Summer 2019

Affordable Housing

Community Council Report

A report to the residents of Columbia and Walla Walla counties and the Milton-Freewater area

Community Council Study Committee

The 2018–2019 Study Committee met for 26 weeks, from September 25, 2018, to April 9, 2019. The Study Management Team developed the study curriculum and met throughout the course of the study to guide the process.

Study Chair: Meagan Anderson-Pira
Study Management Team: Sharon Clinton, Norma Hernandez, Brian Hunt, Andrea Weckmueller-Behringer
Study Coordinator: Catherine Veninga
Assistant Study Coordinator: Georgia Lyon
Advocacy Coordinator: Ruthell Martinez

Study Committee: Cindy Boen, Louise Bourassa*, Micki Breitenstein*, Brian Burns*, Elizabeth Chamberlain*, Larry Clinton*, Sheryl Cox*, Erendira Cruz*, Mike Fredrickson*, Tom Glover*, Renee Harms*, Gretchen Hormel*, Paul Ihle*, Ted Koehler*, Tim Payne*, Deborah Peters*, Cheryl Pira*, Laura Prado*, Nadean Pulfer*, Gustavo Reyna*, Jon Rickard*, Nancy Riggle*, Mike Rizzitiello*, Toby Salazar*, Terri Silvis, Barbara Stubblefield, Dick Swenson*, Roger Trick*, Kelly Trop*, Yesenia Trujillo*, Bob Waring*, Kathryn Witherington*, Ellen Wolf*, Michele Wyres

*Participated in the development of conclusions and recommendations

Table of Contents

Study Highlights

	CHALLENGE	RECOMMENDED SOLUTION
PUBLIC SUPPORT	Community outreach and education regarding the benefits of affordable housing—to the individual and to the community—is a critical part of generating public support for affordable housing solutions.	Conduct community outreach and education regarding the benefits of affordable housing to the individual and the community.
INVENTORY MISMATCH	There is a mismatch between household size (number of people) and house size (number of bedrooms), which impacts the ability of households to find affordable units.	Promote and adopt development policies and regulations that allow for diverse housing options.
TRANSPORTATION COSTS	Locating housing in proximity to employment, education, retail services or public transit can improve overall housing affordability because it reduces transportation costs.	Increase the production of mixed-use development by locating housing in proximity to employment, transit, education, retail services and amenities.
WEATHERIZATION AND REPAIR	A cost-effective way to provide affordable housing is to preserve the units that already exist. Weatherization and home repair programs are valuable tools that aid in that effort.	Identify and implement methods for preserving existing housing stock, reducing utility costs and making homes more energy efficient.
BARRIERS TO ACCESS	There can be many barriers to obtaining rental housing, including having to submit multiple application fees and act quickly when units are available. Prospective renters at every income level could save time and money if a single application would provide access to the local rental market.	Explore the development of a single rental application process.

Executive Summary

Safe and affordable housing provides a foundation for building resilient households and healthy, vibrant communities. When housing is affordable, household budgets have more flexibility to cover necessary expenses, such as food, medical services and child care, which relieves stress and supports financial stability. Stable housing enables students to focus on school work, workers to engage in careers, seniors to enjoy retirement and residents to participate in civic life. When affordability is out of reach, household distress reverberates throughout a community, and increased pressure is placed on the public health system, social services and law enforcement. Communities with ample safe and affordable housing are attractive places to live and work.

In our region, 41% of all households that pay rent or a mortgage do not live in housing that is affordable. This study asks, “How can we meet the need for safe and affordable housing in our region?” To address this question, the Study Committee spent 17 weeks learning from a diverse group of speakers about a variety of topics, including local housing needs and existing housing stock, economic and demographic trends, policies and programs designed to increase affordable housing, land use regulation, the cost of housing development, barriers to accessing housing, and housing services for low-income households. The Committee then spent an additional nine weeks engaged in a consensus-based process of reviewing findings, generating conclusions and developing recommendations.

2019 Community Council Board of Directors and Staff

Community Council’s region includes Columbia and Walla Walla counties and the Milton-Freewater area.

Introduction

This study asks, "How can we meet the need for safe and affordable housing in our region?"

Access to safe and affordable housing is an essential foundation of a vibrant and healthy community that offers opportunity to all. Students with unstable housing have difficulty focusing on their schoolwork and are at greater risk of dropping out. When employers have difficulty hiring because potential employees cannot find affordable homes, economic development stalls. Individuals who forego medical care in order to pay rent exacerbate health issues and strain the public health system. When high housing costs result in long commutes, not only are transportation costs added to household budgets, but individuals also have less time to be involved in their communities. The lack of affordable housing has reverberating effects throughout a community. Affordable housing has been selected for study because it directly and profoundly impacts key quality-of-life issues in our region, including education, employment, health and wellness, and community engagement.

In this study, we follow the Department of Housing and Urban Development (HUD) definition of housing affordability, which states that housing is affordable when housing costs—a mortgage or rent, and utilities—do not exceed 30% of a household's pre-tax income. Households that spend more than 30% of their income on housing costs are considered "cost-burdened." Those that spend more than 50% are "extremely cost-burdened." Cost-burdened households often find that they have to make difficult decisions about how to spend what's left of the household budget after housing costs have been covered.

This study asks, "How can we meet the need for safe and affordable housing in our region?" Recognizing a broad spectrum of need, we consider strategies that address both government-supported and market-rate affordable housing. While we understand that there is a direct relationship between affordable housing and homelessness, and that the lack of affordability contributes to housing instability, this study does not directly address homelessness. By focusing broadly on safe and affordable housing, this study also aims to contribute to efforts to prevent homelessness.

STRUCTURE OF THE REPORT

In order to answer the study question, we began by exploring the need for affordable housing in our region. We found that there is a significant lack of affordable housing options at a range of income levels, and that the existing housing stock does not match household demographics. Next, we sought to better understand constraints on inventory: Why do we have fewer units than we need across a broad income spectrum? Why don't we have a more diverse housing stock? From there, we explored ways to increase affordable housing options.

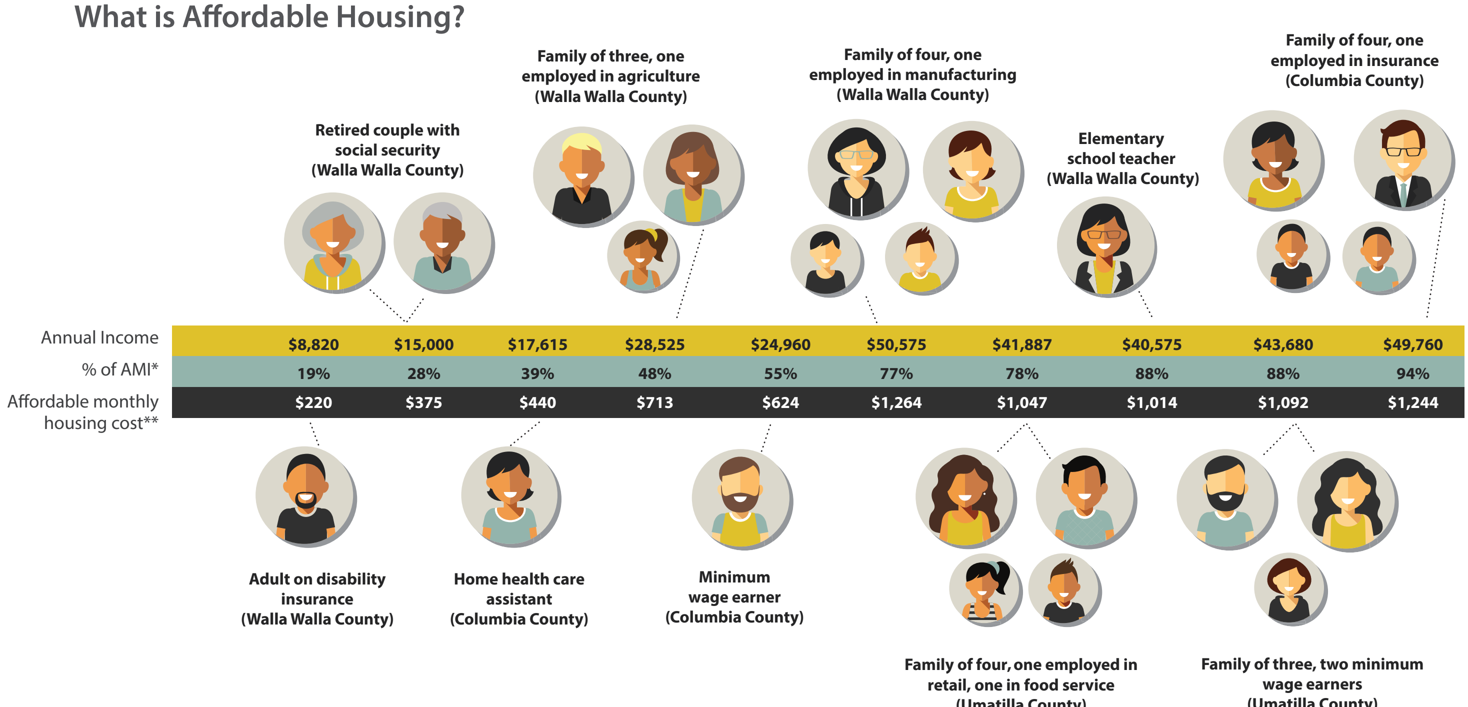
Expanding the inventory and diversity of housing options is crucial to addressing the need for affordable housing, yet the Study Committee also learned that there are additional financial and social barriers that limit access to housing, such as expensive deposits, poor rental history, and lack of knowledge regarding opportunities and responsibilities. Given the broad scope of this topic, our exploration of "safe" housing was limited to considerations of the structural safety of dwelling units and focused on programs that support weatherization and repair.

Lack of affordable housing is a multidimensional challenge with no simple or quick remedy. Because the causes and consequences of the lack of affordable housing vary from one location to another, the Study Committee has been encouraged to look for gaps in what has already been done here and identify new, locally appropriate solutions. Slow-growth, largely rural areas like ours face different challenges than booming metropolises, and tools that might work in high-growth areas are not always feasible or available here. Even within our region there is significant variation. The City of Walla Walla—with a population of more than 30,000—faces different opportunities and constraints than Milton-Freewater, population 7,105, or Dayton, a town of approximately 2,560 residents. To further complicate matters, our region spans a state border. State-level policy frameworks and priorities impact the availability of tools, incentives and financial support.

What is the need for affordable housing?

People across a spectrum of income levels—from extremely low to moderate income—struggle to find housing that is affordable in our region. Considering affordability across a spectrum of need allows us to see the housing market as a dynamic whole and recognize that activity at one point impacts availability at another. High demand combined with low inventory not only drives up prices, but also creates a housing market in which higher-income households can outbid lower-income households.

What is Affordable Housing?



*calculations are based on household size and county of residence
**calculated at 30% of monthly income
Diagram is modeled after Equitable Housing Initiative Factsheet Affordability, by Portland Metro: oregonmetro.gov/equitable housing

Table 1: Measures of Housing Affordability

	Definition	Unit of analysis
Affordable housing	An affordable housing unit costs no more than 30% of household income.	Household
Cost-burdened	More than 30% of monthly gross income is spent on housing costs—mortgage or rent, and utilities.	Household
Severely cost-burdened	More than 50% of monthly gross income is spent on housing costs—mortgage or rent, and utilities.	Household
Affordability gap	The difference between what the median-income household can afford and the cost of the median-priced housing unit.	Geographic area
Housing Affordability Index (HAI)	An index that measures the extent to which the median-income household can purchase the median-priced home. A HAI score of 100 means that the median-income household has exactly enough income to qualify for a mortgage on the median-priced house. A score of over 100 means that the household has more than enough income; a score below 100 means that it does not have enough.	Geographic area
Housing and Transportation Affordability Index (H+T AI)	An index that estimates what percentage of an average household's income is spent on housing and transportation within a specific area. A home is affordable when housing costs are no more than 30% of household income and transportation costs are no more than 15% of household income.	Geographic area

"Down-renting"—when people rent units that cost less than what they can afford because that is all that is available—makes it increasingly difficult for lower-income households to find affordable housing.

Assessing Need and Measuring Affordability

Though the HUD definition of affordability appears fairly straightforward—when housing costs do not exceed 30% of household income—the Study Committee learned of a number of additional ways to understand housing affordability, both at the household level and for a specific geographic area. Table 1 identifies the measures of housing affordability presented to the Study Committee.

Affordable Housing

A housing unit is affordable when housing costs (mortgage or rent and utilities) do not exceed 30% of pre-tax income. Table 2 shows the upper limit of affordable monthly housing payments for a range of incomes.

