

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 (**Exhibit 1**).



Exhibit 1: Population Trends

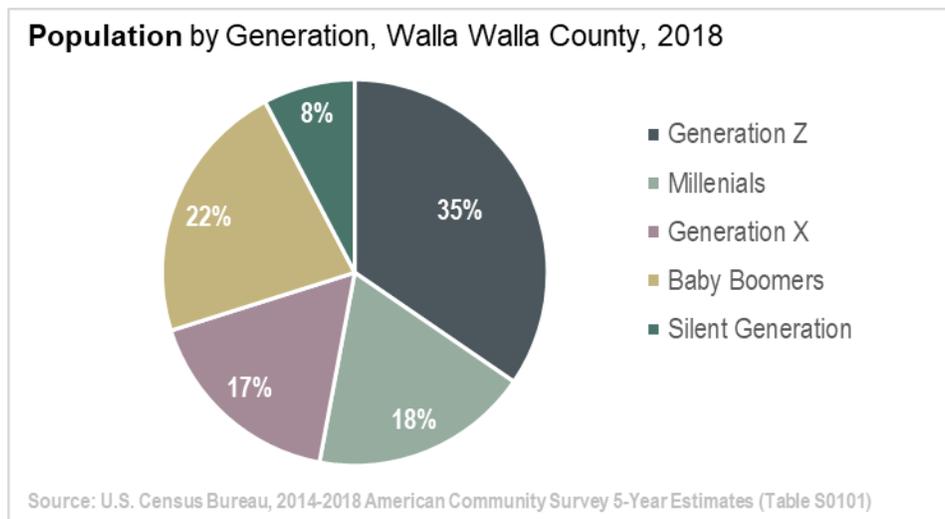
Population Trends			
	2010	2018	AGR
Washington	6,561,297	7,294,336	1.33%
Columbia County	3,957	4,001	0.14%
Dayton	2,463	2,682	1.07%
Walla Walla County	57,585	60,236	0.56%
College Place	8,502	9,136	0.90%
Waitsburg	1,194	1,188	-0.06%
Walla Walla	31,177	32,731	0.61%
Walla Walla Region	43,336	45,737	0.68%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

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Exhibit 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.

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Generation Z (born mid-2000s or later)

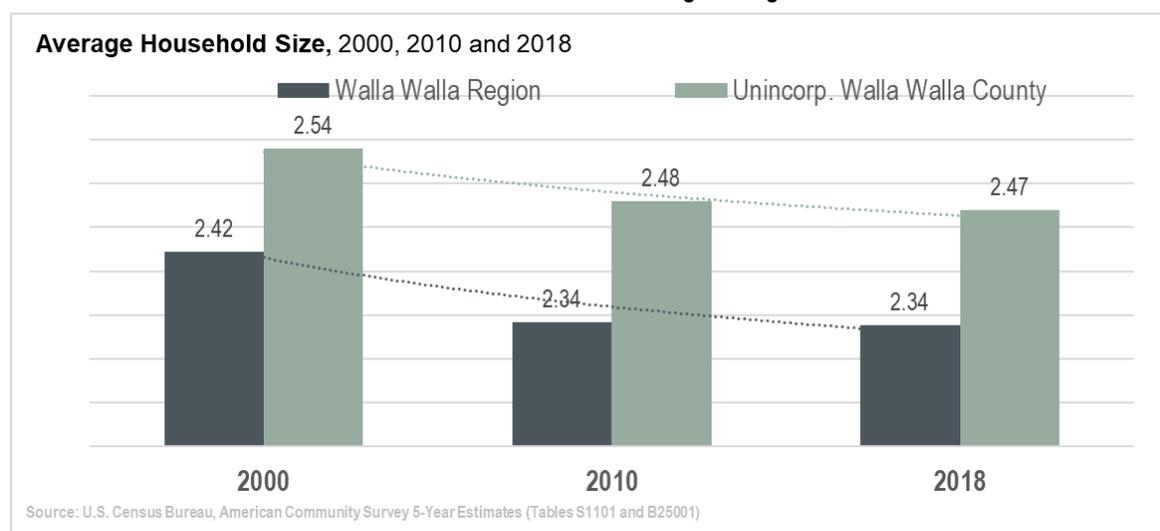
GenZ includes residents under age 20. This is the Region’s largest demographic segment with 35% of the overall population. It includes children living with GenXers and Baby Boomers. This segment has been increasing in over the past several years, but growth will likely slow down as people delay starting 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**).

Exhibit 3: Trends in Declining Average Household Size



Employment Trends

Long-term employment growth is also positive within the Walla Walla Region. As indicated in **Exhibit 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).

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Exhibit 4: Employment Trends

