP.

## Regional Housing Needs Forecast

The Regional housing needs forecast takes into account the potential to capture a share of the current market gap for rental housing along with the projected population growth based on the adopted comprehensive plans for Walla Walla County and the cities of College Place, Walla Walla, Dayton and Waitsburg.

These plans anticipate a population increase of approximately 9,668 year-round residents by 2040 within Walla Walla County. According to the Walla Walla County Comprehensive Plan, the unincorporated areas of the county are projected to add 2,802 people. Since that forecast also reflects unincorporated portions of UGAs for the cities, we expect the majority of new population growth to occur within future annexation areas of local cities.

This analysis assumes that 70% of the housing growth and 90% of the group quarters population growth within unincorporated Walla Walla County will occur within the UGAs of Walla Walla, College Place, Waitsburg and Dayton. As indicated in **Figure 24**, this allocation of county growth equates to approximately 107 group quarters residents and 657 dwelling units.

**Figure 24.** Projected Regional Housing Capture of Unincorp. Walla Walla County, 2020 to 2040

	Walla Walla County	Unicorp. Walla Walla County**	Regional Housing Capture of Unincorp. County %	Regional Housing Capture of Unincorp. County
Net New Population	9,668	2,802		
New Pop in Group Quarters*	773	119	90%	107
Population in Households	8,894	2,683		
Housing Need for Permanent Residents (dwellings)	3,601	865		
Seasonal & Vacancy Allowance (@9.4 %)	358	74		
Growth-related Housing Demand (dwelling units)	3,959	939	70%	657

Source: FCS GROUP based on local pop. growth forecasts and current ACS data for local areas. \*Group quarters reflects people in dormitories, group homes, institutions, etc. \*\* Includes unincorporated areas within urban growth areas of local cities.

To address changing demographic and householder preferences, the baseline housing demand forecast also takes into account the following assumptions:

- Future population growth forecasts for each city within the Walla Walla Region will be consistent with adopted local comprehensive land use plan forecasts (extrapolated).
- The tenancy mix and rate of homeownership will increase slightly overtime to the Washington statewide average (63% owners and 37% renters). Note, this results in a modest increase in homeownership rates within the Region from 60% currently to 63% by year 2040.
- Housing needs reflect more attainably priced housing types consistent with attainability levels with 30% of income allocated to rent or mortgage (principal and interest).
- The housing needs forecast assumes a moderate demand shift to middle income housing types, including townhomes, plexes, apartments, ADUs and manufactured housing.

To address future housing growth, the Walla Walla Region should plan to add approximately 4,685 net new housing units over the next 20 years. Future housing demand is likely to include 1,523 standard lot single family detached homes; 1,104 small lot detached homes; 732 townhomes/plexes; 894 multi-family



units (includes some group quarters demand) and 443 government-assisted housing units, manufactured homes and/or ADUs (**Figure 25**).

**Figure 25.** Walla Walla Region Housing Needs Forecast, 2020 to 2040

	Walla Walla City	College Place	Waitsburg	Dayton	Region Total
Projected Baseline Housing Demand	2,362	494	153	11 +	3,021
Plus Share of Housing Within Unincorp. UGAs	514	107	33	2 +	657
Plus Demand to Address 33% of Housing Gap	414	87			500
Total Housing Need	3,290	688	187	13 +	4,178
Plus Group Quarters Housing Units (@1.5 people per unit)	420	88			762
Grand Total (units)	3,710	776	187	13 +	4,685
percent of total	79%	17%	4%	0.3%	100%

Source: FCS GROUP based on local pop. growth forecasts and current ACS data for local areas. \*Group quarters reflects people in dormitories, group homes, institutions, etc.

Projected Housing Need by Housing Type

Projected 2040 Housing Needs						
Housing Type	Walla Walla UGA	College Place UGA	Waitsburg UGA	Dayton UGA	Walla Walla Region	Remainder of Walla Walla County
Single-Family Detached						
Standard Lots	1,142	261	112	9 +	1,523	225
Small Lots, cottages, mfg. homes (lots)	899	205	-	-	1,104	-
Townhouses / Plexes (units)	556	155	19	1 +	732	-
Multi-family units (5+ units per structure)	816	78 +	-	-	894	-
Mobile homes/ADUs/other (units)	297 +	78 +	56 +	3 +	433	56 +
Total Dwelling Units	3,710	776	187	13 +	4,685	282

Projected Housing Need by Income Level

Family Income Level	Owner-Occupied	Renter-Occupied	Total	Dist. %	Attainable Housing Products
Upper (120% or more of MI)	2,361	260	2,621	56.0%	Single Family Lots
Upper Middle (80% to 120% of MI)	384	347	730	15.6%	Cottage Homes, Townhomes, Apartments
Lower Middle (50% to 80% of MI)	207	693	900	19.2%	Townhomes, Mfgd. Homes, Plexes, Apartments
Low (less than 50% of MI)	0	433	433	9.3%	ADUs, Govt. Assisted Apts.
Total	2,952	1,734	4,685	100.0%	

\*Derived from Appendix A.

The group quarters demand generated by 762 residents accounts for demand generated by seniors in group homes and to a lesser extent university students and special needs population segments (including inmates at the correctional center). As indicated in **Figure 26**, the senior housing segment is projected to account for about three quarters of the overall group quarters demand, with the need for almost 380 units of shared senior housing required by year 2040.

**Figure 26. Projected Senior Housing Demand**

	Region Total within UGAs
Current Population	48,363
Proj. Net New Population within Region UGAs (@2.3 perso	8,485
Future Population year 2040	56,848
Population over Age 65	20%
Share of pop. over Age 65 in Nursing Homes	5.0%
Avg. Household Size within Nursing Homes	1.50
Proj. Net New Population in Nursing Homes	568
Proj. Senior Housing Need (dwelling units)	379

Source: population estimates and forecasts based on WA Office of Financial Management data; nursing home capture rates based on National Institute of Aging estimates, 2015.

Please refer to **Appendix A** for a Regional forecast of owner and renter housing needs by income level.

## Reconciliation of Housing Needs and Land Supply

According to the June 2019 Walla Walla County buildable land inventory and development capacity study, Walla Walla, College Place and Waitsburg UGAs had the potential to accommodate over 4,100 net new dwellings at full utilization (**Exhibit 27**). Note, the City of Dayton was included in a separate land capacity study for Columbia County.