Minimum-wage workers and individuals who rely on government benefits face significant challenges finding affordable units. For an individual earning a minimum wage in Washington, affordable rent is $624. Affordable rent is $546 for someone earning minimum wage in non-metropolitan Oregon. For individuals relying on Social Security Insurance benefits, which average $735 per month, affordable rent is $220.

Rental rates in our region vary greatly depending on condition, location and size. A large property management company reported 2018 rates ranging from $325 for a basement studio to $2,500 for a large single-family home. Table 3 shows median rent by number of bedrooms in our region.

According to several speakers, rental rates have increased significantly over the past several years due to high demand and low vacancy rates. A market with a vacancy rate of 5% is considered stable—there are enough empty units that people can move, but not so many that prices decline. According to the Washington Center for Real Estate Research's (WCRER) Spring 2018 Apartment Market Survey, the vacancy rate for all rental units in Walla Walla County was 1.7% (the rate was even lower, 0.5%, for one-bedroom units), which is among the lowest of all Washington counties. WCRER does not gather data for Columbia County or the Milton-Freewater area, so we did not learn the vacancy rate for rentals in those parts of our region. One speaker reported that the Horizon Project, which operates supportive housing for low-income disabled populations in Milton-Freewater, has been 100% occupied for the past year, indicating a tight market there as well.

For many landlords, the properties they rent are investments and their

Table 2: Upper Limit of Affordable Housing Payment by Income for Selected Income Levels

Income type	Hourly income	Monthly income	Annual income	Upper limit of affordable monthly housing payment
Social Security insurance (average)	N/A	$735	$8,820	$220
Minimum wage, Washington	$12.00	$2,080	$24,960	$624
Minimum wage, Oregon (non-metro)	$10.50	$1,820	$21,840	$546
Sample moderate wage	$20.00	$3,466	$41,600	$1,040
Median household income, Columbia County	$22.23	$3,854	$46,250	$1,156
Median household income, Walla Walla County	$25.30	$4,385	$52,630	$1,315
Median household income, Milton-Freewater	$17.96	$3,114	$37,368	$934

Source: Table DP03—Selected Economic Characteristics. American Community Survey 5-Year Estimates: 2017. Available at: American FactFinder (Census Bureau).

Table 3: Median Rent by Number of Bedrooms

	1-bedroom unit	2-bedroom unit	3-bedroom unit	Median for all units
Burbank	N/A	$841	$1,101	$926
City of Walla Walla	$579	$855	$1,156	$860
College Place	$598	$786	$1,221	$846
Dayton	$513	$790	$900	$770
Milton-Freewater	$418	$655	$828	$666
Columbia County	$513	$749	$845	$745
Walla Walla County	$584	$826	$1,090	$843

Source: Table: B25031—Median Gross Rent by Bedrooms, Universe: Renter-occupied housing units paying cash rent. American Community Survey 5-Year Estimates: 2017. Available at: American FactFinder (Census Bureau).

primary interest is generating a financial return. According to two local rental property managers, during a tight market, landlords typically increase rents by 3% at the time of annual renewal, but some will increase rents by as much as 5% to 7% when vacancy rates are low. Landlords who own a greater number of units are typically more willing to take the risk of losing tenants by increasing the rent significantly because the scale of their property holdings allows them to more easily absorb potential losses. Typically, there is an inverse relationship between vacancy rates and the rates at which rental prices increase—as vacancy rates go down, the rate at which rental prices increase goes up.

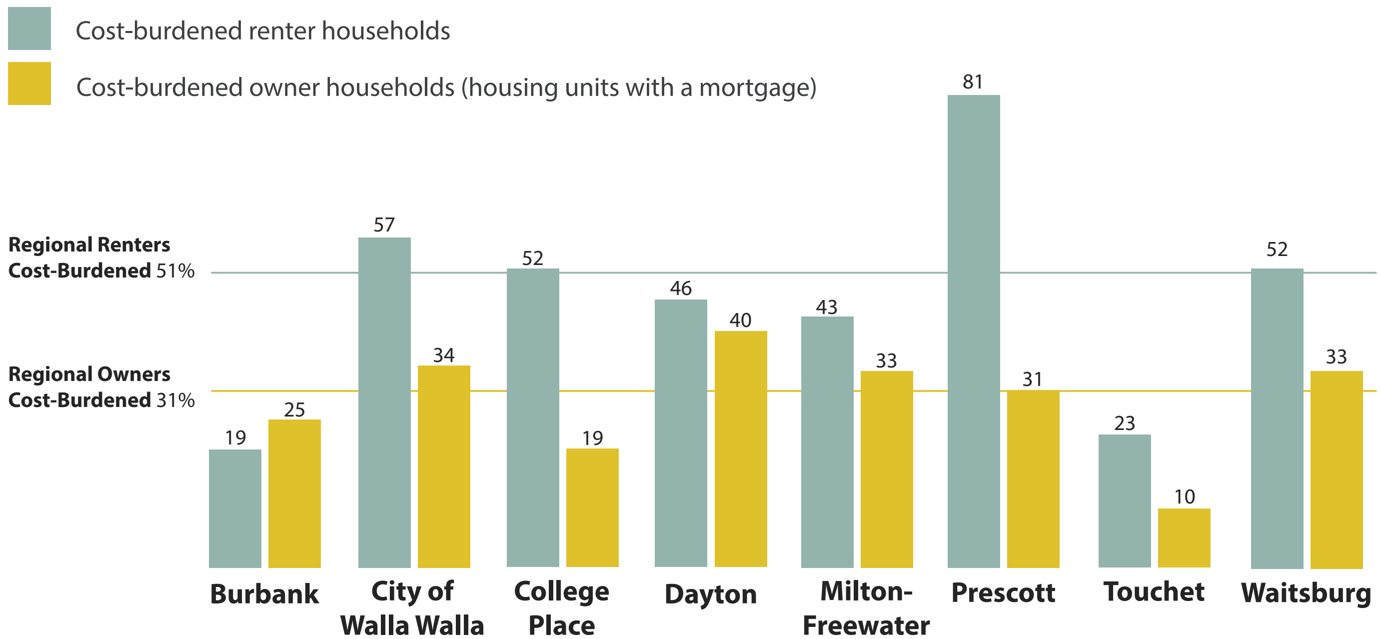
Cost-burdened Households

As previously stated, households are considered cost-burdened when they pay more than 30% of their monthly income on housing costs (mortgage or rent and utilities); those who pay more than 50% are considered severely cost-burdened. In 2017, 41% of all households in our region—Columbia and Walla Walla counties and the Milton-Freewater area—that pay rent or a mortgage were cost-burdened. As illustrated in Table 4, compared to owner households, a greater percentage of renter households were cost-burdened.

Households with lower incomes are cost-burdened at higher rates than wealthier households. As Table 5 shows, households with annual incomes below $50,000 have much higher rates of being cost-burdened than households with annual incomes above $50,000. The most burdened households are those at the lowest end of the income spectrum. The Washington State Department of Commerce estimated that in 2012, there were only eight affordable

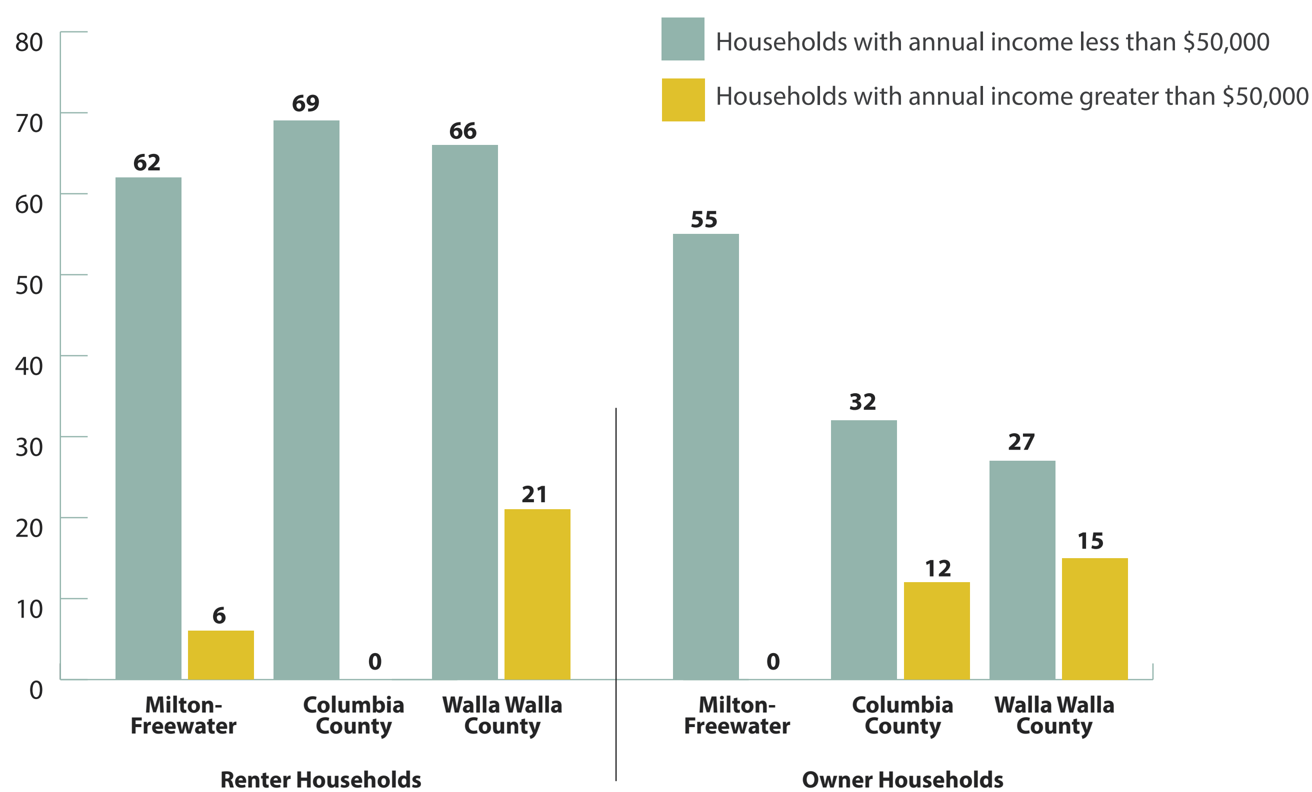
—Continued on page 11

Table 4: Percentage of Households That Are Cost-burdened



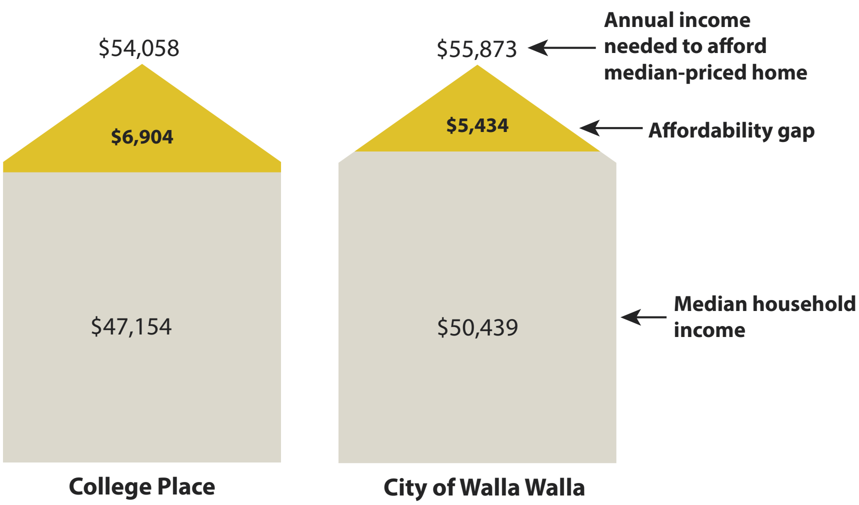
Source: Table: DP04—Selected Housing Characteristics. American Community Survey 5-year Estimates: 2017. Available at: American FactFinder (Census Bureau).

Table 5: Percentage of Renter and Owner Households That Are Cost-burdened, by Income Level



Source: Table: S2503—Financial Characteristics. American Community Survey 5-year Estimates: 2017. Available at: American FactFinder (Census Bureau).

Affordability Gap: Additional Annual Income Needed to Afford the Median-priced Home



Source: Regional production home builder, 2018.

Table 6: Transportation Data for Regional Locations

Location	Avg. commute time (minutes)	Transportation cost/year	Cars per household	Annual miles traveled
Burbank	**23.4**	$14,927	2.02	24,015
College Place	**11.5**	$12,226	1.64	19,849
Dayton	**18.6**	$14,834	2.00	24,119
Dixie	**26.9**	$16,812	2.33	25,263
Milton-Freewater	**16.2**	$13,216	1.79	21,525
Prescott	**25.4**	$14,774	2.01	23,358
Starbuck	**21.7**	$16,257	2.25	24,462
Touchet	**24.5**	$16,029	2.20	24,861
City of Walla Walla	**14.8**	$12,294	1.65	19.926

Sources: https://htaindex.cnt.org/fact-sheets (retrieved 1/19/2019). Table: S0802—Means of Travel to Work by Selected Characteristics. American Community Survey 5-year Estimates: 2017. Available at: American FactFinder (Census Bureau).