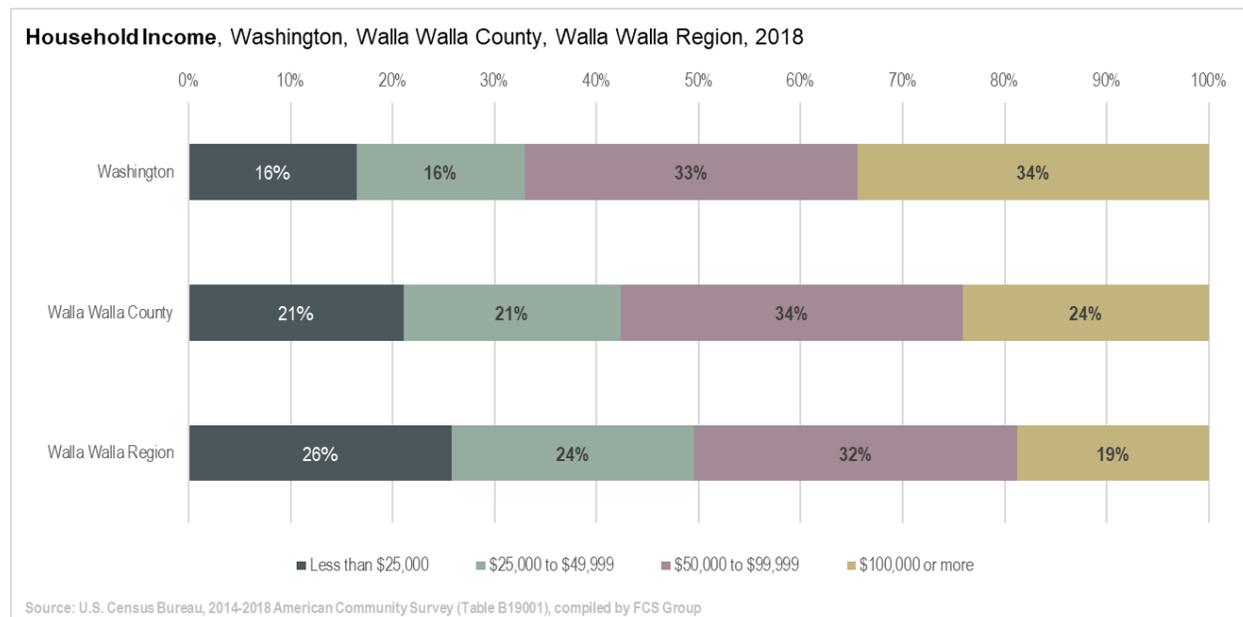
Walla Walla Region Employment Trends (at place of work employment)

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)
Total		13,281	13,977	14,006	725

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 **Exhibit 5**, during 2018, half of all workers within the Region received under \$50,000 per year.

Exhibit 5: Household Income



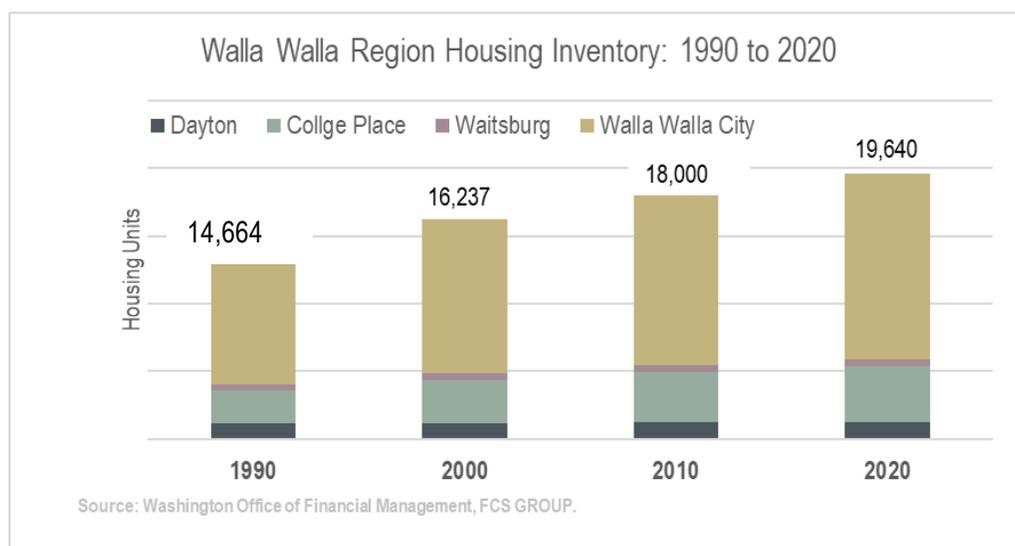
Housing Inventory

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 (**Exhibit 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.

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Exhibit 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 **Exhibit 7**.

Exhibit 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 (**Exhibit 8**).

Exhibit 8: Trends in Household Formations and Occupied Housing Units, Walla Walla Region

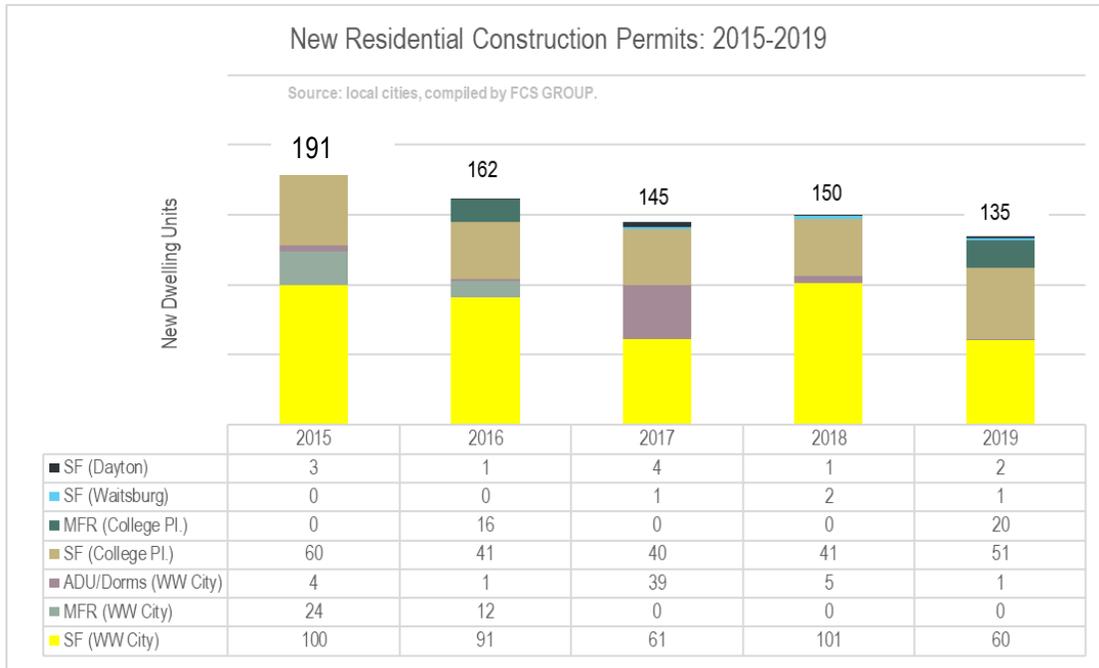
	2000	2010	2018	Change: 2000-18	Annual Change
Households	15,076	16,528	17,322	2,246	125
Average household size	2.42	2.34	2.34		
Occupied Dwelling Units	16,237	18,032	19,092	2,855	159