**Figure 27. Land Capacity Analysis**

	Minimum Lot Size (SF)	Net Res. Land Inventory (acres)	Under- developed percent	Net New Pop. Capacity	Net New Dwelling Capacity	Infill & redevelopment Dwellings	Dwellings on Vacant Land	% Infill & redevelopment
<b>Waitsburg</b>				1,466	621	284	337	46%
R96 Suburban Residential	9,600	50.7	62%	538	228	86	142	
Residential (incorporated)	10,000	92.7	49%	875	371	189	182	
Flexible Comm./Res (Incorp.)	10,000	5.6	61%	53	22	9	13	
<b>College Place</b>				588	249	139	110	56%
Multiple Family Residential	n/a	2.1		59	25	-	25	
R-60 Single Family Residential*	6,000	21.6	30%	361	153	107	46	
R-72 Single Family Residential*	7,200	0.3		4	2	-	2	
R-96 Suburban Residential (incorp.)	9,600	6.3	58%	67	28	12	16	
R-96 Suburban Residential (area 2B)**	9,600	39.8	75%	426	180	46	134	
R-96 Suburban Residential (area 2C)	9,600	9.2	51%	97	41	20	21	
<b>Walla Walla City</b>				7,641	3,238	1,632	1,606	50%
Multiple Family Residential	n/a	-		-	-			
R-60 Single Family Residential ***	6,000	-		-	-			
R-72 Single Family Residential ***	7,200	54.7	21%	813	344	271	73	
R-96 Suburban Residential (incorp.)	9,600	569.0	51%	6,116	2,592	1,260	1,332	
R-96 Suburban Residential (other)	9,600	60.8	67%	712	302	101	201	

Source: Revised Land Capacity Analysis, Technical Memorandum, June 2019, the Watershed Company. Note, this analysis was completed prior to the City of Walla Walla creating a Neighborhood Residential zone to allow reduced lot sizes.

\* After 2019, College Place combined zones R-60/R-72/R-75 into a one SF District zone and allows up to two dwellings per lot.

\*\* Area 2B urban growth area expansion request was denied after 2020.

\*\*\* After 2019, Walla Walla changed code to allow 2-4 unit structures and ADUs in all single family zones.



While the overall land capacity within the Region appears to be adequate for addressing the long-term housing need for Waitsburg and Dayton, the analysis cited above indicates that nearly half of new construction would need to occur on under-developed (part vacant) tax lots. If property owners do not wish to subdivide their tax lots, the likelihood of meeting housing needs through “infill” is unlikely.

These findings also indicate that the current zoning and related land capacity within the College Place and Walla Walla UGAs (combined) may not be sufficient to fully accommodate multi-family demand. This issue is particularly acute in College Place, where the housing demand for single family and middle housing (672 units) is expected to exceed its zoned land capacity by 412 dwellings.

Based on the residential capacity analysis and this housing needs assessment, the following conclusions are made:

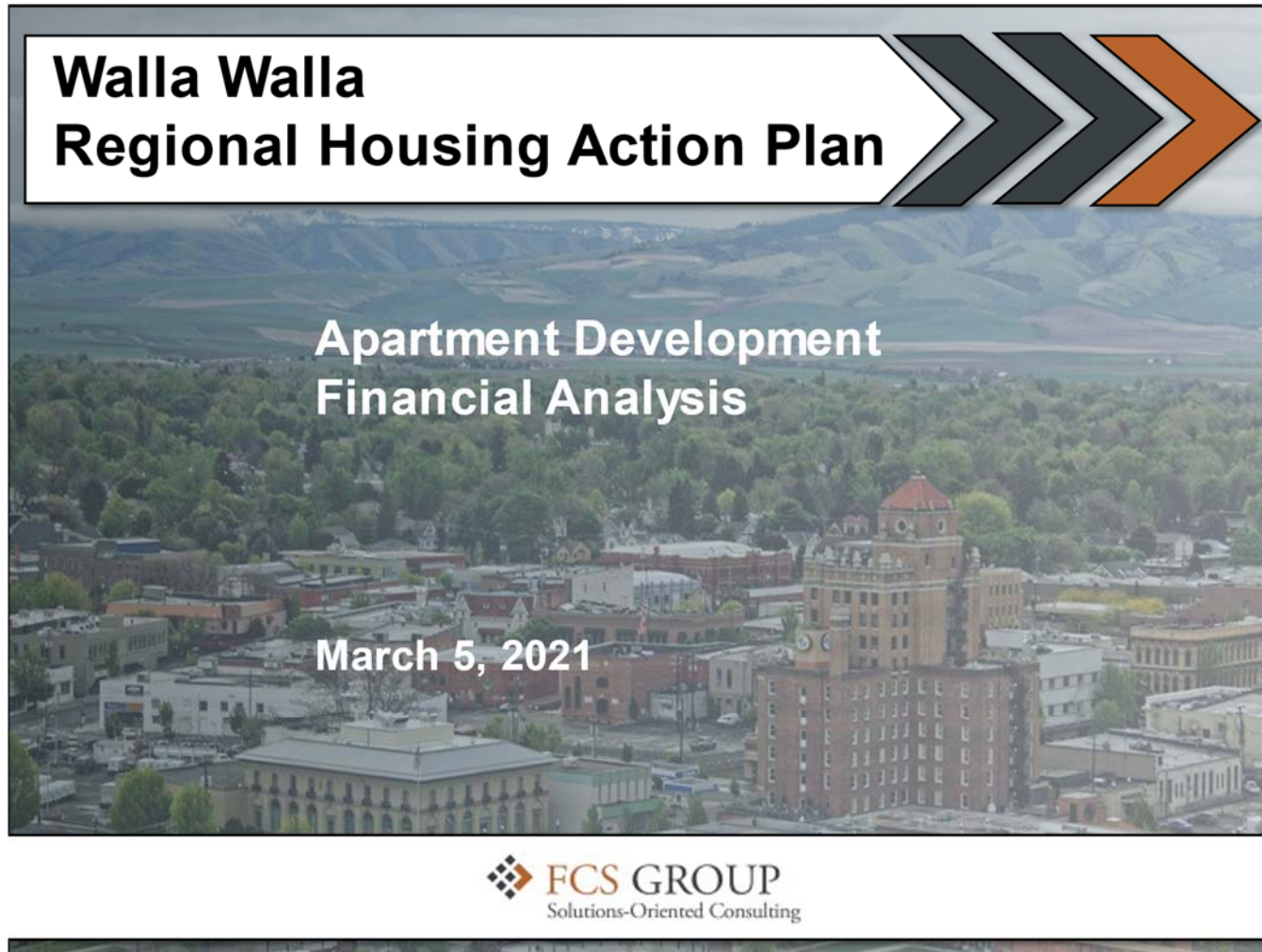
**College Place UGA:** the projected 20-year housing need of 776 dwelling units is far greater than the potential UGA capacity of 429 units, even after assuming 43% of net new housing will be constructed on infill and redevelopment lands.