—Continued from page 9

units available for every 100 extremely low-income households in Walla Walla County, and 30 for every 100 very low-income households. In Columbia County, there were only nine affordable units available for every 100 extremely low-income households and 33 for every 100 very low-income households. (See Table 9 for definitions of income levels.)

Affordability Gap

An affordability gap occurs when the median-priced home exceeds what the median-income household can afford to spend on housing. According to one production home builder in our region, there is an affordability gap in the City of Walla Walla and in College Place, meaning that in both jurisdictions, the median-priced home is not affordable to the median-income household. According to their calculation, in order to purchase the median-priced home ($265,000 in College Place and $273,900 in the City of Walla Walla), median household income would need to increase by $5,434 in the City of Walla Walla (from $50,439 to $55,873), and $6,904 in College Place (from $47,154 to $54,058). That company does not build production homes in Columbia County or Milton-Freewater, and therefore did not provide data for those locations.

Housing Affordability Index

The Housing Affordability Index (HAI) measures the extent to which the median-income household can afford to purchase the median-priced home. An HAI value of 100 means that a median-income household has exactly enough income to qualify for a mortgage on a median-priced home; a value above 100 indicates that household has more than enough income to qualify. During the third quarter of 2018, the HAI in Walla Walla County was 131.2, and in Columbia County it was 196. For first-time home buyers, the HAI was 96.1 in Walla Walla County, and 138.2 in Columbia County (WCRER, 2018 Q3). According to the HAI, with the exception of first-time home buyers in Walla Walla County, housing is currently affordable in our region. Since 2010, however, the HAI has decreased in both Columbia and Walla Walla counties. In Milton-Freewater, HAI for 2017 was 142 (calculation based on median house price: $141,500; median family income: $45,995; and 4% interest rate).

Housing and Transportation Affordability Index

The Housing and Transportation Affordability Index (H+T AI) incorporates transportation costs into calculations of housing affordability. Nationally, housing and transportation costs comprise two of the largest household expenses; transportation costs represent 16% of an average household budget, and car ownership ranges from $6,000–$12,000 per year, according to the American Auto Association. According to HUD, people who live in auto-dependent neighborhoods spend 25% of their budgets on transportation, whereas those who live near public transportation spend only 9% on transportation costs.

According to the Center for Neighborhood Technology, which produces the H+T AI, a home is affordable when no more than 30% of household income is spent on housing and no more than 15% is spent on transportation. The H+T AI is useful because it reveals that homes are less affordable when residents have to commute long distances. The Center for Neighborhood Technology estimates that, using the HAI, 55% of neighborhoods in the United States are affordable, but using the H+T AI, only 26% are affordable. Table 6 shows the average commute time, average transportation costs per year, average number of cars per household and average annual miles traveled for locations in our region.

Table 7: Sample Housing Affordability Calculations for Walla Walla

	Affordability Gap Calculation, 2018 Regional production home builder	HAI Calculation (WCRER, 2018 Q3)
Annual income	$50,439 (Median Household Income, City of Walla Walla)	$62,700 (Median Family Income, Walla Walla County)
Down payment	5%	20%
Interest rate	5%	4.77%
Taxes	Not included	Not included
Mortgage insurance	Not included	Not included
Mortgage type	30-year conventional	30-year conventional
Median house price	$273,900	$238,100
Affordable?	**NO** The median-income household can afford a $247,261 home. The median-priced home costs $26,639 more than they can afford.	**YES** HAI is 131.2; the median-income household has more than enough income to afford the median priced home.

Limits to Data Interpretation

The variability within different affordability measurements makes data interpretation difficult. The assumptions that underlie a mortgage calculation (loan type and term, interest rate, down payment, taxes and mortgage insurance), will impact the results. Data parameters, such as unit (e.g., household or family), geography (e.g., county or city), measurement (e.g., mean or median) and data source (e.g., census or proprietary) also matter. Table 7 presents the assumptions that underpin two different housing affordability calculations, which yield contradictory understandings of affordability.

In addition, because the affordability gap, HAI and H+T AI consider only the median income and median housing price, they do not depict affordability across the income spectrum. Looking at the distribution of households by income level, compared to the number of homes available for purchase that are affordable at each income level, reveals that households at the lower end of the income distribution have fewer homes that are affordable than households at the higher end of the income distribution.

Inventory Mismatch

Analyses of the housing inventory and household demographics suggest that there is a mismatch between house size (number of bedrooms) and household size (number of people), which impacts the ability of households to find affordable units. To a large extent, the mismatch exists because demographics are changing (for example, there is a growing senior population and an increase in the number of single-person households), while the housing market has continued to favor the production of large single-family homes. For example, the Housing Element of the City of Walla Walla's recent Comprehensive Plan found a shortage of one-bedroom units and a surplus of three-bedroom units. Further, the Washington State Department of Commerce found that in Walla Walla County, a greater percentage of single-person households is cost-burdened, suggesting that there are not enough studios and one-bedroom units. Table 8 compares the number of households by household size to the number of housing units by house size for locations in our region.

Beyond the mismatch between house and household size, there is a lack of overall inventory that, combined with increased demand, has driven up prices. Though our region has had slower population growth than the state—about 0.4% per year from 2010 to 2017 for the Walla Walla Metropolitan Statistical Area (MSA), which includes Columbia and Walla Walla counties—population increase has nonetheless outpaced the construction of new homes. Slow-growth areas are typically less attractive to production home builders because developers cannot count on an efficient return on investment. According to a regional production home builder, 30 to 60 new homes can be absorbed into College Place and Walla Walla markets each year, but there is not enough population growth and market demand in the more rural parts of our region to attract a similar level of development activity.

Income Growth and Housing Prices

Over the past five years, incomes have been increasing in our region*. Median household income in Columbia County grew from $42,519 to $46,250 between 2013 and 2017, which is under 2% per year on average. In Walla Walla County, median household income grew from $46,597 to $52,630 between 2013 and 2017, which is an average of about 3% per year. During the same period in Milton-Freewater, median household income grew from $33,086 to $37,368, also about 3% per year. During that period, there was a gradual shift toward more households earning higher incomes. In 2017, median hourly wages in Columbia County, Walla Walla County and Umatilla County were $19.89, $18.99 and $15.83, respectively.

Most of the recent wage growth has occurred at the lower and higher ends of the income distribution. Growth in wages at the low end can be attributed, in part, to increases in the state minimum wage. In 2016, 40% of workers in Walla Walla MSA were earning less than $15 per hour. That declined to 36% in 2017. During that same period, the percentage of workers earning less than $15 per hour declined from 52% to 49% in Umatilla County.

Though the median income has increased over the past five years throughout the region, between 2013 and 2017 the median sales price in Milton-Freewater grew 19% (Umatilla County Assessor), whereas the median income increased by 13% (ACS). In Walla Walla County, the median home price increased 21% (WCRER) and the median income increased by 13% (ACS). In Columbia County, by contrast, the median home price decreased slightly (by less than 1% [WCRER]), whereas the median income increased by almost 9% (ACS). In most places, increases in home prices have outpaced increases in incomes over the past five years.

Cost of Developing New Housing

Developing new housing in our region is expensive due to the costs of land, labor and materials, and fees. As many speakers reported, the availability of developable land and cost have a significant impact on housing affordability. The amount of developable land in a jurisdiction is constrained by a number of factors, including location of, and accessibility to, utilities and services; policy frameworks that govern zoning and growth boundaries; and the suitability of land for development. According to the City of Walla Walla's Comprehensive Plan, there is enough buildable land to accommodate future growth within the current urban growth boundary, though the acreage within the urban growth area has not been expanded for the past 15 years. College Place planners have sought to expand the urban growth area for their city to accommodate projected growth. Comprehensive planning efforts in Columbia County and Dayton suggest there is enough developable land there, but attracting developers is difficult because there has been little population growth.

Accessibility of utilities, which includes water, sewer, storm drainage, roads, gas lines, fiber conduits and electrical lines, is critical to housing. Development costs vary depending on whether a location simply requires connections to existing utilities or if they have to be extended. Infill development typically has the advantage of proximity to existing utility infrastructure, but savings there tend to be offset by higher land prices. Undeveloped areas, such as farmland within the urban growth boundary, are generally where new housing development occurs, but that depends on the willingness of property owners to sell, the suitability of the land for development and the feasibility of connecting to services.

Zoning also influences the cost of development, in part because it determines how many units can be built per acre. The more units that can be built per acre, the cheaper the land costs are per unit. For example, in residential areas zoned

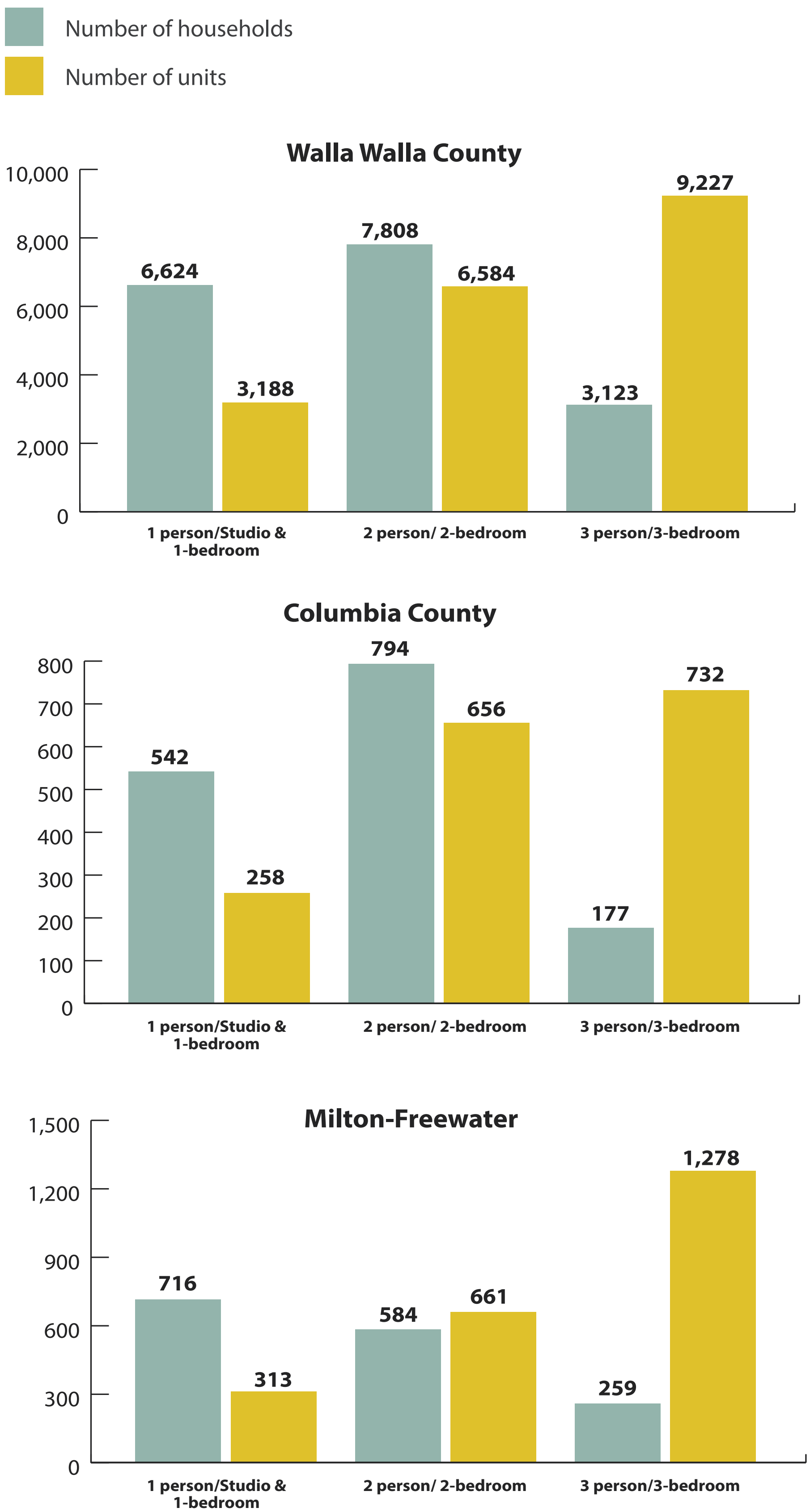
---

**Income is made up of earnings (wages), retirement, social security and other entitlements (e.g., Supplemental Security Insurance and Supplemental Nutrition Assistance Program). Most household income is generated through wages.*

Columbia County has a higher percentage of households (46.9%) with Social Security income compared to in Walla Walla County (34.9%) and Washington state (28.7%). In Umatilla County, 33.3% of households have Social Security income (compared to 33% of all Oregonians).

