



HOUSING ACTION & IMPLEMENTATION PLAN

NOVEMBER
2024



HOUSING OPTIONS
FOR ALL

Thank you

Special thanks to the entire City of Pasco community for sharing your time, knowledge, and energy to put forth a strategy that aims to meet your needs and interests.

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Special thanks to the Housing Stakeholder Workshop Group, whose expertise and commitment helped steer this plan in the right direction. We also want to express our appreciation to the over 850 community members who took the time to share their insights and perspectives through our Community Housing Survey. Your voices have been a driving force behind our efforts. Thank you.

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Executive Summary

The City of Pasco's Community and Economic Development Department proudly presents its first comprehensive strategy to address the pressing housing challenges facing our community. Pasco has witnessed remarkable growth, tripling in size since 2000, and is home to over 80,000 residents. Projections indicate that by 2045, more than 140,000 community members will call Pasco home.

Our plan is a product of extensive community and stakeholder engagement, tailored to Pasco's unique needs and future demands. It outlines actionable strategies, rooted in current environment, while considering the evolving housing landscape. We are committed to forming robust partnerships with agencies, organizations, the private sector, nonprofits, and advocacy groups to fulfill these housing needs.

This plan's driving force is to ensure that Pasco remains a welcoming home for all residents, regardless of their diverse needs and life experiences. This plan affirms our dedication to providing a range of housing options to create a more inclusive and thriving community.

As we proceed with the plan's implementation strategies, we invite all residents and businesses to actively engage in building a stronger Pasco. Together, we can ensure that housing remains accessible to all, fostering a more vibrant and equitable city.

Introduction

Pasco Housing Action Plan (HAP) is a strategic plan to identify ways the City can meet its present and future housing needs for all households. Pasco is one of the fastest growing cities in the Tri-Cities region. The City's population is estimated to reach 121,828 in 2038 according to the Office of Financial Management. This will be a 52% increase from the City's 2022 population of 80,180. The plan encourages the construction of affordable and market-rate housing to increase the supply of housing.

The State legislature has implemented several policies to encourage housing supply including House Bill 1923 to make changes to zoning and development regulations. The City of Pasco is undertaking the HAP to better understand the housing challenges faced by city residents, workers, and employers, and how to best address them.

Organization of the Report

This document discusses three major components of a Housing Action Plan, existing housing conditions, market assessment, and need projections. Based on these analyses, recommended strategies and actions are identified. Additional analysis on existing housing conditions and displacement analysis have been performed by NYU Wagner Capstone Team and are available under appendices B and C. Public participation results are available in Appendix A.

Context

Both the City of Pasco and Franklin County experienced a rapid population growth between 2010 and 2021. Since 2010, Pasco saw its population grow by 32 percent or 18,919 people. This translates to an annual average growth rate (AAGR) of 2.53 percent for Pasco between 2010 and 2021. Similarly, Franklin County's population grew by 26 percent or 20,187 people. Franklin County's AAGR between 2010 and 2021 was slightly lower than Pasco at 2.11 percent. Overall, the City of Pasco makes up 80 percent of Franklin County's total population in 2021.

Exhibit 1. Population Growth, Pasco and Franklin County, 2010-2021

Source: Office of Finance and Management (OFM), ECONorthwest calculations

	2010	2020	2021	2010-2021 Change	
				Number	AAGR
Pasco	59,781	77,108	78,700	18,919	2.53%
Franklin County	78,163	96,749	98,350	20,187	2.11%

Data sources

The demographic and socioeconomic data was derived from US Census data for Pasco and the American Community Survey (ACS) 5-Year Estimates and. The ACS is a demographic survey

distributed to American homes, designed to collect demographic data ranging from race to ability/disability. Using Franklin County census tracts, data was compiled to create a profile of the City of Pasco. Data from the Office of Financial Management (OFM) and Comprehensive Housing Affordability Strategy (CHAS) were also used.

Existing Housing Conditions

This section identifies Pasco's existing housing conditions and future needs. This gives an overview of Pasco's demographic conditions, housing inventory, growth, and employment trends. A detailed analysis on Pasco's existing conditions is performed by New York University Wagner Capstone Team (Appendix A). This section evaluates demographic and economic conditions of the community.

Who live in Pasco?