**Walla Walla UGA:** the projected 20-year housing need of 3,710 dwelling units is greater than the potential UGA capacity of 3,238 dwelling units, even after assuming 50% of the net new housing will be constructed on infill and redevelopment lands.

**Waitsburg and Dayton UGAs:** the combined projected 20-year housing need of 200 or more dwelling can be accommodated by their existing UGAs, since Waitsburg alone is presumed to have the UGA capacity to add 621 dwelling units, after assuming 46% of the net new growth occurs on infill and redevelopment lands.

## APPENDIX D: FINANCIAL ANALYSIS

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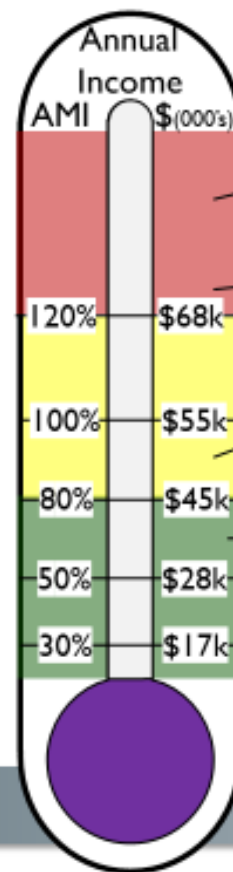
## Financial Feasibility Objectives

- ◆ Test financial viability from developer's perspective
- ◆ With and without affordable housing
  - Scenario 1: 3-level garden apartments
  - Scenario 2: 5-level flats (over parking)
- ◆ Evaluate incentives
  - 12-year property tax abatement
  - Impact fee reduction
  - Land write-downs
  - Parking reductions



## Housing Affordability Thermometer

- ♦ HUD uses median income to measure affordability
- ♦ HUD bases affordability on household size
- ♦ Affordability Thermometer conveys prices or rents based on expected payments
- ♦ Helps determine the market need for various housing types



### Local Labor Force Demographics Example:

- **Manager**  
\$96,000 (max rent: \$2,600)  
(168% of AMI if HH size = 2)
- **Teacher (middle school)**  
\$68,000 (max rent: \$1,800)  
(121% AMI if HH size = 2)
- **Industrial worker**  
\$55,511 (max rent: \$1,500)  
(98% AMI, low income if HH size = 2)
- **Medical Assistant**  
\$37,690 (max rent: \$1,000)  
(67% AMI if HH size = 2)
- **Average SSA recipient:**  
\$19,251 (max rent: \$500)  
(33% AMI HH size = 1)

## Regional Housing Needs

*Walla Walla Region will need 4,500+ dwellings over next 20 years*

- ♦ Range of dwelling types needed
- ♦ Need for more affordable units for owners and renters
- ♦ Residual Land Value Analysis: how much would a developer be willing to pay for the land for the right to build this project?



Garden  
Apartments



Flats

## **Apartment Proforma Assumptions**

	Scenario 1A	Scenario 1B	Scenario 1C	Scenario 2A	Scenario 2B	Scenario 2C
Particulars	Apts. (100% market rate)	Apts. (mixed income)	Affordable Apts.	Flats (100% market rate)	Flats (mixed income)	Affordable Flats
Site Size (acres)	2.0	2.0	2.0	2.0	2.0	2.0
Building Levels (above grade)	3	3	3	5	5	5
Dwelling Units	107	107	107	167	167	167
Affordable Units (@80% to 110% AMI)	0	15	107	0	30	167
Parking stalls	128	128	128	249	249	249
Parking Ratio (stalls per dwelling unit)	1.2	1.2	1.2	1.2	1.2	1.2
Dwellings per Acre	53	53	53	84	84	84
Est. Construction Cost*	\$23 M	\$23 M	\$23.5 M	\$41 M	\$41 M	\$40.6 M
Cost per Dwelling, excl. land	\$ 219,615	\$ 219,615	\$ 219,615	\$ 242,559	\$ 242,559	\$ 242,559
Targeted Developer Return on Equity (annual)						
with private developer	7.0%	7.0%		7.0%	7.0%	
with non-profit developer			4.0%			4.0%

Project Income Assumptions	Units	Scenario 1	Scenario 2
Market-rate units under 900 SF	per SF/month	\$1.71	\$2.00
Market-rate units over 900 SF	per SF/month	\$1.71	\$1.85
Affordable dwellings (@90% AMI)	per SF/month	\$1.71	\$1.74
Parking charge	per Stall/month	\$0	\$0



## Financial Analysis: Findings

Scenario	Developer	Dwellings	Residual Land Value Per Dwelling Unit		Relative Financial Feasibility	Annual Prop. Tax Revenue to City after abatement	Cumulative Prop. Tax Revenue to City Years 1-20
			no incentives	w/ tax abatement			
1A Apts. (100% market rate)	For Profit	107	\$7,921		Good	\$56,387	\$1,127,736
1B Apts. (mixed income)	For Profit	107	(\$3,926)	\$12,255	Excellent after incentives	\$56,387	\$451,094
1C Affordable Apts.	Non Profit	107		\$48,950	Excellent		
2A Flats (100% market rate)	For Profit	167	(\$8,882)	\$8,984	Good after incentives	\$97,517	\$1,950,337
2B Flats (mixed income)	For Profit	167	(\$15,951)	\$1,915	Fair after incentives	\$97,517	\$780,135
2C Affordable Flats	Non Profit	167		\$22,988	Excellent		

\* R.O.E. denotes estimated annual rate of targeted return on developer equity investment after debt service and before income taxes and depreciation.