Source: Table: DPO3—Selected Economic Characteristics. American Community Survey 5-Year Estimates: 2017.

Table 8: Inventory Mismatch



for 9,600-square-foot lots, approximately three homes can be built per acre, whereas in areas zoned for 6,000-square-foot lots, approximately five units can be built per acre (after land has been set aside for necessary utility and transportation infrastructure). In addition to bringing down the cost of land per unit, increased density can also create efficiencies with regard to utilities. Though the up-front cost of installing capital facilities (e.g., water, sewer and utilities) is typically the same regardless of the number of units that are served, the more units that are connected and paying into the system for use and maintenance, the lower the cost is per unit.

Further adding to the costs of construction is the fact that building materials tend to cost more in rural areas than in urban markets because they must be transported in. Moreover, when demand for building decreased during the recent recession, many construction companies—especially smaller and mid-size companies—went out of business. Employment in construction trades (e.g., plumbing, electrical and carpentry) has not rebounded to pre-recession levels, and several speakers indicated that the shortage of workers appears to be a long-term challenge.

Sources: Table: B25041—Bedrooms, Universe: Housing units. American Community Survey 5-Year Estimates: 2017; Table: B11016—Household Type by Household Size, Universe: Households. American Community Survey 5-Year Estimates: 2017. Available at: American FactFinder (Census Bureau).

Strategies to increase the housing inventory at a range of prices

As many speakers made clear, meeting the need for affordable housing includes leveraging public funds to develop government-supported units for low-income populations who cannot afford market-rate housing, and finding ways to enable and encourage development of a broader variety of less expensive units through the market. Several speakers noted that affordable housing initiatives often leave out the "missing middle"—households that earn a moderate income that is too high to qualify for government-supported housing, but too low to afford market-rate prices. It was also noted that while there will probably always be an unmet demand for below market-rate housing, it is likely that increasing inventory for median-income households will help ease demand throughout the market, which will also open up options for lower-income households.

LOCATE HOUSING NEAR OPPORTUNITY

Several speakers emphasized the importance of locating housing near employment, education, retail services and other amenities. Locating housing in proximity to those opportunities or near public transit, biking, or walking infrastructure that connect to those opportunities, can improve overall housing affordability because it reduces transportation costs. Such proximity is especially important for households that do not have cars, including low-income households and seniors, and the Study Committee learned that people will decline government-supported units if they are too far from services they need.

Table 9: Income Limits for Federally Supported Housing, FY 2018

	% of AMI	1 person	2 people	3 people	4 people
Columbia County					
Extremely low income	30%	$13,650	$16,460	$20,780	$25,100
Very low income	50%	$22,750	$26,000	$29,250	$32,500
Low income	80%	$36,400	$41,600	$46,800	$52,000
	100%				**$52,900**
Umatilla County					
Extremely low income	30%	$12,140	$16,460	$20,780	$25,100
Very low income	50%	$19,350	$22,100	$24,850	$27,600
Low income	80%	$30,950	$35,400	$39,800	$44,200
	100%				**$53,300**
Walla Walla County					
Extremely low income	30%	$13,800	$16,460	$20,780	$25,100
Very low income	50%	$23,000	$26,300	$29,600	$32,850
Low income	80%	$36,800	$42,050	$47,300	$52,550
	100%				**$65,700**

Source: https://www.huduser.gov/portal/datasets/il.html#2019_data

Mixed-use zoning, such as multifamily housing above commercial space, can add to urban vibrancy and contribute to affordable housing. Mixed-use neighborhoods that provide good sidewalks—including Americans with Disabilities Act (ADA) accessibility, safe street crossings, bike lanes and access to transit—can reduce transportation costs because they enable people to access the goods and services they need without cars.

Access to alternative forms of transportation like walking, biking, and public transit varies widely in our region. In the more urban areas, there are more modes of transportation available while in the rural areas, transportation is largely limited to cars. In the cities of Walla Walla and College Place, 80% of the population lives within a quarter mile of public transit; however, there is limited availability late at night, early in the morning or on the weekends. The majority of Milton-Freewater's population also lives within a quarter mile of a transit route; however, there are only three round trips per day, and only on weekdays. In Columbia County, public transportation is available throughout the county, but riders must call ahead to request it. Lack of reliable and convenient transportation in the more rural parts of our region also makes aging in place (seniors staying in their homes as they age) difficult.

Because the price of land tends to be higher near public transit, retail, employment and other services, locating affordable housing there might require incentives and/or public resources. In Massachusetts, developers receive points on the Low-Income Housing Tax Credit (LIHTC) application when they propose putting affordable housing near public transit.

Through its Workforce Housing Initiative (WHI), the state of Oregon seeks to address some of the challenges employers and their employees face when the high cost of housing, or lack of housing, compels workers to locate far from employment. In 2018, WHI provided $4 million in grants, loans, and technical assistance through five pilot programs in Donald, Pacific City, Warm Springs, Harney County and Lincoln County. These public-private partnerships aim to create new affordable housing opportunities that enable employees to live closer to their place of employment. State agencies tend to work independently of one another to achieve specific aims, which makes it difficult to solve problems that are interconnected. Housing integrators—state employees who work across state agencies to leverage resources and coordinate action—foster collaborative approaches to address shared challenges and goals.

PRODUCE MORE GOVERNMENT-SUPPORTED UNITS FOR LOW-INCOME HOUSEHOLDS

A number of federal, state and local resources are designated to help address the needs of lower-income households that cannot afford market-rate housing. Housing units that are developed with public funds are not exchanged through the private real estate market, but instead are allocated through project-based rental assistance, administered by local housing authorities and nonprofit organizations. Different from tenant-based rental assistance, project-based rental assistance programs are tied to a specific unit or development, and households pay approximately 30% of their income on rent. The cost of the unit that exceeds this 30% is paid for by the government. Most of the project-based rental assistance programs in our region serve extremely low- and very low-income populations (see Table 9). Income limits are calculated annually by HUD based on area median income (AMI) using American Community Survey data tabulated, in our region, at the county level. Income limits for federally supported housing are shown in Table 9. The average annual income of the families that the Walla Walla Housing Authority (WWHA) serves is $11,135. At that income, affordable rent cannot exceed $309 per month.

Housing that is made available through project-based rental assistance is typically developed through a combination of federal, state and local funding sources, which can include tax credits, low-interest loans, tax-exempt bonds and grants. The Study Committee learned of a number of public funding sources that can be used to support the development of affordable housing for people whose income is below the AMI. Federal resources include HUD, LIHTC, Housing Trust Fund, USDA RD and the Community Development Block Grant (CDBG) program. State-level funding includes document and recording fees and the Consolidated Homeless Grant (Washington). Each source of funding comes with its own set of restrictions and limitations, and most are distributed through a competitive application process.

Developing housing units with public funds is complex, expensive and time-consuming. Use of public funds requires a significant amount of legal oversight and technical documentation, adherence to Evergreen Sustainable Development Standard construction standards (in Washington), and fair labor practices (which require builders to pay the prevailing commercial wage). With reference to a local project, one nonprofit developer reported that with public funds the development would cost $265 per square foot, whereas a private developer could build the same project for $100 per square foot. The difference in costs is due, to a large extent, to the amount of time it takes to build with public dollars because more oversight is required at every step. Public funders also typically require that recipients secure funding from additional sources, which further complicates structuring a financially feasible project.

In addition to stipulating that public funds must be used for low-income households (up to 80% AMI), publicly funded programs usually target specific populations that have been identified as having a high need for housing assistance. Targeted populations include: families with children, veterans, seniors (55+ or 62+), people with substance use disorders, people with disabilities, people who are homeless and agricultural workers. Using funds that are restricted creates opportunity for targeted groups but makes it difficult for nonprofit developers to balance community needs with requirements imposed by funding sources. USDA RD loans for multifamily housing, for example, can only be used to serve low- and very low-income populations, seniors (62+), or disabled individuals in qualifying rural areas.

While there are some for-profit developers who build for low-income populations by leveraging public funds, in our area most of that work is done by nonprofit agencies like the Blue Mountain Action Council (BMAC) and local housing authorities, such as the Walla Walla Housing Authority and the Umatilla Housing Authority. Local housing authorities, which are independent public corporations with special authority (e.g., to issue tax-exempt bonds), have the expertise and capacity to structure and manage a variety of public funding streams designated for low-income housing development.

When they develop a property, the nonprofit developer or housing authority typically retains ownership, and the units are rented to qualified applicants. By retaining ownership, properties are actively managed (landscaping, maintenance and property management) and guaranteed to remain affordable to targeted populations in the future. As a low-income housing developer, BMAC emphasizes multifamily buildings since apartments are typically less expensive to maintain than single-family residences, and because multi-family housing can cost less to develop per unit than single-family residences. Currently, the Walla Walla Housing Authority owns 549 low-income housing units, and BMAC owns 180. There are 252 government-supported units in Milton-Freewater and two low-income housing developments with a total of 50 units in Columbia County.

Building strong public relations is an important part of the development process because low-income housing often faces significant public opposition. Some worry that concentrating a large number of low-income households in one area will bring down property values and decrease safety. Others express concerns regarding the impact of increased density on traffic and parking. People in need of low-income housing are typically underrepresented at public forums where low-income housing projects are considered, which can make it seem that such projects lack public support.

Multifamily Tax Exemption

The Multifamily Tax Exemption (MFTE) is a tool that certain jurisdictions in Washington state can use to incentivize the development of multifamily housing in designated areas. 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 up additional opportunities for incentivizing multifamily development.

Oregon also has a tax exemption for multifamily housing when developed in conjunction with a commercial property to achieve mixed-use "vertical housing." The partial tax exemption varies in accordance with the number of residential floors. Developers can receive an additional property tax exemption on the land if some of the units are affordable to low-income households (80% of the AMI).

Public Land for Affordable Housing

Recent legislation in Washington state (RCW 43.63A.510 and RCW 39.33.015) directs designated state agencies (Washington State Patrol, State Parks and Recreation Commission, Department of Natural Resources, Social and Health Services, Corrections, and Enterprise Services) 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). In that case, the land could be transferred to a developer for the purpose of development.

Community Land Trust

Community land trusts (CLTs) seek to create more affordable home ownership opportunities by removing land from the costs of real estate. In a CLT model, the home and any improvements to it are owned by the homeowner, and a nonprofit owns the land. The land is leased to the homeowner through a "ground lease," which outlines the rights and responsibilities of each party. When a homeowner wants to sell their home, the resale value is determined relative to local wages or the cost of living, not the property market.

The number of CLTs has grown nationally, and there are many examples to learn from. Some CLTs rely on public funding and serve only low-income households; other CLTs use only private funds and are able to be more flexible in terms of the populations they serve. In Leavenworth, for example, to qualify for a home in the Securing Homes on Affordable Real Estate (SHARE) CLT, applicants must have lived or worked within the local school district area for one year and earn less than 80% AMI. When developing a CLT, it is important to consider ongoing and diverse funding sources; evaluate projected land and development costs; assign clearly defined roles to owners, residents and managers; create policies that can be scaled; and seek input from multiple viewpoints. Experience suggests that CLTs do not negatively impact real estate values.

PRODUCE MORE DIVERSE HOUSING TYPES

The mismatch between household size and housing types is driven, in part, by inflexible zoning that prescribes large single-family homes on large lots, and also by the costs of infrastructure development (e.g., sidewalks and parking requirements), building permits, and capital facility charges (in Washington) or systems development charges (in Oregon) for connecting to municipal sewer and water lines. Until very recently, there were few lots zoned for under 9,600 square feet in the City of Walla Walla. Land zoned for multifamily housing was minimal and was allowed in areas zoned commercial, provided the developer secured a conditional use permit. When fees are the same no matter the size of the home, they can act as a disincentive for building smaller homes that could, in turn, be more affordable.

In Columbia County, capital facility charges are assessed on a case-by-case basis, based on the structure's meter capacity. In Walla Walla and Milton-Freewater, capital facility charges/systems development charges are based on the size of the water meter, which is typically the same for all single-family residences and larger (hence a higher cost) for multifamily structures. In College Place, capital facility charges are based on the number of dwelling units in a structure. Single-family residences are assessed one fee (regardless of how large they are), but accessory dwelling units are subject to a smaller fee because they typically put far less demand on the system. Columbia and Walla Walla counties do not charge capital facilities fees for new development in unincorporated areas because they do not provide water or sewer services. In those areas, services are operated by private providers (such as the Port of Walla Walla; local water districts; and other small, private providers) that assess their own fees.