Pasco's population is relatively young

Exhibit 2. Median Age, Pasco, Franklin County, and Washington, 2021

Source: American Community Survey (ACS) 2021 5-year estimates

	Pasco	Franklin County	Washington
Median Age	29.9	30.5	37.9

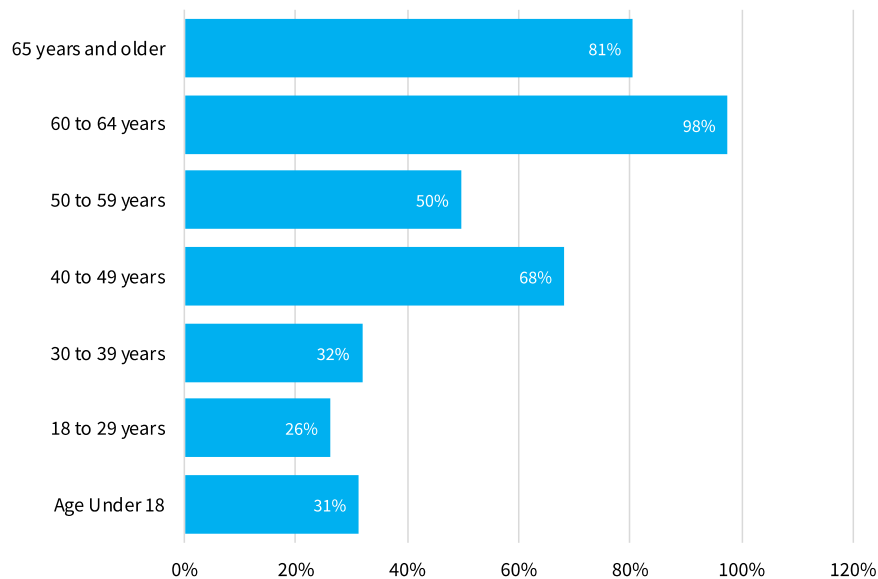
- Pasco's population generally skews younger with a median age of 29.9. In comparison, Franklin County has a median age of 30.5 and Washington 37.9. Children (ages 0 to 17 years old) represent 33 percent of the population, while adults ages 18 to 64 make up about 58 percent.

Senior adults (60 years and older) saw the fastest growth in the past decade

Between 2010 and 2021, Pasco had increased number of residents among seniors 65 years and older. Senior residents age 60 and older saw almost a 90 percent increase between 2010 and 2021. Although Pasco does not have a large senior population, this population cohort has rapidly grown over the past decade (Exhibit 3).