- ♦ **Currently: only the market rate apartments are financially viable without incentives**
- ♦ **Non-profit developer greatly helps with affordable housing**
- ♦ **Tax Incentives plus land write-downs needed to create mixed-income apts.**

## **Summary**

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- ♦ **Housing market is strong enough to attract for-profit developers**
- ♦ **Garden apartments are viable without incentives**
- ♦ **Market rate flats over parking is not viable without some type of incentive**
- ♦ **Affordable or mixed-income housing requires incentives with for-profit developer, such as**
  - 12-year tax abatement (for affordable housing only)
  - Impact fee reduction (for affordable housing only)
  - Land write-down
  - Parking reductions
- ♦ **Non-profit developer could make affordable housing “pencil” with fewer incentives**
- ♦ **Recommend pilot program of multifamily incentives for next 3 years**
- ♦ **Identify public-owned potential catalyst site(s) for future developments**



# APPENDIX E: DISPLACEMENT MINIMIZATION STRATEGY

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To: Project Advisory Team: Elizabeth Chamberlain, City of Walla Walla; Jon Rickard, City of College Place; Meagan Bailey, City of Dayton; Randy Hinchliffe, City of Waitsburg; Nikki Sharp, Walla Walla County

Date: September 28, 2020

From: Violet Brown & Scott Fregonese, Fregonese Associates

CC: Todd Chase & Tim Wood, FCS GROUP

RE: Walla Walla Housing Action Plan Task 4 Anti-Displacement Best Practices

The purpose of this memorandum is to analyze the risk of displacement and gentrification in the region and to summarize best practices strategies to mitigate the impacts on local households and businesses. It builds on the findings included in FCS Group’s Task 1 Issues Memo and Task 2 & 3 Trends and Needs Memo and on the work previously published in the Affordable Housing Community Council Report.<sup>i</sup>

## SUMMARY

Housing Action Plans must, in accordance with HB1923, “encourage construction of additional affordable and market rate housing in a greater variety of housing types and at prices that are accessible to a greater variety of incomes” and “should consider strategies to minimize displacement of low-income residents resulting from redevelopment.” This is particularly true in neighborhoods with communities at high risk of displacement.

As growth trends in the region predict significant opportunities for future development, that development will likely exacerbate existing issues of affordability and result in market and socioeconomic shifts linked to displacement of households and businesses in vulnerable communities. Each jurisdiction in the Walla Walla region contains populations vulnerable to displacement. However, this memo identifies individual block groups particularly susceptible to these forces. It also recommends mitigation strategies. These recommendations represent a three-pronged approach to anti-displacement strategies:

1. Mitigation for Individuals and Families Experiencing Displacement,
2. Land Use & Development Strategies to Increase Production of Affordable Housing, and
3. Economic Strategies to Increase Opportunity.

Combating displacement requires cities to proactively apply a variety of different approaches, each supported by best practices research. The strategies are organized as a three-prong approach to anti-displacement to address the different aspects of displacement. Various action steps or programs appear

under each prong. The concept is to move forward on all three fronts in ways that are customizable for each jurisdiction.

## VULNERABILITY ASSESSMENT

Displacement occurs when households or businesses are involuntarily forced out of an area due to increasing housing prices or due to economic and demographic changes that alter the neighborhood's character. Gentrification, a well-documented housing issue since the 1960s, has traditionally been associated with the urban core, but rural gentrification is gaining ground in the face of an ever-expanding digital workforce and access to goods online. These changes allow what is a traditionally urban workforce to work remotely from rural and suburban areas, benefitting from the amenities and relative affordability these areas have to offer. Gentrification typically occurs in areas with relatively low property values with amenities that have become attractive or trendy.

As demand in the region grows, areas with relatively low rent/home value or perceived as lower quality housing become more attractive and profitable for redevelopment opportunities, and thus more vulnerable to displacement of existing residents. Some experts expect that the recent pandemic will only increase the pressure on smaller communities as families seek the “suburbs and rural periphery”.<sup>ii</sup> This post-Covid-19 migration to rural areas and small towns will be driven by a number of factors: increase remote work opportunities, perceptions of increased safety in less-dense communities, and a desire to live in rural areas for their scenery, access to nature, and other amenities.

Vulnerability calculations compare local geographies to regional averages across six variables reported by the US Census. The analysis below uses ACS 2014-2018 (five-year estimates) via Social Explorer reported by state, county, city, census tract, and block group:

- Percent of households that are renters
- Percent of households that are low-income
- Percent of adults (25 or older) without a four-year degree
- Percent of population who identify with a community of color
- Median home value
- Median gross rent

These factors are closely associated with an increased probability of redevelopment coupled with an increased difficulty in weathering rising housing costs and a higher susceptibility to involuntary displacement for both households and small business. This analysis has been adapted from work published by Dr. Lisa Bates of Portland State University for the Portland Bureau of Planning and Sustainability in 2012 and their subsequent *2018 Gentrification and Displacement Neighborhood Typology Assessment*<sup>iii</sup>. Changes to the methodology are designed to reflect concerns regarding smaller sample sizes and promoting easy replicability as local jurisdictions continue to monitor these variables into the future with readily available data sets.

For the purposes of this report, geographies with 5 or 6 of the variables reporting higher figures than regional thresholds are identified as areas vulnerable to displacement.