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

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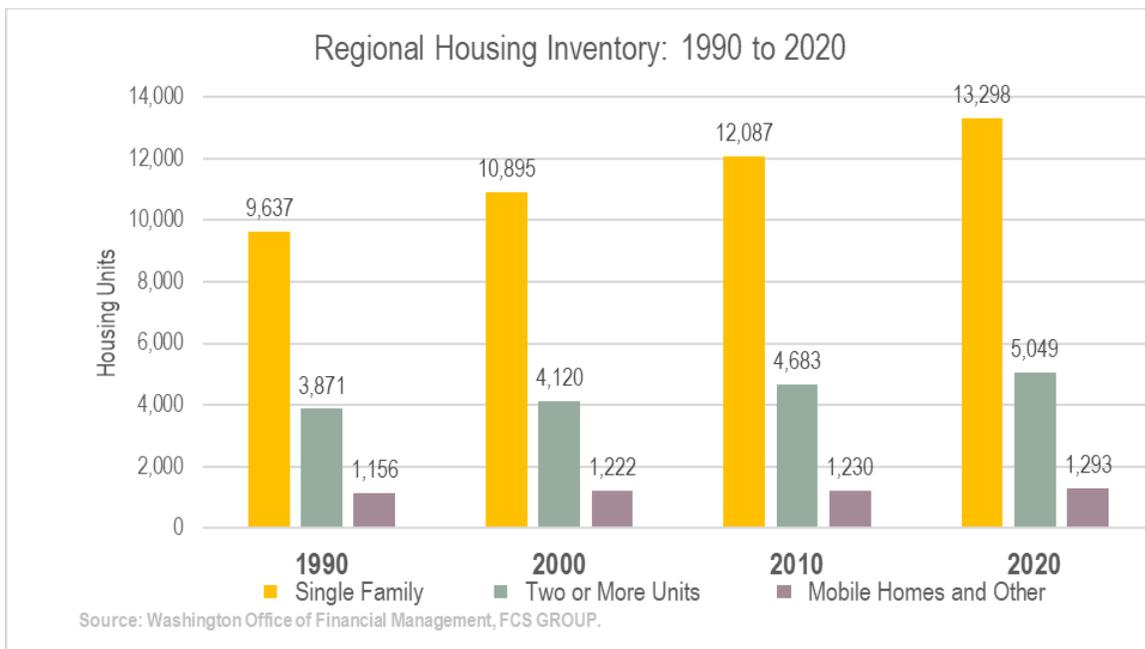
In recent years, housing production has not kept pace with housing demand. As shown in **Exhibit 9**, new residential construction within the Region declined from 191 permits issued in 2015 to 135 permits in 2019.

Exhibit 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 (**Exhibit 10**).

Exhibit 10: Housing Inventory Trends, Walla Walla Region, 1990 to 2020



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Unfortunately, not all new construction has occurred without displacement of some existing housing. As indicated in **Exhibit 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.

Exhibit 11: Net Change in Housing, Walla Walla Region, 2010 to 2018

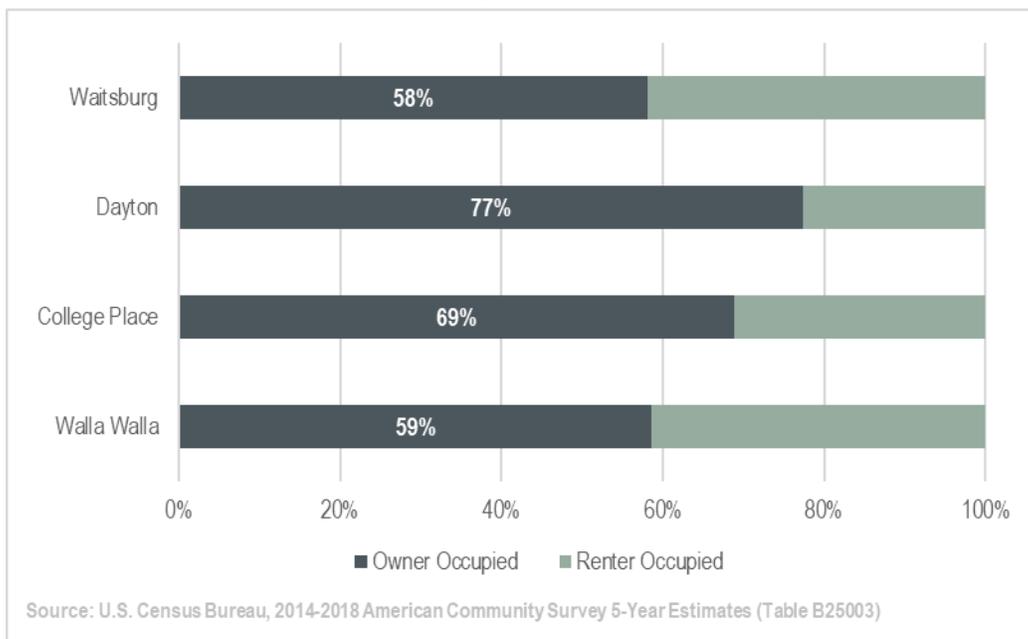
Housing Type	2010 Est. (2006-2010 ACS)	2018 Est. (2014-2018 ACS)	Change
Single Family Detached	11,235	12,394	1,159
Townhouses / Plexes	2,631	2,693	62
Multi-family (5+)	2,936	2,856	(80)
Mobile homes/other	1,230	1,149	(81)
Total	18,032	19,092	1,060

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 **Exhibit 11**, the rate of homeownership varies significantly among the region’s four cities.