During the study period, jurisdictions in our region were in the process of researching and proposing ways to create a wider variety of housing options by adjusting zoning codes and development regulations in accordance with comprehensive planning goals. The following section describes changes that were under consideration or made during the study period to increase housing density and allow for different housing types. The Study Committee did not learn about market demand for these housing options.

Increase Density

Increasing density—the number of units per area—can contribute to affordable housing because it brings down the cost of land per unit. Concentrating development can also contribute to the preservation of open space and reduce the costs of service provision, such as water and sewer, through economies of scale.

Reducing the minimum lot size can enable the construction of smaller, more affordable homes. Smaller lot sizes mean lower land costs per unit, potentially less expensive homes and increased efficiencies with regard to sewer and water delivery.

Zero lot line development refers to placing one side of a building (or more) along the property line. Allowing zero lot line development creates greater flexibility with regard to site design and allows higher density.

Cluster lot subdivisions concentrate homes on a small portion of available land. For example, a 100-acre parcel could be developed into nine 1.5-acre lots clustered together, with 85% of the land remaining agricultural. Clustering development in this way can increase land use efficiency, lower the cost of infrastructure development and maintenance, protect agricultural land and preserve open space.

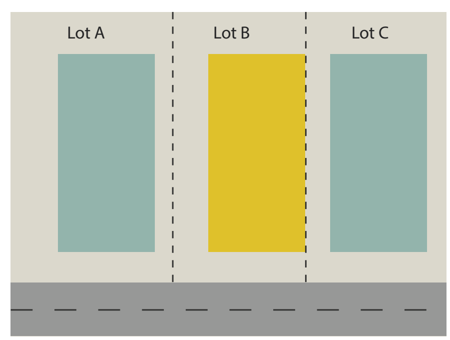
Planned Unit Developments (PUDs) allow developers increased flexibility, provided that they meet some established planning goal or criteria. For example, a developer could increase housing density—and therefore build more affordable homes—if they used some of the land for an amenity, such as open space, or to protect a critical area.

Allow for Different Housing Types

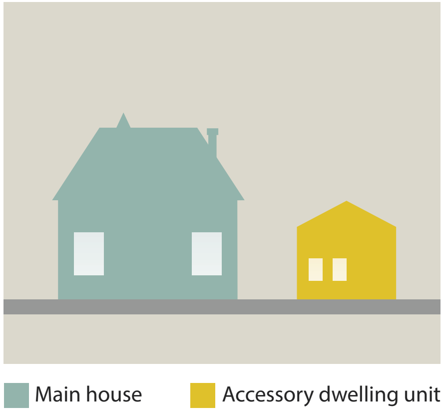
Recognizing that different households have different housing needs, jurisdictions can reduce restrictions on the types of housing that can be produced so that there are more affordable options. Allowing for different types of housing, such as the ones described here, can also add variety to residential neighborhoods.

Reduce the Minimum Lot Size

Zero Lot Line Development



Accessory Dwelling Unit (ADU)



Cottage Housing

Accessory Dwelling Units (ADUs) are small units (up to 1,100 square feet in some local jurisdictions) built on existing single-family lots where there is already a home. Accessory dwelling units can be free-standing or attached to an existing structure on the lot, such as a garage or attic. They can be affordable options for small households, such as students, seniors and singles, and can generate income for homeowners.

Cottage housing refers to groups of small attached or detached single-family units, usually oriented around a common area such as a green space. Because they are smaller than typical single-family residences and often provide shared space, cottage housing can offer an affordable option, particularly for households that don't require or desire amenities associated with a traditional single-family residence, such as garages and large yards. Cottage housing can be an especially attractive option for seniors and single people.

Tiny homes are very small (100 to 400 square feet) homes that can be set on a foundation or on wheels. Because they are small and self-contained, tiny homes may offer an affordable option for some households. As a relatively new product in the housing marketplace, regulations around tiny homes are not universally established. Some local jurisdictions are interested in adopting Appendix Q: Tiny Homes, which is part of the 2018 International Residential Code, and provides an ordinance for allowing and regulating tiny homes.

Multifamily housing is a potential source of affordable housing that has historically been limited primarily due to restrictive zoning. Rezoning to allow for more land to be occupied by multifamily housing can increase production of more multi-unit buildings, including duplexes, triplexes and fourplexes.

Manufactured homes are built in a factory and transported to a residential location—either a manufactured housing community where the land is leased, or private property where the home is titled with the land. Nationally, most manufactured homes (70% to 75%) are located on private land and a smaller portion (25% to 30%) are located in manufactured housing communities.

Manufactured homes are an affordable option because they are less expensive to build than typical "stick-built" housing (due to the fact that they are factory-built). Manufactured homes located in manufactured housing communities can be more affordable options because the lot the home sits on can be leased instead of purchased. One speaker who owns manufactured housing parks in the region suggested that manufactured homes are the most ignored solution to affordable housing and represent the largest source of market-rate affordable housing in the county.

There are a number of challenges to developing additional manufactured housing communities and maintaining those that currently exist. The high cost of land, the cost of connecting to city services and slow absorption rate (the rate at which homes are sold within a given period of time), makes producing new manufactured housing communities undesirable to many developers. Since the 1990s, manufactured homes have become significantly more energy efficient and comfortable; however, new standards can make it difficult for owners to upgrade older units because of the way the original unit was constructed (e.g., thin walls, single-pane windows, etc.). As a result of deferred maintenance, older units become more run-down and utility costs increase. Owners of manufactured housing communities recognize that manufactured housing has "an image problem"—many people regard these communities as a nuisance, and efforts to establish new manufactured housing communities are often met with public resistance.

As land values increase, owners of manufactured housing communities may want to sell or redevelop the land to capture higher returns. Local jurisdictions are considering ordinances that would allow owners of manufactured homes to form a cooperative for the purpose of purchasing and managing the community land on which their homes are located so that they will not have to move should the owner want to redevelop. There are several examples of resident-owned manufactured housing cooperatives in the Pacific Northwest.

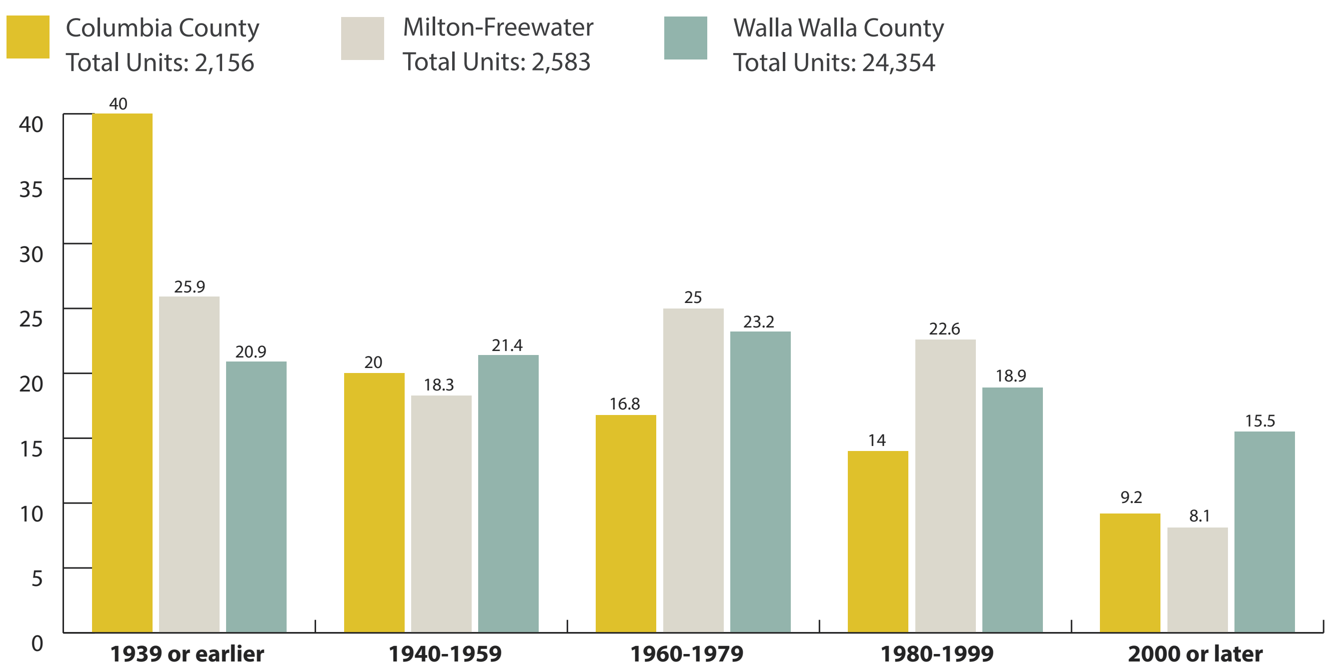
Modular housing is built in sections in a factory and assembled on-site. Like manufactured housing, modular housing is potentially less expensive to build than traditionally built homes. Unlike manufactured housing, modular homes are not mobile, and therefore cannot be placed in communities where the land is leased. Modular homes are built to local or state building codes, while manufactured housing is governed by federal (HUD) building codes.

ATTRACT AND RETAIN DEVELOPMENT CAPACITY AND DEVELOP SKILLED LABOR LOCALLY

Small urban and rural areas often lack the development capacity to produce the types of units and scale of construction that meet community needs. For example, a production builder in our region constructs homes in the cities of College Place and Walla Walla, but only offers semi-custom homes in Columbia County and no longer produces homes in Milton-Freewater at all. Other local developers tend to build at a smaller scale and focus primarily on custom homes, which are typically more expensive than production homes. For regions that lack local development capacity, one strategy is to actively recruit developers from other areas and educate them about the local market so that they will be willing to invest. To retain developers and encourage them to do additional projects, municipalities can commit to working with them closely throughout the development process.

There is a similar issue with regard to a lack of skilled labor in the construction trades (e.g., plumbing, carpentry and electrical). Wenatchee has sought to address the lack of labor in their area by encouraging development of the work force through local educational institutions. In our region, Walla Walla Community College (WWCC) has recently reinstituted its carpentry program. BMAC has been working in partnership with WWCC's program to build one home per year; BMAC supplies the land and WWCC provides the labor. The partnership provides hands-on learning opportunities for WWCC students and, once completed, the homes are sold to low-income first-time home buyers.

Table 10: Year Housing Structure Built as Percentage of All Housing Structures



Source: Table: DP04—Selected Housing Characteristics. American Community Survey 5-Year Estimates: 2017. Available at: American Fact-Finder (Census Bureau).

ADDRESS COSTS OF DEVELOPMENT

Capital Facility Charges/System Development Charges and Building Permits

Jurisdictions impose capital facility charges (systems development charges in Oregon) to pay for connection to sewer and water. Those costs vary from jurisdiction to jurisdiction and can be mitigated or waived to encourage desired forms of development, such as ADUs, multifamily developments and developments that include a certain number of affordable housing units. Jurisdictions also require property owners to secure building permits for new construction and remodels to ensure that proposed projects are in compliance with local building codes and development regulations. The cost of building permits also varies from one jurisdiction to another.

According to one production builder, building permit fees and capital facility charges are currently more expensive in Walla Walla ($12,245) than in College Place ($9,030). In their cost model, that represents 4.5% of the direct costs of a home in Walla Walla and 3.5% in College Place (according to that model, direct costs represent 50% of the total cost of a home). Since fees are part of the cost structure that determines the price of the house, increasing fees typically increases the price of the home. The production builder reported that once fees reach beyond 10% of the direct costs (i.e., 5% of the total costs) of the home, they would find it almost impossible to build a home that the median-income household can afford.

Parking Requirements

Most development codes include a requirement for a certain number of parking spaces, which increases the cost of land per unit and overall development costs. Households have different parking needs based on location; access to walking, biking and public transit; household demographics; financial situations; and lifestyle choices. Jurisdictions can reduce unnecessary parking requirements by better assessing parking demand based on neighborhood and resident characteristics.

INVEST IN THE EXISTING INVENTORY

Building new housing units is expensive and time-consuming. Several speakers told the Study Committee that the most cost-effective way to provide affordable housing is to preserve the housing that already exists. As Table 10 illustrates, a significant amount of housing stock in our region was built prior to World War II.

Weatherization and Home Repair

The cost of repairing damaged homes and updating heating and cooling systems is often out of reach for low-income households, especially seniors on fixed incomes who find themselves "over-housed"—heating and cooling homes that are larger than what they require. Because the cost of utilities is part of the affordable housing equation, tenants and homeowners can face difficult choices when utility costs get too high—foregoing sufficient heating/cooling, cutting other necessary expenses or leaving a unit.