Thresholds	Walla Walla County
% People of Color	>28%
% Without College Degree	>71%
% Rentals	>35%
Poverty Status: % Doing Ok	<66%
Median Home Value	<\$209,800
Median Gross Rent	<\$893

Thresholds	State
% People of Color	>31%
% Without College Degree	>65%
% Rentals	>37%
Poverty Status: % Doing Ok	<73%
Median Home Value	<\$311,700
Median Gross Rent	<\$1,194

Vulnerability Levels	
High	>5 indicators
Moderate	3-4 indicators
Low	<3 indicators

## Cities

Indicators	Walla Walla	Waitsburg	College Place	Dayton	Walla Walla County
Poverty Status: % Doing OK	60%	64%		68%	62%
% Rentals	42%	23%		41%	31%
Median Home Value	\$ 190,000	\$150,000	\$ 190,000	\$ 156,200	\$ 209,800
Median Gross Rent	\$ 919	\$ 688	\$ 890	\$ 775	\$ 893
% Without Degree	74%	80%	65%	77%	71%
% POC	33%	10%	25%	16%	28%
Total Indicators	5	4	3	4	

*Table 1a. Vulnerability Analysis: Walla Walla County Cities to County Comparison.*

Indicators	Walla Walla	Waitsburg	College Place	Dayton	Washington
Poverty Status: % Doing OK	60%	64%		68%	62%
% Rentals	42%	23%		41%	31%
Median Home Value	\$ 190,000	\$150,000	\$ 190,000	\$ 156,200	\$ 311,700
Median Gross Rent	\$ 919	\$ 688	\$ 890	\$ 775	\$ 1,194
% Without Degree	74%	80%	65%	77%	65%
% POC	33%	10%	25%	16%	31%
Total Indicators	6	4	4	4	

*Table 1b. Vulnerability Analysis: Walla Walla County Cities to State Comparison.*

All cities show vulnerability to displacement when compared to the region, which increases when compared to the state. This is particularly true for poverty rates and educational attainment, where county figures differ significantly from the state. City of Walla Walla has the highest vulnerability score when compared to both county and state thresholds. City of Walla Walla has the lowest percentage of people “doing ok”, the highest percentage of rentals, and the highest percentage of people of color when compared to other cities.

## Census Tracts

City	Census Tract	Poverty Status: % Doing OK	% Rentals	Median Home Value	Median Gross Rent	% Without Degree	% POC	Total Indicators
Walla Walla	9204	100%	0%	NA	NA	97%	57%	2
	9205	46%	54%	\$ 102,600	\$ 851	87%	66%	6
	9206	54%	51%	\$ 134,200	\$ 891	84%	45%	6
	9207.01	67%	53%	\$ 198,800	\$ 878	67%	20%	3
	9207.02	68%	28%	\$ 224,100	\$ 1,023	56%	21%	0
	9208.01	48%	42%	\$ 186,500	\$ 1,000	76%	20%	4
	9208.02	49%	55%	\$ 208,500	\$ 831	65%	24%	4
Waitsburg	9201	80%	17%	\$ 254,300	\$ 870	70%	12%	2
College Place	9203	69%	41%	\$ 190,000	\$ 890	66%	25%	3
Dayton	9602	68%	31%	\$ 170,800	\$ 740	75%	14%	3

*Table 2. Vulnerability Analysis: Census Tract to County Comparison. Bolded data indicates the highest or lowest value for the category.*

Census Tract analysis reveals two highly vulnerable tracts for City of Walla Walla (9205 and 9206). Tract 9205 has the lowest percentage of people “doing ok”, the lowest median home value, and the highest percentage of people of color when compared to all census tracts in the study area. Census tracts that may become more vulnerable overtime (moving from a rank of moderate to high), include tract 9208.01 and 9208.02. These tracts exceed county thresholds for poverty, rentals, and home value.

Census tracts in the remaining cities have vulnerability ranks of low to moderate when compared to the county. No tract in the remaining cities exceeds three total indicators.

## Block Groups

City	Block Group	Poverty Status: % Doing OK	% Rentals	Median Home Value	Median Gross Rent	% Without Degree	% POC	Total Indicators
Walla Walla	BG1 T9204	100%	0%	NA	NA	<b>97%</b>	57%	2
	BG1 T9205	37%	53%	\$ 90,000	\$ 867	91%	63%	6
	BG2 T9205	54%	60%	\$ 99,200	\$ 1,009	89%	<b>79%</b>	5
	BG3 T9205	50%	48%	\$ 134,900	\$ 775	78%	52%	6
	BG1 T9206	69%	43%	<b>\$ 73,800</b>	NA	93%	41%	4
	BG2 T9206	<b>14%</b>	63%	\$ 90,900	\$ 709	88%	72%	6
	BG3 T9206	60%	40%	\$ 119,100	NA	89%	69%	5
	BG4 T9206	64%	32%	\$ 191,800	\$ 900	75%	37%	4
	BG5 T9206	50%	74%	\$ 260,100	\$ 1,051	74%	14%	3
	BG1 T9207.01	60%	<b>78%</b>	\$ 193,100	\$ 714	46%	19%	4
	BG2 T9207.01	57%	41%	\$ 162,200	\$ 880	82%	33%	6
	BG3 T9207.01	65%	38%	\$ 196,600	\$ 955	60%	12%	3
	BG4 T9207.01	81%	53%	\$ 218,900	\$ 1,269	74%	15%	2
	BG1 T9207.02	71%	23%	\$ 254,900	\$ 1,291	53%	28%	0
	BG2 T9207.02	73%	17%	\$ 196,100	\$ 828	65%	17%	2
	BG3 T9207.02	<b>55%</b>	38%	\$ 213,900	\$ 786	40%	13%	3
	BG4 T9207.02	73%	35%	\$ 175,000	\$ 820	69%	27%	2
	BG1 T9208.01	58%	7%	\$ 233,300	NA	76%	12%	2
	BG2 T9208.01	52%	52%	\$ 164,900	\$ 1,127	76%	33%	5
	BG3 T9208.01	58%	47%	\$ 172,900	\$ 845	69%	13%	4
	BG4 T9208.01	30%	45%	\$ 183,800	\$ 999	83%	16%	4
Waitsburg	BG1 T9208.02	35%	67%	\$ 165,400	\$ 897	77%	26%	4
	BG2 T9208.02	69%	38%	\$ 238,500	\$ 788	55%	19%	2
College Place	BG4 T9201	66%	20%	\$ 154,700	\$ 688	80%	10%	3
	BG1 T9203	73%	34%	\$ 192,700	<b>\$ 657</b>	71%	34%	3
	BG2 T9203	63%	66%	\$ 190,400	\$ 861	67%	29%	5
	BG3 T9203	44%	69%	\$ 99,500	\$ 828	76%	20%	5
Dayton	BG4 T9203	79%	26%	<b>\$ 200,900</b>	1,125	60%	19%	1
	BG2 T9602	56%	27%	\$ 139,300	\$ 795	72%	21%	4
	BG3 T9602	70%	34%	\$ 226,800	\$ 914	<b>81%</b>	13%	1
	BG4 T9602	67%	27%	<b>\$ 158,300</b>	<b>\$ 752</b>	77%	14%	3

**Table 3. Vulnerability Analysis: Bolded data indicates the highest or lowest value for the category.**

Block group analysis reveals more detailed trends in vulnerability. Overall, ten block groups are considered highly vulnerable. These block groups are in City of Walla Walla and College Place.