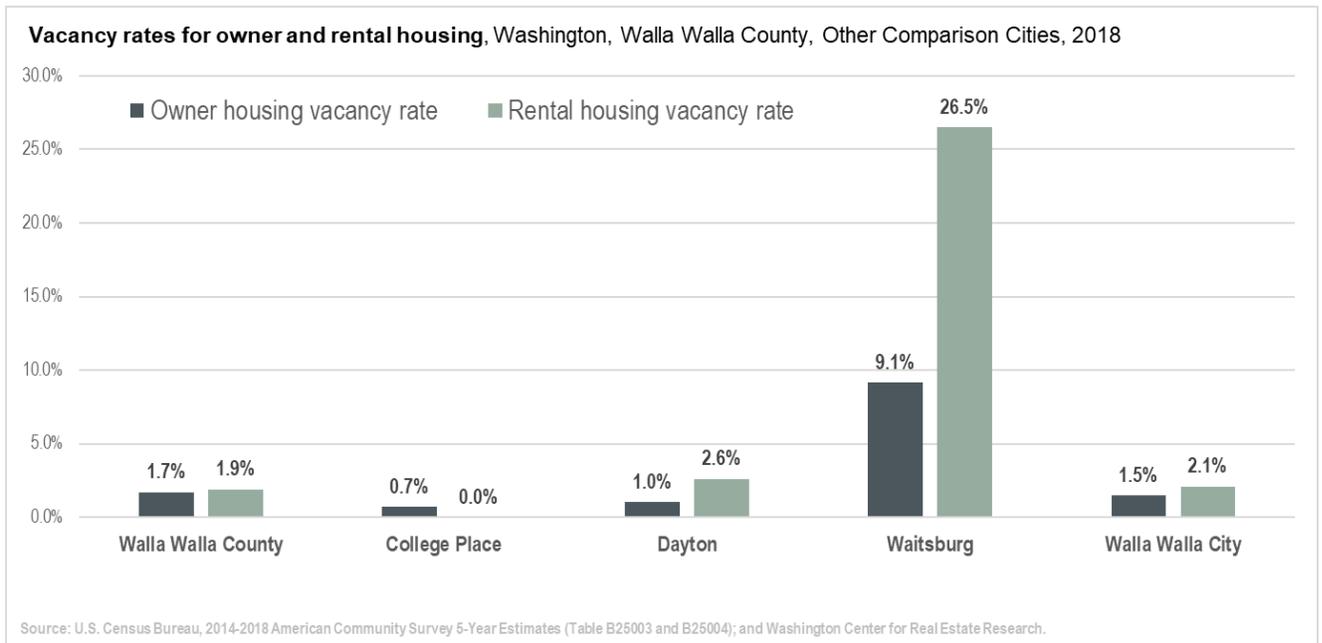
Exhibit 12: Tenancy Characteristics, ACS 2014-2018



Housing vacancy rates were below 3% in 2018 within the cities of College Place, Dayton and Walla Walla, and are reported to be lower today (**Exhibit 12**). Within the Region, the highest vacant rates are in Waitsburg, which is located approximately 20 miles from the Walla Walla city center.

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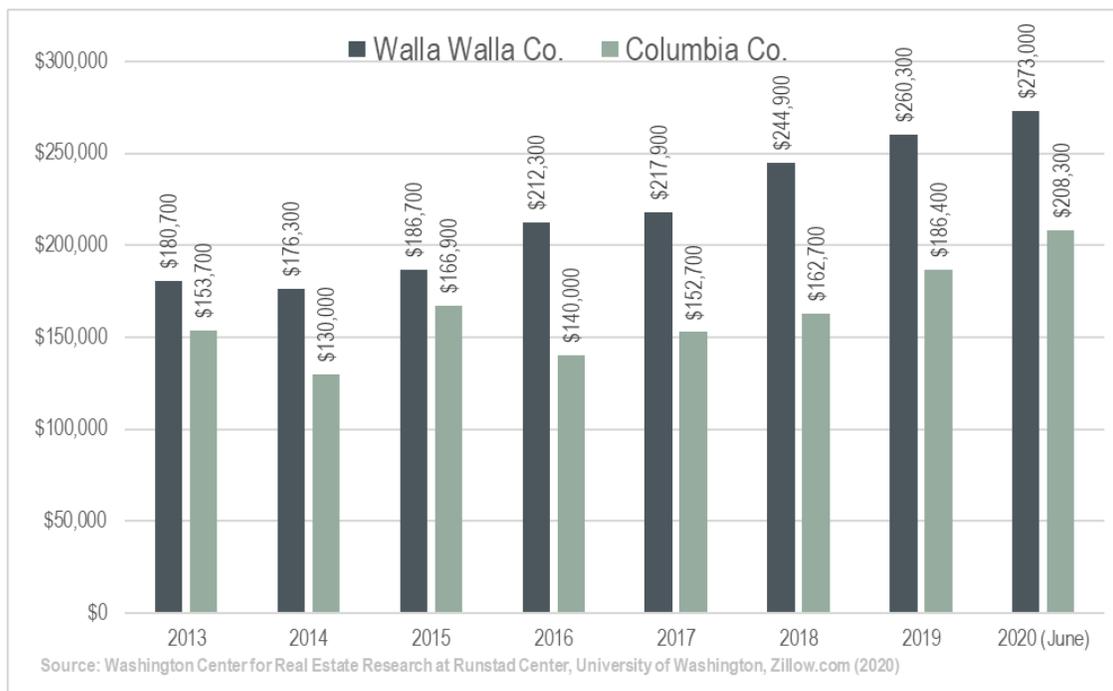
Exhibit 13: Housing Vacancy Rates, 2018



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 (**Exhibits 14 and 15**).