Exhibit 3. Change in Age Distribution, Pasco, 2010-2021

Source: American Community Survey (ACS) 2010 and 2021 5-year estimates

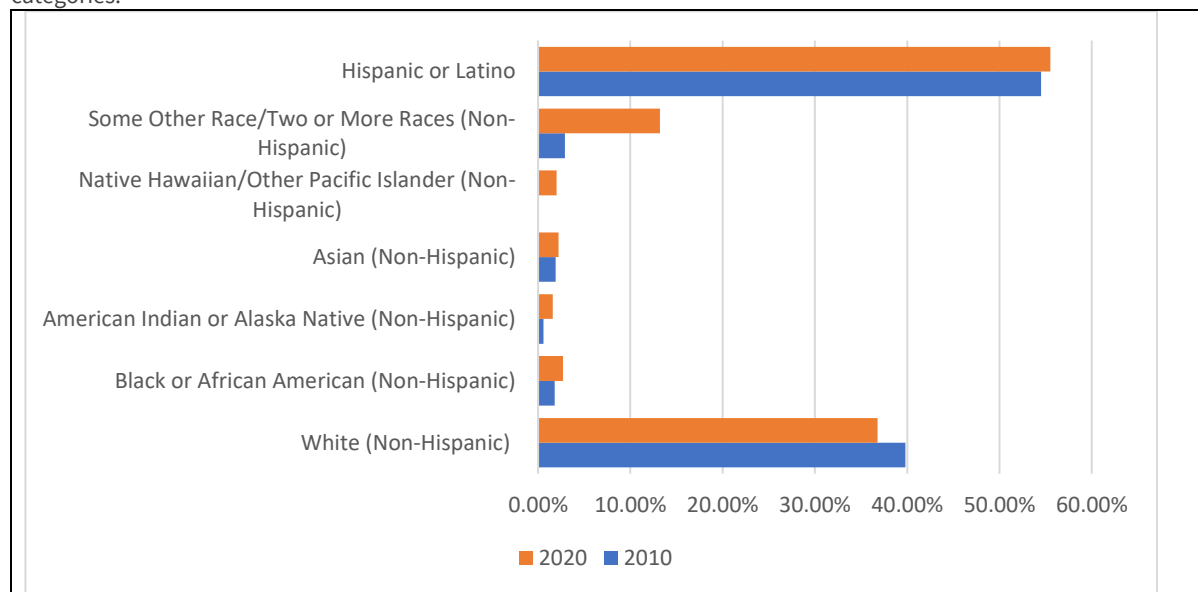


The Hispanic community continues to be a growing population group in Pasco

- Between 2010 and 2020, all race groups in Pasco have increased except for White non-Hispanic which decreased one percent. The majority of Pasco's residents are Hispanic (55.5%) and White non-Hispanic (36.8%). Exhibit 4 indicates race and ethnicity in Pasco in 2010 and 2020.
- In 2021, over half (56 percent) of Pasco's population identified as Hispanic. Growth trends indicate that Pasco will continue to grow rapidly, and Hispanics will continue to be a majority ethnic group.

Exhibit 4. Race and Ethnicity, Pasco, 2010-2020

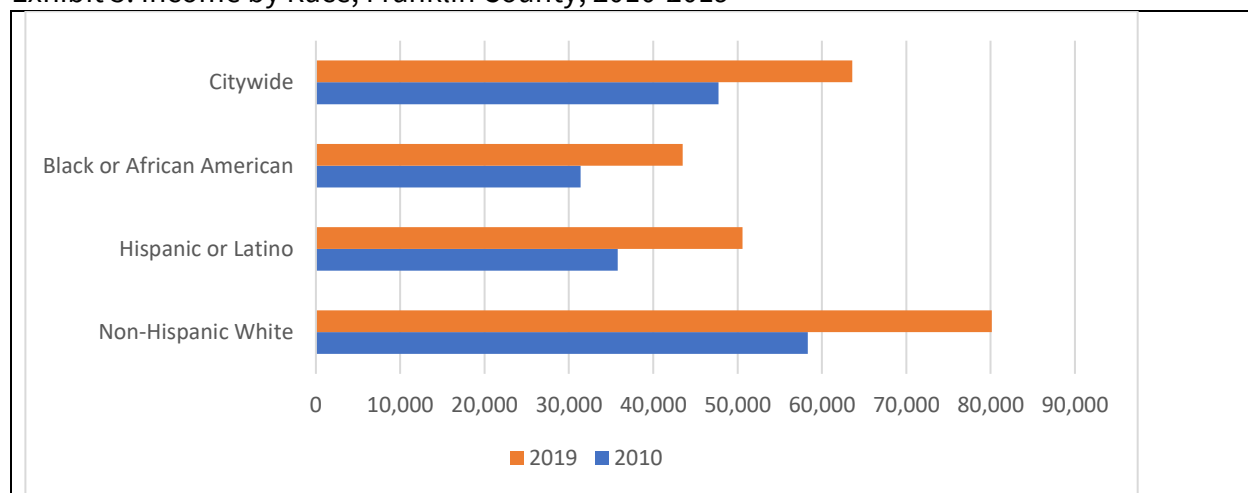
Source: US Census Bureau. According to US Census, Hispanics may be of any race, so also are included in applicable race categories.



Socio-economic gaps exist between Non-Hispanic White residents and Black and Hispanic residents

- Percentage of people living in poverty was highest among Hispanic (30%) in 2010, which has been reduced (22%) in 2019. The percentage of people living in poverty has been increased among Black or African American from 20% in 2010 to 27% in 2019. Non-Hispanic White has the decreasing trend from 9.4 % in 2010 to 7% in 2019.
- Pasco's median household income is \$70,486 according to 2021 census. Between 2010 and 2019, distribution of income is higher among White non-Hispanic compared to Hispanic, and Black or African American (Exhibit 5).