For City of Walla Walla, seven block groups (30.4% of all block groups in City of Walla Walla and 22.6% of all block groups in the study area) have high vulnerability rankings. Out of the seven block groups, BG2 T9206 has the lowest poverty status (14% of people “doing ok”) out of all block groups in the study area. BG1 T9206 has the lowest median home value (\$73,800) out of all block groups in the study area. For moderate ranking block groups, it is important to consider which indicators exceed county thresholds. Block groups that exceed thresholds for poverty, percentage of rentals, and home value (BG3-BG4 T9208.01, BG1 T9208.02) may be more vulnerable than block groups that exceed thresholds for education and people of color but have higher median home values and low poverty. A total of 20% of Walla Walla residents live within block groups that have high vulnerability ratings.

The remaining three cities include block groups with moderate to high vulnerability rankings. City of College Place has two block groups that rank high for vulnerability (BG2 T9203, BG3 T9203). BG3 has the lowest poverty score, highest percentage of rentals, lowest median home value, and highest percentage of people without a college degree for the city. A total of 35% of College Place residents live in block groups that have high vulnerability rankings.

City	Block Group	Population	% City Pop
Walla Walla	BG1 T9205	1,144	3%
	BG2 T9205	957	3%
	BG3 T9205	584	2%
	BG2 T9206	948	3%
	BG3 T9206	1,027	3%
	BG2 T9207.01	968	3%
	BG2 T9208.01	1,503	5%
College Place	BG2 T9203	1,800	20%
	BG3 T9203	1,384	15%

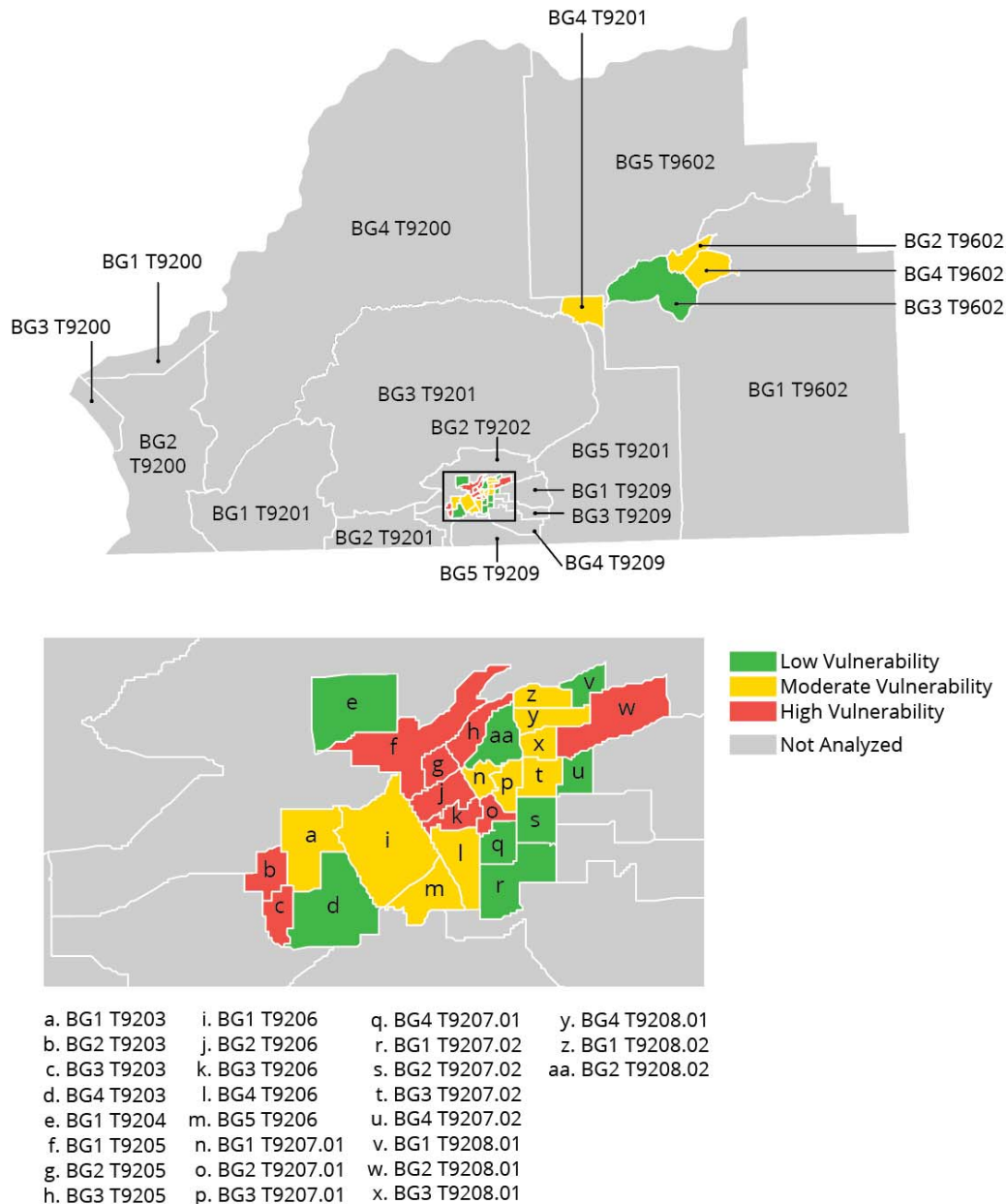
**Table 4. High Vulnerability Block Group Population.**

In response to concerns raised by the Stakeholder Advisory Committee for this project and in furtherance of state guidelines for specific consideration of vulnerable populations, the below chart includes the percentage of seniors within each population listed by block group and that block groups vulnerability index. Most of the areas with the highest concentration of seniors are not within block groups considered the most vulnerable. While this analysis does not indicate any alarming patterns, it is important that anti-displacement strategies take special note of seniors and recognize that displacement can occur across the region.