Exhibit 14: Median Home Prices



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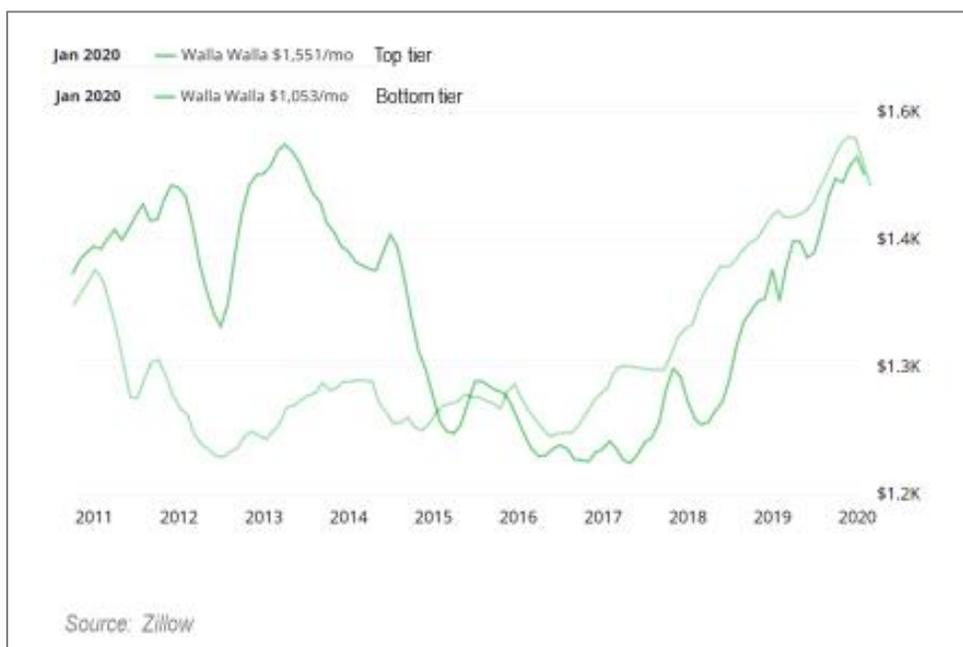
Exhibit 15: Median Home Prices

Median Home Price Sales Trends in Select Markets			
	5/19/2019	5/20/2020	Change %
Washington	\$403,000	\$425,000	5.5%
Columbia County	\$186,400	\$208,300	11.7%
Dayton	\$149,000	\$152,000	2.0%
Walla Walla County	\$268,000	\$273,000	1.9%
College Place	\$276,000	\$281,000	1.8%
Waitsburg	\$226,000	\$230,000	1.8%
Walla Walla City	\$268,000	\$273,000	1.9%

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

Monthly rents have also increased to record levels. As shown in **Exhibit 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.

Exhibit 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				
\$680	\$792	\$1,043	\$1,505	\$1,509
Efficiency	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

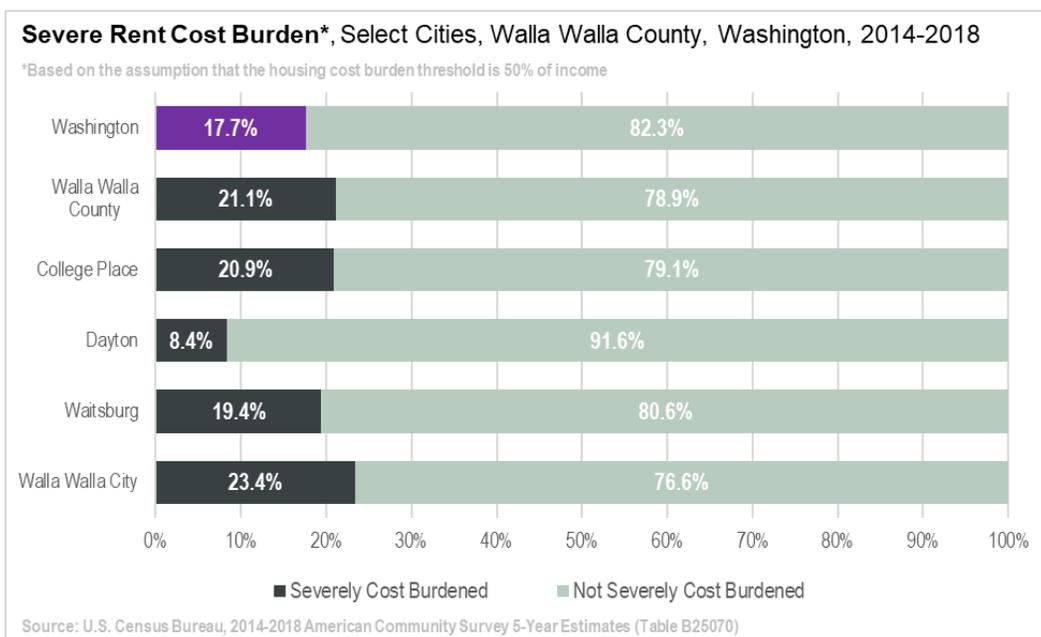
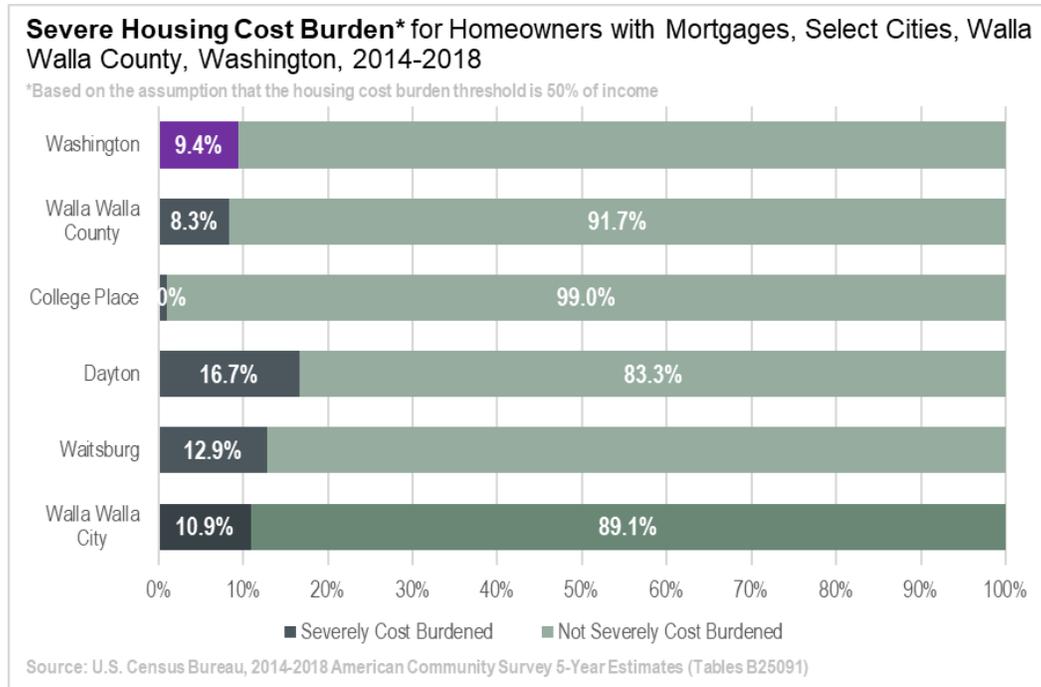
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Housing Attainability