There are a number of local programs and organizations that provide assistance. The Study Committee learned of the work being done by BMAC in Washington and Community Action Program of East Central Oregon (CAPECO) in Oregon. Through its Healthy Homes program, BMAC provides weatherization services to improve indoor air quality and energy efficiency so that utility costs are lower and homes are more comfortable. This program draws on about six different funding sources, including contributions provided by regional energy companies. BMAC also supports home repair on real property (manufactured homes are not eligible) for homeowners through a revolving loan fund. The loans are forgiven unless the property is rented, sold or transferred. Eligible projects include roof repair, electrical work and new furnaces. Additionally, BMAC works with Southeast Washington Aging and Long-term Care to modify homes for seniors so they can age in place rather than move to an assisted living facility.

Washington State Department of Commerce's Home Rehabilitation Loan Program (also called Rural Rehab) provides deferred, low-interest loans to low-income homeowners who need to make repairs and improvements to their properties. The loan principal, fees and interest are due when the property is sold or ownership is transferred. In the Washington portion of our study region, this program is administered through BMAC. Households in the city of Walla Walla are not eligible.

In the Milton-Freewater area, CAPECO administers similar programs. Their weatherization and energy programs draw on a combination of federal, state and private funds to help eligible renters and homeowners make home improvements to reduce their energy costs.

The USDA RD also provides grants and loans for home repair. The funding must be used to fix "critical infrastructure," such as electrical and plumbing systems, roofs and broken windows in owner-occupied single-family residences. Grants of up to $7,500 are available to very low-income (50% AMI) seniors (62 years and older). The grant must be repaid if the home is sold within three years. Loans of up to $20,000 with a fixed interest rate of 1% and a 20-year term are available to households that can demonstrate an ability to repay the loan and have a credit score of at least 620.

Despite the value of these programs, many homes in our region will not be made habitable through weatherization and/or repair, simply because they are in very poor condition.

Land Bank Authority

A land bank authority is a publicly owned entity established to move abandoned, forgotten or vacant properties into the market by acquiring, holding, managing and repurposing them. The properties that make up a land bank authority can be acquired through foreclosure (tax and mortgage), market exchange, transfer, and donation. Land bank authorities can improve properties through redevelopment, rehabilitation or demolition. They can also rent, sell or donate properties (e.g., to a local housing authority). Properties acquired by land bank authorities are often redeveloped in partnership with other agencies, such as HUD, housing authorities, nonprofits and private developers.

Creating a land bank authority requires enabling legislation at the state level, which currently does not exist in Oregon or Washington, and creating a local ordinance. Successful land bank authorities, such as the South Suburban Land Bank Authority in Illinois, have sustained funding typically through a combination of state and federal funds, legislative appropriation, proceeds from the sale of properties and fees. Land bank authorities are governed by a board of directors, and limiting land bank authorities to one per geographic area discourages territoriality.

At this time, the region's jurisdictions do not have local policies to revive abandoned and forgotten properties. However, there are examples of related policy tools, such as nuisance codes, which can be defined and used by local jurisdictions (as long as they comply with state regulations) to compel owners to address abandoned or neglected property.

Strategies to Increase Access to Affordable Housing

Increasing the inventory of affordable housing is essential to addressing regional need, but it alone will not solve the problem. Individuals seeking affordable housing often encounter additional barriers, including application fees and large deposits, discrimination, and lack of knowledge of opportunities and responsibilities.

CONTINUUM OF CARE AND COORDINATED ENTRY

Continuum of Care (CoC) is a national framework that guides planning and coordination to address a range of housing needs from the street to permanent, market-rate housing. The framework has been developed by HUD, and any community hoping to receive HUD funding to address homelessness is required to implement a local CoC program. In Walla Walla County, the CoC is administered by the Walla Walla County Council on Housing; in Columbia County the CoC is administered by BMAC; and in Umatilla it is administered by the Rural Oregon Continuum of Care (ROCC).

Within the CoC framework, HUD requires that housing and service providers who receive public funds adopt a "housing first" approach to homelessness. The housing first approach asserts the importance of providing housing prior to addressing other concerns such as substance abuse or mental health issues. Now regarded as standard practice, this approach encourages providers to collaborate across agencies in order to make long-term plans and look beyond homelessness to also consider the importance of affordable housing.

The CoC model requires a coordinated entry system that prevents duplication of services among providers and facilitates access to services for clients. This involves providing a "warm handoff" to the appropriate service agency when a person in need arrives at any service agency and a data sharing process that enables providers to help the most vulnerable first.

In 2017, Walla Walla County spent over $3.8 million on the housing continuum (emergency shelter, prevention, rapid rehousing, transitional housing and permanent supported housing). The largest portion of that funding (42%, or $1,586,363) went to emergency shelters. Spending on prevention is an effective way to prevent homelessness and keep people housed, but a lack of sufficient affordable housing has created a bottleneck in the system. As a result of that bottleneck, public resources are used on costly temporary fixes rather than invested in long-term permanent solutions.

TENANT-BASED RENTAL ASSISTANCE

Tenant-based rental assistance takes the form of a voucher used to make up the difference between the cost of a unit and 30% of the household's income. Vouchers are available to low-income households through HUD's Housing Choice Voucher Program, which include Section 8 vouchers and Veterans Affairs Supportive Housing (VASH) vouchers, and are administered by local housing authorities. Households that qualify for vouchers are responsible for finding a unit to rent. The value of the voucher is paid directly from the housing authority to the landlord. Eligibility for tenant-based rental assistance is determined by household income and size (see Table 9).

In order to use a Housing Choice Voucher, rent must fall within the Fair Market Rent (FMR) limits established by HUD, shown in Table 11. Rent limits are designed to be high enough to allow for a broad selection of units, but low enough to serve as many low-income households as possible. During tight rental markets, however, market rates can exceed FMR limits, which results in few units available for voucher-holders. One of the largest rental property management companies in our region reported that, currently, very few of the rental properties they manage fall within the FMR limits. One of the challenges that households face when seeking to move out of government-supported housing is that the increase in rental costs from supported housing to market-rate housing can be substantial.

VASH is a program—supported through a partnership between HUD and the U.S. Department of Veterans Affairs (VA)—designed to assist low-income veterans by providing housing vouchers as well as case management and clinical services. To qualify, veterans first need to verify eligibility (honorable discharge status and the need for case management) at the local VA. Eligible veterans are referred to a local housing authority for income verification in order to receive a VASH housing voucher. Some veterans do not want case management, which makes them ineligible for the VASH voucher. Because applications for renewed funding depend on spending levels, if vouchers go unused they may not be renewed, even if there is a need. Veterans are also eligible for other forms of housing assistance in our region, including Supportive Services for Veteran Families (SSVF) and Corps of Recovery Discovery (CORD).

Historically, low-income renters seeking to use a voucher to supplement rental costs have been subjected to source of income discrimination—when a landlord is unwilling to rent to someone who is using a housing voucher. A law effective Sept. 30, 2018, made it illegal for landlords in Washington state to discriminate based on source of income. A similar law was passed in Oregon, effective July 1, 2014. Even though it is illegal to refuse to accept a housing voucher as a form of payment, landlords can avoid renting to voucher holders by pricing their units above the FMR.

Property that is rented to voucher holders is subject to periodic inspections, which help ensure the quality of the unit, but can be burdensome to landlords. Some local service organizations, such as BMAC and CAPECO, establish relationships with local landlords to address concerns with renters and keep units within FMR range. In addition, the Washington State Department of Commerce has established a landlord mitigation fund that landlords can access to repair damaged units (up to $5,000), provided they keep rents within FMR. A similar program exists in Oregon, which helps cover the cost of damages and, in some cases, unpaid rent.

Case Management

Rental assistance, both tenant-based and project-based, often includes case management to help low-income households retain their housing and connect to other services. In our region, case management is provided by a number of different agencies, including Valley Residential, BMAC, CAPECO and Horizon Project. Those programs are designed to help clients achieve self-sufficiency when feasible and include workshops about goal setting, financial planning, budgeting and shopping, and being a good tenant. Individuals who have successfully completed CAPECO programs are invited to participate as peer mentors.

HOME OWNERSHIP ASSISTANCE

Home ownership can be an affordable housing option, especially when rental rates exceed what a monthly mortgage payment would be. As one speaker repeated, nationally, the cost of home ownership has increased 37% in the last decade, while rents have increased 50%. In addition to building wealth, one of the benefits of buying versus renting is that mortgage payments are not subject to market-rate increases like rental payments are. Moving more households into home ownership can also help alleviate a tight rental market by freeing up rental properties.

According to one speaker with expertise in mortgage lending, there are a lot of misconceptions about what it takes to qualify for and afford

Table 11: Fair Market Rent Limits, FY 2019

	Studio	1-bedroom	2-bedroom	3-bedroom	4-bedroom
Columbia County	$604	$701	$927	$1,223	$1,253
Umatilla County	$472	$577	$735	$1,016	$1,108
Walla Walla County	$631	$735	$972	$1,405	$1,440

Source: https://www.huduser.gov/portal/datasets/fmr.html a mortgage. Consequently, information campaigns about home lending options and financial education would be helpful for potential home buyers. Many lenders allow mortgage payments that comprise more than 30% of a household's income, and borrowers typically qualify for more than they want to spend. Mortgage loans vary significantly and, depending on circumstances and the loan terms, a borrower can qualify for a mortgage worth three to five times their annual income. There are many potential home buyers in our region who qualify for a $150,000 to $200,000 mortgage, but there are not enough homes available at that price range.

Down Payment Assistance

In Oregon and Washington there are programs that provide down payment assistance to help people purchase homes. For example, CAPECO's Down Payment Assistance Program provides qualified applicants up to $7,500 in closing costs (as a forgivable loan). Those funds can also be used toward the purchase price of the home. Participants also receive pre-purchase home ownership counseling, home buyer education, financial education and a post-purchase course on home maintenance. For those at risk of foreclosure, CAPECO administers the Oregon Homeownership Stabilization Initiative (OHSI) Mortgage Assistance Program Hardest Hit Fund. That fund provides financial help for those who have a sudden financial change that makes it impossible to pay their mortgage. In Washington, the HomeChoice Downpayment Assistance Loan Program provides down payment assistance to qualified borrowers in conjunction with the Home Advantage government-supported home loan program. Unlike Oregon, Washington is not one of the 18 states that has received federal funding to prevent foreclosure through the Hardest Hit Fund.

Government-supported Home Loan Programs

According to one speaker, 22% of the loans processed in our region during 2018 were government-supported. Government-supported home loan programs include FHA, VA, USDA RD, Home Advantage (in Washington), and Oregon Bond Residential Program (in Oregon). Every loan is different, and the choice of the best loan depends on individual circumstances.

BARRIERS TO ACCESS

The process of finding and applying to rental housing can be costly, complex and intimidating. There are typically a number of qualifications that must be met, including submitting an application fee. Application fees, which are collected by the property owner or manager in order to check credit scores, criminal backgrounds and process rental histories, typically cost the applicant $30, and fees are collected for each adult on the lease. A large property management company in our region reported that qualified renters typically have a credit score of at least 650.

According to one speaker, during the recent period of low vacancy rates, owners have become choosier about who they rent to and some have begun to ask for larger deposits—sometimes twice the monthly rental rate. Some owners have also been adding additional fees for utilities and/or significantly increasing pet deposits. Deposits cover potential damage to the unit, though expensive deposits make it difficult for households without savings to qualify. Local service organizations like BMAC and CAPECO try to address these barriers by providing help with deposits and support for the rental application process.

Renters can also be rejected based on other factors. Criminal background checks are part of standard screening, and many landlords choose not to rent to people with a prior felony conviction. Similarly, a poor rental history (gaps in rental history or failure to pay rent on time) can disqualify an applicant. This makes accessing housing especially difficult for people who have been homeless.

Additional Challenges

Sometimes outside influences, such as family members or acquaintances, make it difficult for vulnerable tenants (such as those with a substance use disorder or those who have been homeless) to follow housing rules, which puts them at risk of losing their housing. Some tenants have behavioral and/or substance abuse issues that make them undesirable tenants. Service organizations work with tenants to help them understand their responsibilities and address those challenges, and they work with landlords to help prevent evictions.

In a tight market where affordable housing is scarce, competition for a limited number of units can be intense. For people with full-time employment and family commitments, shopping for housing is strained and units available in the morning can be rented by that evening.

People living outside of larger urban centers face challenges associated with limited access to services and resources. Representatives from CAPECO, which is headquartered in Pendleton, visit Milton-Freewater weekly and host meetings in public places such as the library or the Department of Human Services office. Without a regular presence, however, it is difficult to meet all local needs. Milton-Freewater residents seeking housing vouchers must go to Hermiston, where the Umatilla Housing Authority is located, in order to apply. Though USDA RA programs specifically target people in rural areas, getting information to them is a challenge, and funds for affordable housing go unused.