Exhibit 5. Income by Race, Franklin County, 2010-2019

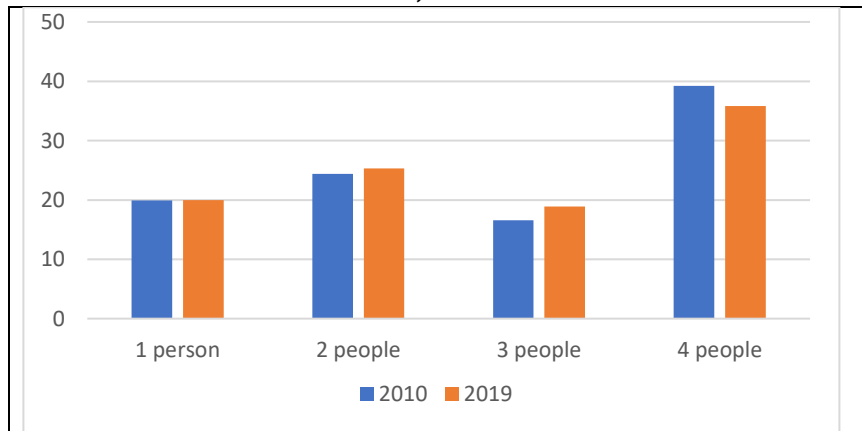


- Rates of college completion and attendance rose for Non-Hispanic White residents and Hispanic residents between 2010 and 2019. College completion is lower among Black or African American (15.3% and 6.4%). Overall, the lower educational attainment is a factor impacting long-run economic opportunity and mobility.

Smaller households are increasing in Pasco

- Over the last decade or so, small households increased and large households decreased, suggesting that future home demand may be satisfied by smaller dwelling units. The number of one, two- or three-persons households have increased while the four-person household has decreased from 39% to 36% in the last decade as shown in Exhibit 6.
- The average household size in Pasco has decreased from 3.32 in 2021 to 3.14 in 2022 (source: OFM)

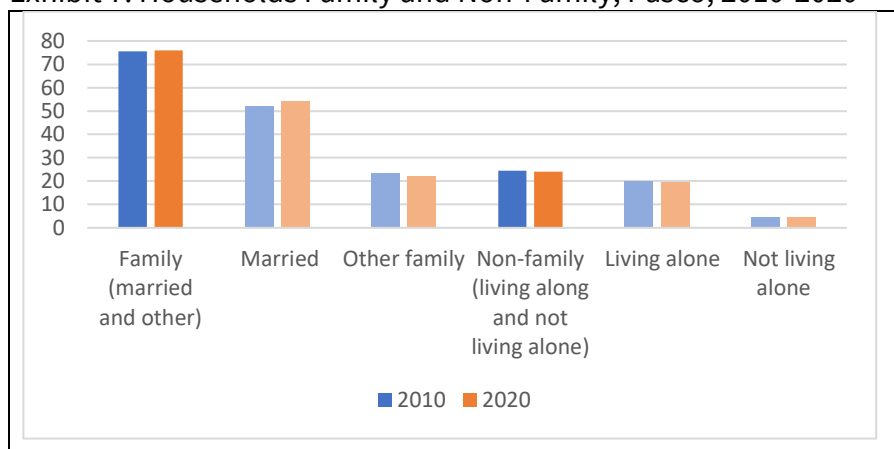
Exhibit 6. Households in Pasco, 2010-2019



Household make-up remains similar

- Various household types in Pasco such as family ((married and other), and non-family (living alone and not living alone) remains the same in the last decade. Family constituting 76% and non-family constituting 24% of the total household types in 2020 (Exhibit 7).

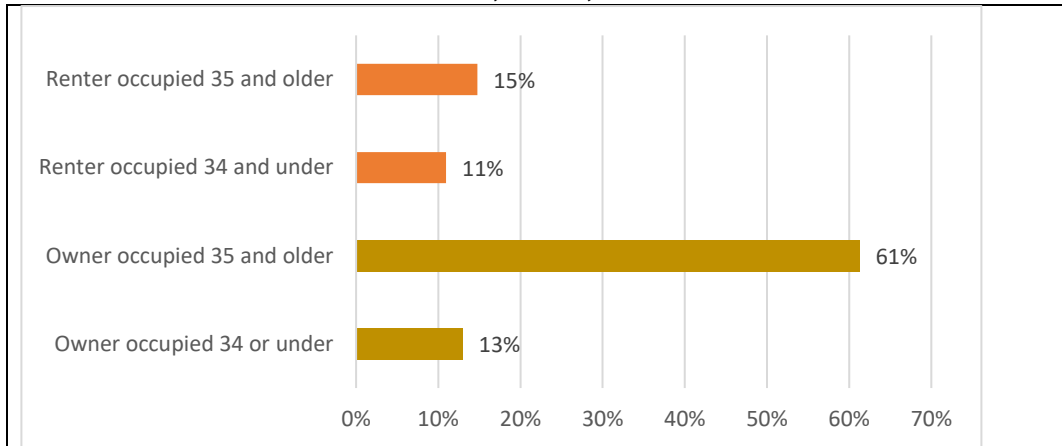
Exhibit 7. Households Family and Non-Family, Pasco, 2010-2020



Home ownership is higher among older population.