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. Households are “severely cost burdened” if they pay over 50% of their gross income on housing.

As of 2018, approximately 8.3% of homeowners and 21.1% of the renters in Walla Walla County were severely cost burdened (**Exhibit 17**). If housing costs continue to rise faster than incomes, the share of severely cost burdened households will continue to increase.

Exhibit 17: Severe Housing Cost Burden by Locality



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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 (**Exhibit 18**).

Exhibit 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)

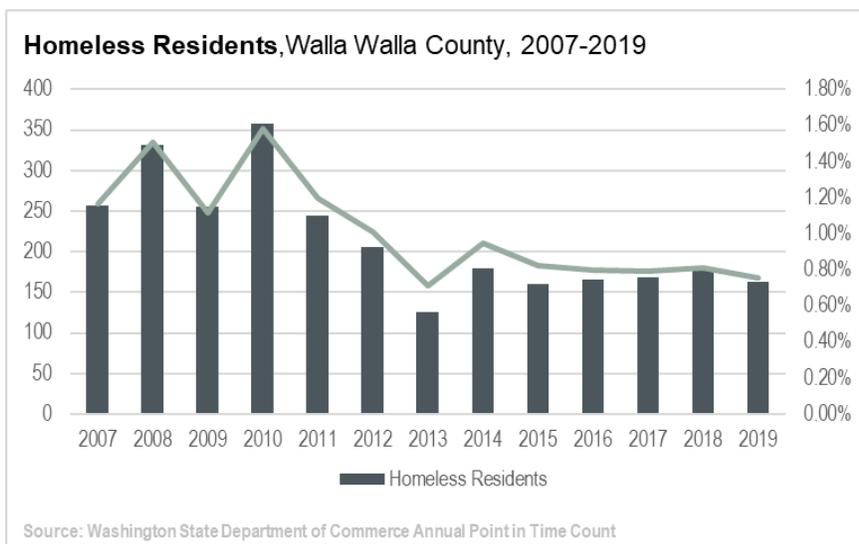
AGR: average annual growth rate.

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 \$279,000 and \$419,000. 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 rental 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.



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Exhibit 19: Analysis of Attainable Housing Prices/Rents

Walla Walla County Median Household Income (2018)*		\$56,533	
Qualifying Income Level	Lower-range	Upper-range	
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	
Attainable Annual Housing Payment (@30% of income level)	Lower-range	Upper-range	
Upper (120% or more of MHI)	\$20,352	or more	
Middle (80% to 120% of MHI)	\$13,568	\$20,352	
Low (50% to 80% of MHI)	\$8,480	\$13,568	
Very Low (30% to 50% of MHI)	\$5,088	\$8,480	
Extremely Low (less than 30% of MHI)		\$5,088	
Attainable Monthly Rent or Payment (@30% of income level)	Lower-range	Upper-range	
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)		\$424	
Approximate Attainable Home Price**	Lower-range	Upper-range	
Upper (120% or more of MHI)	\$419,000	or more	
Middle (80% to 120% of MHI)	\$279,000	\$419,000	
Low (50% to 80% of MHI)	\$166,000	\$266,000	
Very Low (30% to 50% of MHI)	\$100,000	\$166,000	
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 @ 3.0% interest.

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.