City	Block Group	% 65+	Total Indicators
Walla Walla	BG1 T9204	4%	2
	BG1 T9205	8%	6
	BG2 T9205	4%	5
	BG3 T9205	8%	6
	BG1 T9206	39%	4
	BG2 T9206	10%	6
	BG3 T9206	21%	5
	BG4 T9206	6%	4
	BG5 T9206	43%	3
	BG1 T9207.01	22%	4
	BG2 T9207.01	8%	6
	BG3 T9207.01	18%	3
	BG4 T9207.01	35%	2
	BG1 T9207.02	17%	0
	BG2 T9207.02	21%	2
	BG3 T9207.02	18%	3
	BG4 T9207.02	12%	2
	BG1 T9208.01	24%	2
	BG2 T9208.01	14%	5
	BG3 T9208.01	13%	4
	BG4 T9208.01	8%	4
	BG1 T9208.02	15%	4
	BG2 T9208.02	27%	2
Waitsburg	BG4 T9201	20%	3
College Place	BG1 T9203	28%	3
	BG2 T9203	5%	5
	BG3 T9203	18%	5
	BG4 T9203	21%	1
Dayton	BG2 T9602	24%	4
	BG3 T9602	35%	1
	BG4 T9602	23%	3



**Table 5. Percent Seniors (65+) by block group.**



**Figure 1. Block Group Map for Study Area with inset of Walla Walla and College Place.**

## Recommended Strategies to Mitigate Displacement

While the City of Walla Walla has the highest number of residents and blocks groups experiencing displacement vulnerability, all four cities in this study have either areas of high vulnerability or meet metrics that indicate increased susceptibility to displacement. Each of the cities should pursue a three-pronged approach to reducing displacement risk:

1. Mitigation for Individuals and Families Experiencing Displacement,
2. Land Use & Development Strategies to Increase Production of Affordable Housing, and
3. Economic Strategies to Increase Opportunity.

Each city does not necessarily need to carry out each of the strategies below. Instead, the recommended strategies should be viewed as a “menu” of policy and program choices to be implemented based on each community’s risk level and the viability of the strategy based on local conditions. Reducing displacement risk should be a regional effort, but the specific approach taken can (and should) differ on the local level.

1. Create Stability for Local Residents by Mitigating the Impact of Displacement:
  - Anti-Displacement Impact Assessments

Integrate displacement into the analysis and review of potential policies, programs, and development applications by creating a standardized assessment of potentially unintended consequences upfront and enforcing reasonable mitigation efforts directly connected to the proposal.<sup>iv</sup> Anti-Displacement measure must include a reliable way to track the impact new development has on Naturally Occurring Affordable Housing (NOAH). While increased production of new housing is essential to preserving supply, NOAH is frequently seen as ripe for redevelopment as soon as market rates surpass current value to create a ‘rent gap’ making redevelopment profitable. An impact assessment is one tool to track how many affordable units are being developed and at the cost of how many existing units. This option can function on a range of intensities with the obligation and cost either assigned applicants or city staff and the weight of the assessment varying depending on the severity of the issue within each jurisdiction and the viability of the requirement within local markets.

- Rental Registration Program

A registration program would create a consolidated database of available units in the region, rental costs, and local practices. A small fee per unit could be set to fund the program, which could include a streamlined application process. The costly and time-consuming housing application process is often listed as a practical barrier to housing access. Multiple application forms, with slightly different requirements, and compounded credit check fees are prohibitively onerous. While some local service organizations provide some assistance, a streamlined process eases the burden on renters and landlords alike and help jurisdictions track relevant data.

- Tenant Protection Enhancements

As vacancy rates decrease, an ordinance extending the notice period for no cause evictions to 60 days for landlords with five or more units would allow renters additional time to plan, contact services, and hopefully relocate without a disruption in adequate housing. Washington State already requires a 60-day period for tenants facing eviction because the owner lost the building in a foreclosure.

- Emergency Rental Assistance

Aiding families facing homelessness due to temporary economic hardship in the form of Emergency Rental Assistance. Washington State Department of Social & Human Services (DSHS) offers one-time cash payment to get or keep safe housing or utilities in emergency situations to families eligible for the Additional Requirements for Emergent Needs (AREN) or the Diversion Program. The Eviction Rent Assistance Program (ERAP) Grant is part of Washington State’s short-term response to the COVID-19 disaster and offers three months of rent payment to prevent evictions.<sup>v</sup>



- Home Ownership Assistance

Enhance and promote existing programs that supply down payment assistance and application support to first time homebuyers. Washington offers the Home Advantage Needs Based Downpayment Assistance Loan Program with up to \$10,000 to eligible homebuyers.<sup>vi</sup>

- Utility Payment Financial Assistance & Homeowner Assistance

Homeowners are also subject to raising housing costs as property taxes, maintenance, heating, and cooling costs increase. This is particularly true for seniors on fixed incomes. Partnering with groups such as BMAC/The Healthy Homes Program, which provides weatherization and energy efficiency services, can reduce the burden on seniors. Washington State Department of Commerce's Home Rehabilitation Loan Program provides low-interest loans to low-income homeowners for repairs and necessary improvements.

## 2. Protect Regional Housing Stock: Increase Production of Affordable Housing Options

- Affordable Housing Fund

In 2016, Vancouver voters authorized the use of property tax revenue (residential and commercial) to create an Affordable Housing Fund that can be used “for the purpose of buying, building and preserving low-income rental housing and preventing homelessness through rental assistance and housing services.”<sup>vii</sup> The tax is capped at \$6 million and expected to generate \$43M dollars before it expires in 2023. At which point, Vancouver City Council can seek an extension or let it expire. Property tax exemptions are included for seniors and people with disabilities who earn less than \$40,000 a year.