Cultivate political leadership, public support and partnerships

Several speakers emphasized the importance of strong political leadership and public outreach to develop support for affordable housing strategies. Leaders in Wenatchee found that good data and analysis can help dispel common misperceptions, and consistent messaging about the negative consequences of the housing crisis can generate popular support for solutions. For example, they have been able to secure public support for a potential tax increase to address the housing issue there. Much of the leadership and support for developing solutions to the housing issue in the Wenatchee region have been generated through the Our Valley Our Future process—a bottom-up and top-down effort to create holistic approaches to addressing tough regional challenges.

Leaders in Wenatchee also recognize the importance of providing alternative perspectives to established ways of thinking in order to open up new possibilities. For example, to address the small construction and trades labor force in their region, they have set out to change the mindset that those jobs are not good jobs. To entice developers with a capacity for building large multifamily units from high-growth areas around the Puget Sound region, they have shown that urban housing models are viable in downtown Wenatchee. Furthermore, they have been successful in challenging the belief that "growth pays for growth," which is the idea that all the costs of increased population growth can be paid up front by the developer through their investments in necessary infrastructure, such as utilities, and fees. Through their Sewer Comprehensive Plan, planners in Wenatchee found that the city can recover the costs of extending sewer lines to undeveloped areas by planning for high-density development and establishing appropriate rates.

Speakers from housing production and the government sector also reported that public-private partnerships can generate creative options that contribute to affordable housing goals and support additional priorities. The City of Wenatchee, for example, has committed to leasing a parking lot under a multifamily development as a way to incentivize private, multifamily housing development and strengthen downtown economic growth. The Workforce Housing Initiative in Oregon seeks to foster public-private partnerships to create new affordable housing opportunities that enable employees to live near their place of employment. A regional production home builder reported that besides producing large, single-family homes, they have experience with other housing types, including small homes and farmworker housing, and are amenable to working with municipalities to meet specific housing needs.

ADDRESS STATE-LEVEL POLICY FRAMEWORKS AND PRIORITIES

While there is much work to be done locally, speakers also highlighted the importance of state-level policy frameworks and included lobbying in their tool kit. Because much of housing development and building is governed by state-level policies, lobbying is important for securing legislation that gives jurisdictions the flexibility to craft locally viable solutions and the ability to leverage financing. Small, largely rural regions like ours face different challenges with regard to affordable housing than booming metropolitan areas. State frameworks that recognize geographic diversity could enable more locally appropriate solutions. For example, leaders in Wenatchee are seeking legislative changes that would allow communities to define their unique affordability needs. College Place and other jurisdictions are lobbying for changes to the MFTE that would give cities smaller than 15,000 the ability to use it. Advocacy groups are lobbying for changes to regulations governing different types of housing, such as tiny homes and manufactured homes, in order to make them more feasible options.

Conclusions

1 Because safe, affordable housing is a cornerstone of a strong, vibrant, healthy community, our region will be stronger and more resilient if we reduce the number of households that are cost-burdened.

2 Community outreach and education regarding the benefits of affordable housing to the individual and to the community is a crucial part of generating public support for affordable housing solutions.

3 Cultivating both strong political leadership and public support is crucial for creating and implementing innovative affordable housing solutions.

4 In light of multiple, conflicting calculations, it is important to use consistent, transparent and shared methods of measuring housing affordability that help us understand and address the full spectrum of need in our region.

5 It is important to remember the housing market is a dynamic whole; changes regarding real estate investment, housing and land use policy; supply of developable land; and inventory of any housing type will impact the entire market.

6 It is important to identify ways to leverage all available funds in order to address housing needs that are not currently being met in our region.

7 In order to address the lack of affordable housing, we need to better understand the gaps between the existing housing stock and the specific needs of different demographic groups (e.g., seniors, families with children, people with disabilities, students, low-income households and singles).

8 In order to help address the homeless problem in our communities, the inventory of and access to affordable housing must be increased.

9 The "housing first" approach to homelessness—which asserts the importance of providing safe housing prior to addressing other issues such as mental health and substance use—is nationally recognized as a best practice.

10 It is important to recognize that lower-income households struggle to obtain affordable housing at higher rates than higher-income households—and that, in comparison to homeowners, a greater percentage of renters is cost-burdened.

11 It is important to address bottlenecks and barriers that limit people's ability to use the housing vouchers for which they qualify.

12 There can be many barriers to obtaining rental housing, including having to submit multiple application fees and act quickly when units are available. Prospective renters, at every income level, could save time and money if a single application would provide access to the local rental market.

13 Educational programs and support services play a critical role in helping many low-income renters obtain and keep affordable housing units.

14 Home ownership can be an affordable housing option. A campaign that provides information—especially for first-time home buyers—regarding available housing and government-supported home loan programs would be beneficial.

15 It is important to assess the housing needs of the "missing middle"—those who do not qualify for government-supported units but cannot afford market-rate housing.

16 Through careful planning, jurisdictions can determine density and attract housing development by providing required infrastructure in undeveloped areas within the urban growth boundary.

17 Tax incentives that encourage the development of multifamily housing and mixed-use development are valuable tools to encourage private developers to invest in diverse housing types.

18 Since land costs are a big obstacle to creating affordable housing, it is important to consider how our communities can increase the amount of developable land, where appropriate, and leverage under-utilized or surplus publicly owned land to support the development of affordable housing options.

19 Increasing housing density can reduce the cost of land per dwelling unit and increase the efficiency of service provision, such as sewer, water and utilities.

20 To address the high costs of housing development and produce more affordable units, it is important to consider accessibility to water, sewer and other infrastructure.

21 There is a shortage of skilled labor in the building trades, and there may be partnership opportunities to create a local, skilled construction labor force.

22 A cost-effective way to provide affordable housing is to preserve the units that already exist. Weatherization and home repair programs are valuable tools to aid in that effort.

23 It is important to allow for the use of factory-built homes, since they can be less expensive to build than traditional stick-built homes.

24 Parking requirements increase the cost of housing and may not be appropriate for all housing developments.

25 When seeking to construct new affordable housing units, it is critical to build in proximity to employment, services, public transit, retail services and amenities.

26 Jurisdictions can create fee structures for capital facility charges/system development charges and building permits that incentivize the production of diverse housing types. Further, by explaining their fee structures in an accessible and transparent manner, jurisdictions can provide the public and developers with valuable information that can support affordable housing goals.

27 To better meet the housing needs of our community, zoning and building codes need to be flexible and allow for diverse housing options, including multifamily housing, cottage housing and accessory dwelling units, and high-density development.

28 Consideration should be given to strategies and incentives that will encourage manufactured home communities to remain a source of affordable housing.

29 It is important to advance policies that are equitable and flexible in order to address the specific housing needs of local communities.

30 Community land trusts can provide an effective pathway to home ownership for low- and moderate-income residents.

31 Land bank authorities are valuable tools for redeveloping and rehabilitating neglected, forgotten and abandoned properties, but Oregon and Washington do not currently enable the creation of local land bank authorities.

Recommendations

to meet the need for safe and affordable housing

Recommendations are the Study Committee's specific suggestions for change, based on the findings and conclusions. They are listed without prioritization.

1 Develop a multi-jurisdictional task force of elected officials, community leaders and industry representatives to create and implement innovative affordable housing solutions in order to reduce the number of households that are cost-burdened.

2 Develop shared measurements of affordable housing that address the full range of need, using publicly available data.

3 Conduct community outreach and education regarding the benefits of affordable housing to the individual and the community.

4 Conduct community outreach and education that builds awareness and support for a broad range of housing types, including manufactured homes, accessory dwelling units, cottage housing, tiny homes, multifamily housing and other less expensive housing types as affordable housing strategies.

5 Advocate for policies that are flexible and equitable to better address housing needs.

6 Encourage legislation that would enable the creation of land bank authorities in Oregon and Washington.

7 Advocate for changes to the Low-Income Housing Tax Credit (LIHTC) scoring process so projects that locate housing in proximity to transit are encouraged.

8 Permit factory-built homes as a viable and potentially less expensive alternative to stick-built ones.

9 Compile an inventory of funding sources that support affordable housing efforts, including construction, renovation, weatherization and repair, mortgage lending, rental support, education programs, and tenant and landlord services.

10 Identify and publicize support services and educational materials that help low-income renters obtain and keep affordable housing. Create training programs and incentivize attendance.

11 Explore ways to better utilize housing vouchers.

12 Support the application of the "housing first" model.

13 Explore the development of a single rental application process.

14 Create, and/or expand access to, programs that educate home buyers regarding the mortgage process and government-supported home loan programs.

15 Increase the production of mixed-use development by locating housing in proximity to employment, transit, education, retail services and amenities.

16 To help guide housing development, make site information—such as existing infrastructure, distance to schools and major centers of employment, and proximity to transit and non-motorized modes of transportation—publicly available.

17 Explore ways to increase the amount of land that has development potential in our region by, for example:

- Examining the factors that can lower land development costs.
- Reviewing the possibility of expanding urban growth areas.
- Reviewing the regulatory framework that governs development.

18 Promote and adopt development policies and regulations that allow for diverse housing options by, for example:

- Identifying and supporting tax incentives that encourage private developers to invest in diverse housing types.
- Reviewing existing fee structures and advocating for changes that encourage the production of diverse housing types.
- Publicly communicating fee structures and rationales for transparency and decision-making.
- Encouraging zoning that allows for higher density development.

19 Reduce capital facility charges/systems development charges to encourage infill and multifamily development.

20 Establish flexible parking standards to suit household types, residential needs and neighborhood characteristics.

21 Support efforts to inventory under-utilized state-owned property and surplus public property for the development of housing for very low-, low- and moderate-income households in Washington, as described in RCW 43.63A.510 and RCW 39.33.015.

22 Identify methods to utilize neglected and abandoned properties, and explore strategies to promote the redevelopment of second story and above spaces within downtowns.

23 Allow for the preservation and development of manufactured housing communities by, for example:

- Developing a how-to guide for residents of manufactured home communities to create a co-op in order to preserve their residences in the event the owner wants to redevelop the land.
- Addressing zoning policies that make it difficult for manufactured homeowners to upgrade or replace their homes.

24 Identify and implement methods for increasing the construction trades labor force.

25 Identify and implement methods for preserving existing housing stock, reducing utility costs and making homes more energy efficient by, for example:

- Increasing the capacity of weatherization and home repair programs.
- Developing strategies to identify irregularities in utility usage and provide assistance to support energy efficiency.

26 Explore the creation of a community land trust for housing in the region.

27 Explore the need for, and impact of, additional student housing in the region, and identify opportunities to support affordable student housing.

28 Conduct a study on the housing needs of seniors, the "missing middle," people with disabilities, students, low-income households and singles to identify gaps and formulate strategies for improvement.

List of Abbreviations

ADU: Accessory Dwelling Unit
AMI: Area Median Income
BMAC: Blue Mountain Action Council
CAPECO: Community Action Program of East and Central Oregon
CDBG: Community Development Block Grant
CoC: Continuum of Care
CORD: Corps of Discovery
FHA: Federal Housing Authority
FMR: Fair Market Rent
GMA: Growth Management Act
HAI: Household Affordability Index
H+T AI: Housing and Transportation Affordability Index
HUD: Department of Housing and Urban Development
LIHTC: Low-Income Housing Tax Credit
MFTE: Multifamily Tax Exemption
OHCS: Oregon Housing and Community Services
ROCC: Rural Oregon Continuum of Care
SSVF: Supportive Services for Veteran Families
SHARE: Securing Homes on Affordable Real Estate
UGA: Urban Growth Area
UGB: Urban Growth Boundary
UCHA: Umatilla County Housing Authority
USDA RD: U.S. Department of Agriculture Rural Development
VA: Veterans Affairs
VASH: Veterans Affairs Supportive Housing
WCRER: Washington Center for Real Estate Research
WHI: Workforce Housing Initiative
WWCC: Walla Walla Community College
WWHA: Walla Walla Housing Authority
WWMSA: Walla Walla Metropolitan Statistical Area

Glossary

Accessory Dwelling Unit (ADU): A small (up to 1,100 square feet), self-contained residential unit that is located on the same lot as a single-family house but functions independently of the house. ADUs can be "attached" as a separate unit within the single-family residence (e.g., basement or attic) or fully detached—also called a "mother-in-law apartment."

Affordability gap: The difference between the median-priced home and what the median income household can afford to spend on a home.

Affordable housing: Housing (rent or mortgage, and utilities) that costs no more than 30% of a household's pre-tax income.

American Community Survey: Annual survey conducted by the U.S. Census Bureau to gather and make public intercensal data regarding the population. Data is based on a sample of 3.5 million households.

Area Median Income (AMI): Median family income in an area (usually a county), calculated by HUD, based on U.S. Census Bureau data and adjusted with reference to Fair Market Rent definitions. AMI is used to set income limits that determine eligibility for government-supported housing programs.

Building permits: Approval for construction or remodel of a building, issued by a local governing agency. The process ensures that the building complies with land use, construction and zoning regulations.