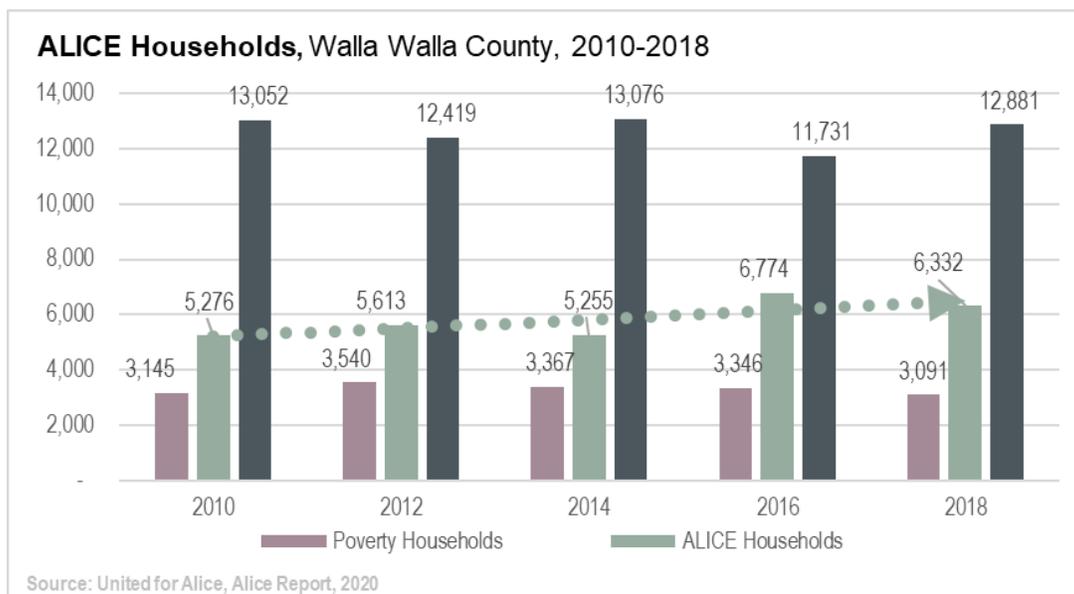
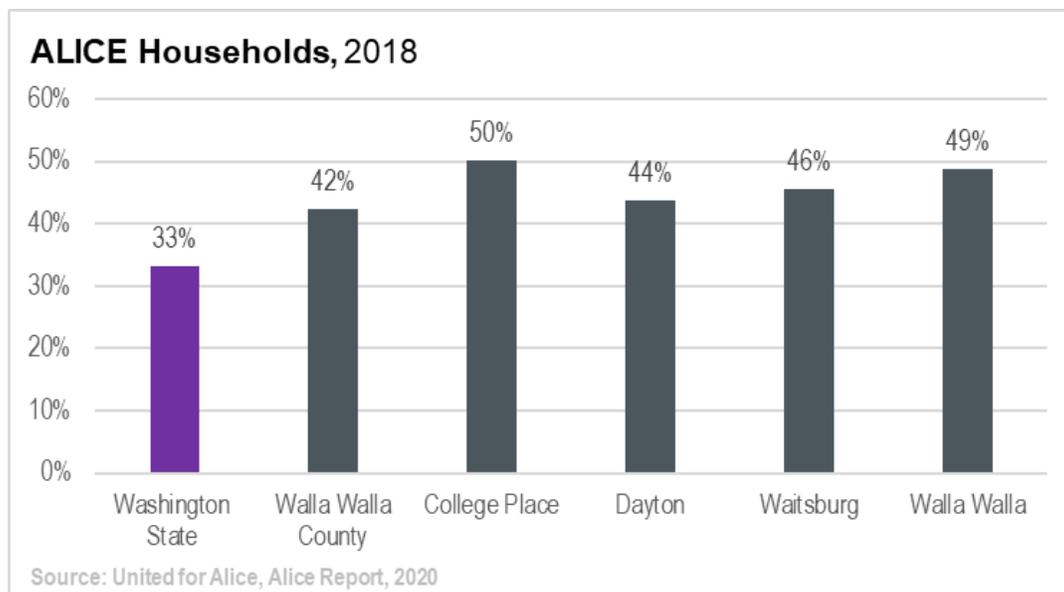
In recognition of the shortcomings associated with federal poverty statistics, the United Way now provides a new measure of economically distressed households struggling in each county in a state. This effort provides a framework, to measure households that do not earn enough to afford basic necessities, with a population segment called ALICE (Asset Limited, Income Constrained, Employed). The ALICE

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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 (Exhibit 20).

Exhibit 20: ALICE Household as Share of Total Households

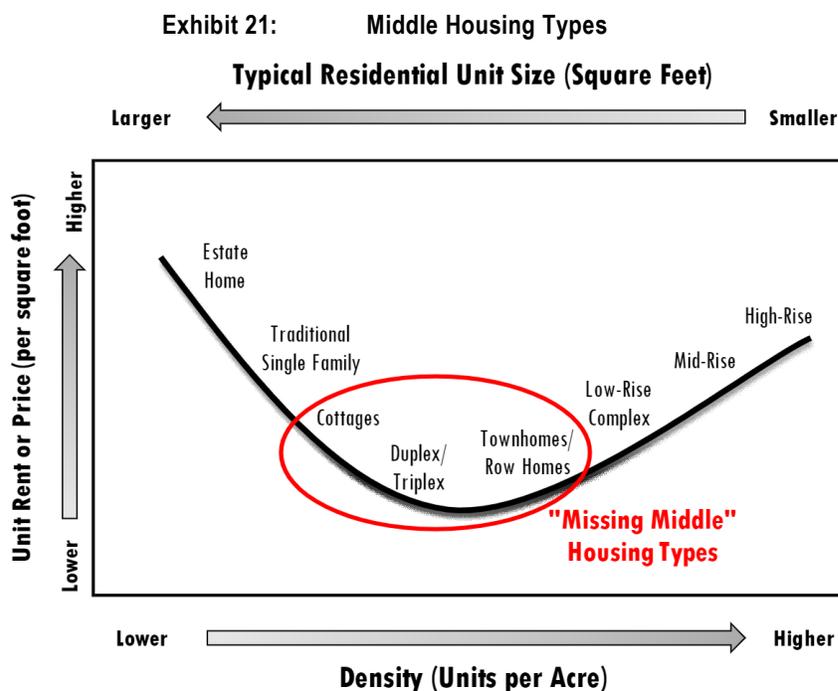


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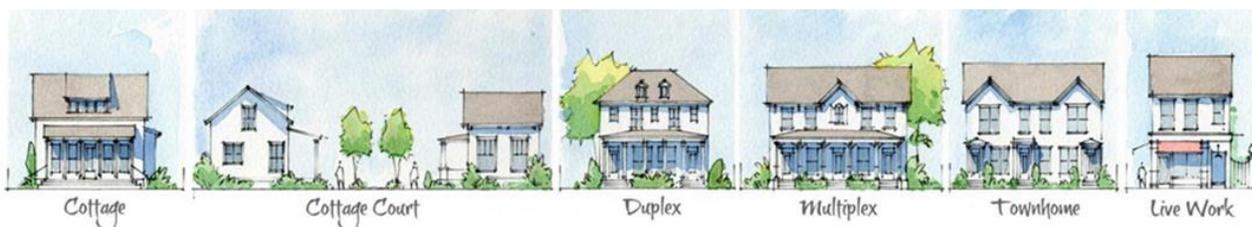
Housing Supply Gaps

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 to 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 (**Exhibit 21**).