- Land Banking

Cities can reserve or ‘bank’ land for affordable housing, similar to a popular program created in Eugene, Oregon.<sup>viii</sup> Sites being considered for purchase should be evaluated based on cost, density, environmental quality, and access transportation, community services, and jobs. Gentrification in more rural areas often results in lower-income households moving further away from city centers with longer commutes to jobs and services. Priority areas should be based on a combination of community vulnerability, recent Anti-Displacement Impact Assessments, and on the area's potential for offering meaning opportunities for safe and affordable housing close to jobs and services.

- Community Land Trusts

Community land trusts create additional affordable home ownership opportunities by removing land from the costs of real estate. In a traditional Community Land Trust model, the homeowner owns the home (and the value of any improvements), but a nonprofit owns the land. Thus, creating additional affordable opportunities for homebuyers by removing land from the cost of real estate. Resale value is not determined by the real estate market but set based on the local cost of living.

- Right of First Offer/Refusal Program

Community land trusts can be granted the right of first offer or right of first refusal to allow them to purchase homes in specifically vulnerable communities to provide homeownership opportunities to households with low-income households. Right of first offer places very minimal requirements on property owners. Notice would be sent that a property will be for sale and either the trust or the owner sets and offer price depending on the program framework. Funding assistance for this program could come from an Affordable Housing Fund.<sup>ix</sup>

- Affordable Housing on Public Land

Washington state (through RCW 43.63A.510 and RCW 39.33.015) directs specific state agencies to inventory under-utilized or surplus state-owned land, which can be used to develop housing for low- and moderate-income households (up to 115% of AMI).

- Zoning Protection for Manufactured Dwelling Parks

For many families, manufactured homes are an affordable housing option. They are built in a factory and transported to either a leased plot within a manufactured home park or on private property. It is important to ensure that local zoning ordinances do not unduly hinder the functioning and placement of manufactured homes. Protecting existing parks will increase affordable housing supply and mitigate involuntary displacement.

- Multifamily Tax Exemption

The Multifamily Tax Exemption (MFTE) is a tool that incentivizes the development of multifamily housing, described in depth in the Community Council Affordable Housing Report.

*Cities with a population of at least 15,000 can use the MFTE to exempt property taxes for 12 years on new multifamily construction (with at least four units), provided 20% of the units are affordable to low- and moderate-income households (up to 115% of the median family income). In this case, the public funds go to the developer in the form of a tax break, not in the form of a rental payment. If the owner of the property decides to increase rates above the established affordability threshold, the tax exemption is cancelled, and the property is subject to additional tax penalties. Cities with populations of less than 15,000 can use this tool, provided they are the largest urban area in a county planning under the Growth Management Act. Small cities, however, may not have the financial resources to feasibly offer a property tax exemption. Another provision to the rule allows cities to exempt property taxes for multifamily development for eight years with no requirement that a percentage of the units be set aside for low-income renters. The area designated for the MFTE is determined by the local governing authority, and the intention of the legislation is to increase mixed-income residential opportunities, including affordable housing, in urban centers. Expansion of the targeted area within the urban core can open additional opportunities for incentivizing multifamily development.*

3. Protect the Local Economy: Job Training Partnerships to foster local opportunities and prosperity through improved workforce development initiatives

Economic development strategies that improve local resiliency through workforce training bolster opportunity for existing residents. Focus on both higher and secondary educational institutions in the region to take advantage of sector-based partnerships. Construction based partnerships in particular are likely to improve the supply of low-income housing. The goal is to create programs that offer training/apprenticeships and future job opportunities that improve the quality of jobs in the area.

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<sup>1</sup> Community Council Report: Affordable Housing (April 2019) via [https://www.wwcommunitycouncil.org/media/1125/affordable-housing-study-report\\_2019.pdf](https://www.wwcommunitycouncil.org/media/1125/affordable-housing-study-report_2019.pdf)

<sup>ii</sup> Florida, Richard. "How Coronavirus Will Reshape U.S. Cities." *Bloomberg.com*, Bloomberg, 2 July 2020, [www.bloomberg.com/news/features/2020-07-02/how-coronavirus-will-reshape-u-s-cities](https://www.bloomberg.com/news/features/2020-07-02/how-coronavirus-will-reshape-u-s-cities).

<sup>iii</sup> 2018 Gentrification and Displacement Neighborhood Typology Assessment, Key Findings and Methodology Report, Bureau of Planning and Sustainability, City of Portland, Oregon, via [https://www.portland.gov/sites/default/files/2020-01/gentrification\\_displacement\\_typology\\_analysis\\_2018\\_10222018.pdf](https://www.portland.gov/sites/default/files/2020-01/gentrification_displacement_typology_analysis_2018_10222018.pdf)

<sup>iv</sup> King County Washington Equity Impact Review Process Overview (March 2016) via [https://www.kingcounty.gov/~media/elected/executive/equity-social-justice/2016/The\\_Equity\\_Impact\\_Review\\_checklist\\_Mar2016.ashx?la=en](https://www.kingcounty.gov/~media/elected/executive/equity-social-justice/2016/The_Equity_Impact_Review_checklist_Mar2016.ashx?la=en)

<sup>v</sup> Washington State Department of Commerce, Homeless Assistance via <https://www.commerce.wa.gov/serving-communities/homelessness/>

<sup>vi</sup> Washington State Housing Finance Commission, Home Advantage Program via <https://www.wshfc.org/buyers/HomeAdvantage.htm>

<sup>vii</sup> *Affordable Housing Fund | City of Vancouver Washington*, Community Development Programs, May 2020, [www.cityofvancouver.us/ced/page/affordable-housing-fund](http://www.cityofvancouver.us/ced/page/affordable-housing-fund).

<sup>viii</sup> Landbanking Program for Affordable Housing, Government Innovators Network, Harvard Kennedy School Ash Center for Democratic Governance and Innovation, 2007 Finalist, <https://www.innovations.harvard.edu/landbanking-program-affordable-housing>

<sup>ix</sup> Kim, Jihyeon; Knapp-Rossi, Malia; Lance, Jeff; Meyers, Joseph; Moulton, Aster; and Stone, Tay, "Reside Vancouver: An Anti-Displacement Plan" (2019). *Master of Urban and Regional Planning Workshop Projects*. 170. <https://archives.pdx.edu/ds/psu/29217>