Capital facility charges: Fees assessed to new developments, building additions, and changes of use to help pay for municipal infrastructure such as sewer and water systems. In Oregon these fees are called systems development charges.

Community Development Block Grant (CDBG): A federal program administered by HUD that provides funding for a range of community development efforts, primarily targeting low-income populations. CDBG funds can be used for housing, economic development, public services, public infrastructure and facilities, and planning and administration. In our region, the City of Walla Walla qualified for a five-year CDBG grant from 2014 to 2018. A new five-year grant for $1.6 million will provide funds from 2019 to 2023. There is also a CDBG state program that allows states to provide resources to jurisdictions that do not receive CDBG funds.

Community land trust (CLT): An affordable housing strategy that removes land from the cost of real estate. Within a CLT, homes are purchased by a homeowner, but the land is owned by a nonprofit organization and leased for a modest fee to the homeowner. The resale value of homes within a CLT is determined with reference to the cost of living or wages, not the cost of land.

Consolidated Homeless Grant: Funds administered through the Washington State Department of Commerce that support efforts to help homeless individuals and families obtain housing.

Continuum of Care (CoC): A regional or local planning entity that coordinates housing services for homeless individuals and families, from emergency shelter through stable, permanent housing. Any agency seeking HUD funds is required to work within a CoC to maximize service coordination and efficient use of resources.

Coordinated entry: A system for providing a variety of services to individuals and families experiencing a housing crisis. The goal of coordinated entry is to provide a single point of entry for service provision and prioritize resource use so that the most vulnerable are served first.

Cost-burdened: When housing costs—mortgage or rent, and utilities—exceed 30% of pre-tax income.

Cottage housing: A group of small, single-family residences clustered together, usually around a shared green space or other common area.

Department of Housing and Urban Development (HUD): Federal, cabinet-level agency established in 1965 that oversees housing policy in the United States.

Document recording fees: Fees paid on a real estate transaction. In Oregon and Washington a portion of the fees is used to fund a variety of affordable housing strategies.

Down-renting: Renting housing that is less expensive than you would otherwise pay because there is not enough housing on the market at your price range. Down-renting results in a shortage of housing for those with lower incomes.

Fair Market Rent (FMR): Rental rate limits for a variety of federal housing programs, including the Housing Choice Voucher program. FMR is determined with reference to the 40th percentile of all market-rate rentals within a specified geographic area (in our region, a county), and adjusted based on market survey research and changes to the Consumer Price Index (CPI). FMR varies based on the number of bedrooms within a housing unit. FMR is updated annually by HUD.

Extremely cost-burdened: When housing costs—mortgage or rent, and utilities—exceed 50% of pre-tax income.

Extremely low-income: Households earning less than 30% of AMI.

Federal Housing Administration (FHA): Federal agency, under HUD, that provides mortgage insurance on loans made by FHA-approved lenders and supports home ownership through federally backed home lending programs.

Government-supported housing: Housing that utilizes public money to lower the cost for individuals and households.

Household size: The number of people living in a home.

Housing Affordability Index (HAI): An index that measures the ability of a family with the median income to afford the median-priced home. A HAI score of 100 means that a family with the median income has exactly enough income to qualify for a mortgage on a median-priced house. A score over 100 means that a family with the median income has more than enough to afford the median-priced home, while a score below 100 means that the median-priced home is not affordable to a family with the median income.

Housing authority: A public corporation that develops and manages low-income housing.

Housing First: An approach to addressing homelessness (now regarded as standard practice and supported by HUD) that asserts the importance of providing housing prior to addressing other concerns, such as substance abuse or mental health issues.

Housing and Transportation Affordability Index (H+T AI): An index that considers the cost of housing *and* transportation to provide a more complete understanding of the affordability of a location. The measurement incorporates transportation costs based on average car ownership and usage, and public transit usage for a given geographic area. Housing costs (rent or mortgage and utilities) should be no more than 30% of household income and transportation costs should be no more than 15% of household income to be considered affordable. In general, the H+T AI shows that housing is more affordable when it is located in proximity to public transit, employment, education, shopping, services and amenities.

Housing Trust Fund: A federal program, administered by HUD, that provides funds to states and state-designated entities to develop or preserve affordable housing for extremely low- and very low-income households.

Housing voucher: A form of payment to help cover the cost of rental housing. There are several types of housing vouchers, including those issued by the federal government, such as Section 8 vouchers (for low-income households) and VASH vouchers (for veterans). Vouchers are used to make up the difference between what the household can afford (about 30% of income) and the cost of the housing unit. Vouchers can only be used to rent units that fall within FMR limits, and all units that are rented with vouchers are subject to regular inspections.

Land bank authority: A public entity that acquires and repurposes abandoned, neglected or forgotten properties. Properties acquired by Land Bank Authorities are often redeveloped in partnership with other agencies, such as HUD, housing authorities, nonprofits and private developers, to achieve affordable housing goals. Creating a land bank authority requires enabling legislation at the state level (such legislation currently does not exist in Oregon or Washington) and the creation of a local ordinance.

Low-income: Households earning 50% to 80% of AMI.

Low-Income Housing Tax Credit (LIHTC): A tax credit program designed to stimulate private investment in rental housing for low-income households. Federal tax credits are allocated to states based on population. States determine how to award tax credits to developers based on their priorities and goals. Developers who receive tax credits can use them to raise capital for housing production—the tax credit is a dollar-for-dollar reduction in federal tax liability. Units funded by LIHTC must be affordable to households with an income no higher than 60% of AMI; rent cannot exceed 30% of household income. The units must be affordable for 30 years, though the tax credits usually extend for 10 years.

Manufactured home: A home that is built in a factory and transported to a residential location. Manufactured homes can be titled with the land or located in a manufactured home community where the land is leased. Manufactured homes built prior to 1976 are often referred to as mobile homes; since then, HUD has regulated manufactured housing and imposed national standards regarding construction, design, quality, safety and energy efficiency.

Manufactured housing community: Two or more manufactured homes located on land that the manufactured home owners lease.

Market-rate housing: Housing for which price is determined through the private market.

Median: The middle value in a distribution—half of the values are above the median, half are below.

Median family income: The middle value in the distribution of all family incomes. A family consists of at least two people who are related to each other—by birth, marriage or adoption—and are living in one home. In most locations, median family income is higher than median household income.

Median household income: The middle value in the distribution of all household incomes. A household consists of all the people who live in a home together, regardless of whether or not they are related. A household can be a single individual. In most locations, median household income is lower than median family income.

Missing middle: The lack of housing stock available for moderate-income (about 80% to 120% of AMI) households that earn too much to qualify for subsidized housing but too little to afford market-rate prices.

Mixed-use development: Development that contains different forms of usages in one, typically pedestrian-friendly, location. For example, commercial uses on the ground level and housing units above with employment, services and retail nearby.

Moderate-income: Households earning 80% to 115% of AMI.

Multifamily housing: Multiple dwelling units, typically with shared walls (e.g. duplexes, triplexes, fourplexes or apartments).

Multifamily Tax Exemption (MFTE): Washington State tax exemption program designed to stimulate the construction of multifamily housing within designated urban areas. Cities with population greater than 15,000 can use this tool; cities with population of less than 15,000 can use it if they are the largest urban area in a county planning under the Growth Management Act. With the MFTE, municipalities can 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). Cities can also 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.

Over-housed: When house size is larger than what the household needs or can afford. For example, a senior living in a three-bedroom home after the children have moved out and the spouse has passed away.

Production home builder: A company that builds a group of homes with several different floor plans. Production home builders can typically build for less cost than custom builders because they purchase land, labor and materials in volume.

Project-based rental assistance: Rental assistance for low-income households that makes up the difference between what the household can afford to spend on housing (about 30% of their income) and the cost of the unit. Project-based rental assistance is tied to certain properties, and the payment is made directly from the government to the landlord.

Source of income discrimination: A form of discrimination based on the source of income (e.g., a housing voucher that a tenant uses to pay for rent). It is illegal in Oregon and Washington to discriminate against a potential renter based on their source of income.

Systems development charges: Fees assessed to new developments, building additions and changes of use to help pay for municipal infrastructure such as sewer and water systems. In Washington these fees are called capital facility charges.

Tenant-based rental assistance: Rental assistance for low-income households in the form of a voucher, which tenants can use to shop for housing on the private market. The voucher makes up the difference between what the household can afford to spend on housing (about 30% of their income) and the cost of the unit. Units rented with a voucher must fall within FMR limits.

Tiny home: A small, independent dwelling unit, usually less than 500 square feet. Tiny homes can be set on a foundation or mounted on wheels.

Urban growth boundary: A boundary that establishes areas designated for additional growth (development). Urban growth boundaries seek to concentrate housing and urban development within the boundary and preserve open space and farmland outside the boundary. Urban growth boundaries are implemented in compliance with Growth Management Acts in Washington and Oregon.

U.S. Department of Agriculture Rural Development program (USDA RD): A federal program that supports rural development. USDA RD provides several types of funding for housing for low-income populations in rural and semi-rural areas.

Vacancy rate: The percentage of rental units that are vacant within a given geographic area. A low vacancy rate means that few units are available as rentals, which typically results in rent increases.

Vertical housing: Mixed-use developments with commercial space on the ground floor and residential units on the floors above.

Very low-income: Households earning 30 to 50% of AMI.

Department of Veterans Affairs (VA): Federal, cabinet-level agency that oversees policies and programs regarding veterans.

Walla Walla Metropolitan Statistical Area (WWMSA): A census-designated area comprising Columbia and Walla Walla counties.

Weatherization: Building maintenance and modification that enhance a building's energy efficiency and protection from the elements (e.g., wind, rain, cold). Weatherization can reduce energy costs and make a property more comfortable.

Zoning: Codes that describe allowable land use (e.g., residential, commercial) and regulate site design (e.g., setbacks, density, height).

Study Resource Speakers

Maria Alonso, Community member

Meagan Bailey, Columbia County

Kirsten Beaman, United States Department of Agriculture, Rural Development

Jennifer Beckmeyer, Community Development Block Grant, City of Walla Walla

Melissa Buckley, Penrith Home Loans

Elizabeth Chamberlain, City of Walla Walla

Riley Clubb, City of Walla Walla

Robert Cochran, Manufactured Housing Communities of Washington

Kathy Covey, Blue Mountain Action Council

Ben Currin, Horizon Project

Deb Flagan, Hayden Homes

Judy Garcia, Cascade Management

Tom Glover, Walla Walla County

Emily Grossman, Washington State Department of Commerce, Community Services and Housing Division

Kimberly Gottardi, Community member

Liz Guerra, Blue Mountain Action Council

Denise Jerome, Community Action Program East Central Oregon

Steve King, City of Wenatchee

Tina King, Windermere Property Management

Lawson Knight, Community member

Sierra Knutson, Walla Walla County Department of Community Health

Ted Koehler, Blue Mountain Action Council

Yara Martinez, Sharpstein Elementary School

Jon Rickard, City of College Place

Mike Rizzitiello, City of College Place

Craig Rongey, Manufactured Housing Communities of Washington’s Southeast Unit

Renée Rooker, Walla Walla Housing Authority

Sheryl Stansell, Upper Valley Meeting Each Need with Dignity

Ajsa Suljic, Washington State Employment Security Department

Kim Travis, Oregon Housing and Community Services

Jennie Weber, Washington State Employment Security Department

Andrea Weckmueller-Behringer, Walla Walla Valley Metropolitan Planning Organization

Allison Williams, City of Wenatchee

Anne-Marie Zell Schwerin, YWCA

Notes

Community Partners

Punkey Adams
Brian and Dede Anderson
Anonymous
Jon and Mary Campbell
Larry Clinton
Sharon Clinton
Roger Esparza
Anne Haley and Jim Shepherd
Cheri and Mark Heafy
Kontos Cellars
Jeff Reynolds
Sawatzki Valuation, Litigation & Forensic Services

Grantors

Clara and Art Bald Trust
Blue Mountain Community Foundation
Bonnie and Clifford Braden Foundation
Cape Flattery Foundation
Mary Garner Esary Trust
Group Health Foundation
Sherwood Trust
J.L. Stubblefield Trust
United Way
George T. Welch Trust
Kenneth B. Wells Trust
Yancey P. Winans Trust

Study report sponsored by:

escape lodging

Columbia REA
A Touchstone Energy® Cooperative
The power of human connections

PACIFIC POWER
A PACIFICORP COMPANY

COLUMBIA TITLE COMPANY

Creative services and printing sponsored by:

COFFEY communications

Community Council

Vision

A community where all people come together to create the future they want.

Mission

Community Council's mission is to foster a trusted gathering place where people engage in dialogue, inquiry and advocacy to build a vibrant region for everyone.

Contact Us

Community Council
P.O. Box 2936
Walla Walla, WA 99362
www.wwcommunitycouncil.org