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

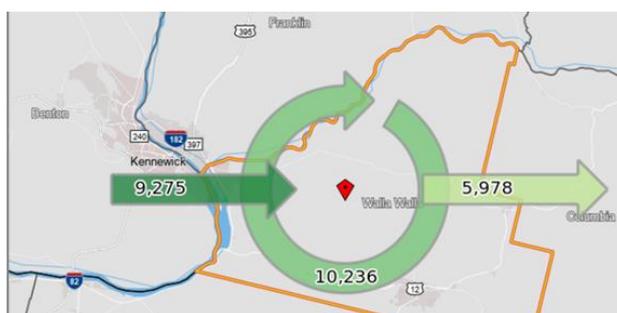


Transportation Considerations

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 (**Exhibit 15**). **One in five workers in the County commute over 100 miles per day; which is 55% higher than the statewide average.**

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Exhibit 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 (**Exhibit 22**).

Exhibit 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	
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.

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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 **Exhibit 24**, this allocation of county growth equates to approximately 107 group quarters residents and 657 dwelling units.

Exhibit 24: Projected Regional Housing Capture of Unincorp. Walla Walla County, 2020 to 2040

	Walla Walla County	Unincorp. 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

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

Exhibit 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
<i>percent of total</i>	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	-
Townhomes / 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.

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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 **Exhibit 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.

Exhibit 26: Projected Senior Housing Demand

	Region Total within UGAs
Current Population	48,363
Proj. Net New Population within Region UGAs (@2.3 persons per household)	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, the Region’s vacant and redevelopable land supply has the potential to add over 4,600 net new dwellings at full utilization of land within current Urban Growth Areas (**Exhibit 27**). Note, the City of Dayton was not included in the aforementioned Land Capacity Study.

Exhibit 27: Land Capacity Analysis

	Net Res.		Vacant percent	Under-developed percent	Net New Pop. Capacity	Net New Dwelling Capacity	Infill & redevelopment		% infill & redevelopment
	Minimum Lot Size (SF)	Land Inventory (acres)					Dwellings on Vacant Land	Dwellings on Vacant Land	
Waitsburg					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	
College Place					1,013	429	184	245	43%
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	
R-96 Suburban Residential (area 2B)	9,600	39.8	75%	25%	425	180	46	134	
R-96 Suburban Residential (area 2C)	9,600	9.2	51%	49%	97	41	20	21	
Walla Walla City					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.

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While the land capacity within the Region may 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.

The Collge Place UGA and the Walla Walla UGA may need to be expanded in order to address 20-year housing needs. Based on the Land Capacity Analysis and this housing needs assessment, we can draw the following findings:

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 accomodated 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.

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.

NEXT STEPS

These findings will be refined with input from the Project Advisory Team and the Stakeholder committee. The results will help shed light on the potential local policy changes and actions that can be taken to remove housing barriers in the Walla Walla Region.



APPENDIX: HOUSING NEED BY INCOME

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Walla Walla Region Housing Forecast by Income Level

Income Cohort	% Owner Occupied	% Renter Occupied	Total
Upper (120% or more of MFI)	80%	10%	56%
Upper Middle (80% to 120% of MFI)	13%	25%	16%
Lower Middle (50% to 80% of MFI)	7%	40%	19%
Low (less than 30% of MFI)	0%	25%	9%
Total	100%	100%	100%
Tenancy	63%	37%	
Growth-Related Housing Need (midpoint)	2,952	1,734	4,685

Owner-occupied Housing Needs, Walla Walla Region, 20-year forecast

Family Income Level	Range of Home Sales Price	Attainable Housing Products	Estimated Distribution of Demand	Projected Owner-Occupied Units
Upper (120% or more of MFI)	\$419,000+	Large lot and Standard Homes	80%	2,361
Upper Middle (80% to 120% of MFI)	\$279,000 to \$419,000	Cottage Homes, Townhomes	13%	384
Lower Middle (50% to 80% of MFI)	\$166,000 to \$266,000	Manufactured Homes, Plexes, Condos	7%	207
Low less than (50% of MFI)	n/a		0%	0
Total Dwelling Units			100%	2,952

*Assumes 30% of income is used for mortgage payment, with 5% interest, 30-year term with 5% downpayment for upper middle and high income levels, and zero downpayment for lower income levels.

Renter-occupied Housing Needs, Walla Walla Region, 20-year forecast

Family Income Level	Range of Monthly Rent (2 bedrm)	Attainable Housing Products	Estimated Distribution of Demand	Total Rental Housing Need
Upper (120% or more of MFI)	\$1,696+	Standard Homes	15%	260
Upper Middle (80% to 120% of MFI)	\$1,131 to \$1,696	Cottage Homes, Townhomes, Apartments	20%	347
Lower Middle (50% to 80% of MFI)	\$707 to \$1,131	ADUs, Townhomes, Mfgd. Homes, Plexes, Apts.	40%	693
Low (less than 50% of MFI)	Less than \$707	ADUs, & Gov't Assisted Plexes & Apts.	25%	433
Total Dwelling Units			100%	1,734

**Assumes 30% of income is used for rental payments; standard two bedroom unit.