- Pasco had 74% of owner-occupied homes, and 26% renter occupied homes in 2021. Among all the homes, 61% is occupied by owners of 35 years or older (Exhibit 8).

Exhibit 8. Home-owners and Renters, Pasco, 2021

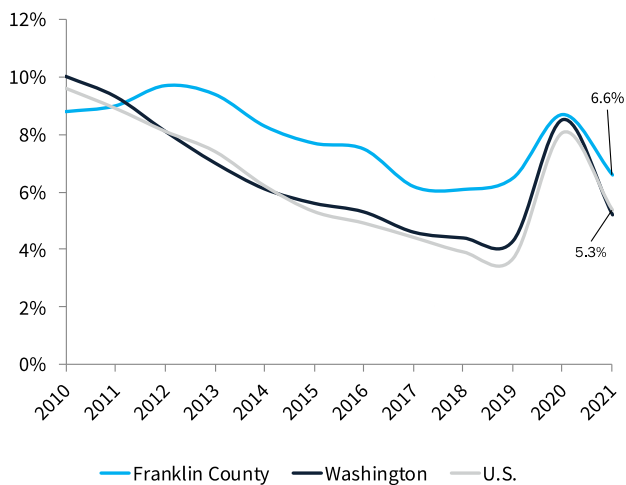


What are the economic conditions for housing?

Since 2010, unemployment rate has decline from a high of 10 percent in 2012, down to 6.6 percent in 2019. The COVID-19 pandemic of 2020 had an effect in jobs increasing the unemployment rate to 8.7 percent before quickly declining to 6.6 percent in 2021. In 2021 the unemployment rate was slightly higher in Franklin County compared to Washington and the State (Exhibit 9). Overall, labor market conditions are strong in Pasco with steady job growth and declining unemployment rate.

Exhibit 9. Unemployment Rate in Franklin County, Washington, and U.S, 2021

Source: Employment Security Department/LMEA; U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics



Median income of Hispanic households was 76% of the Non-Hispanic White households Countywide

- Median household income in Pasco was \$70,486 in 2021. Among various groups, median income is highest among Non-Hispanic White (\$89,121). Hispanic households made 76% of the Non-Hispanic White households (\$68,095) in 2021. Overall income has increased among all groups in the last decade, but income disparities still remain. Increase in median income is highest among Hispanic households in the last decade. Exhibit 10 indicates median Income in Franklin County from 2010 to 2019, and Exhibit 11 indicates median income in Pasco among different races.

Exhibit 10. Median Income in Franklin County, 2010 to 2019

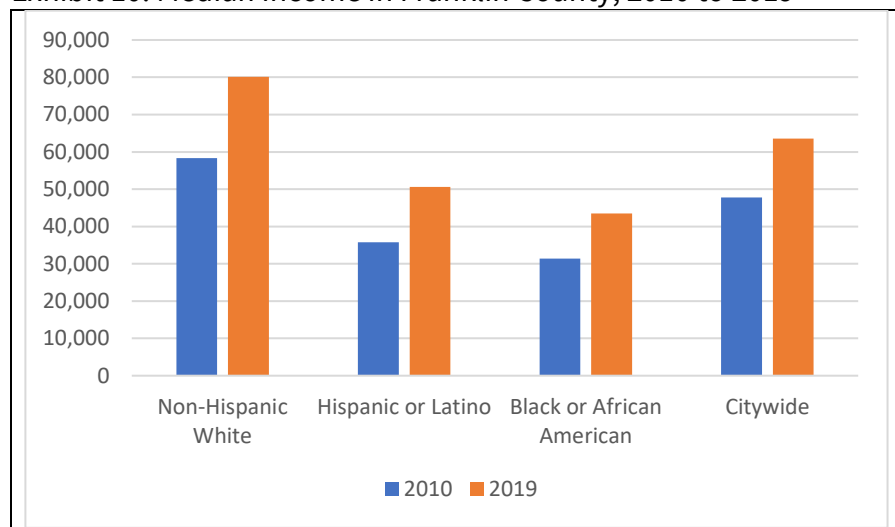
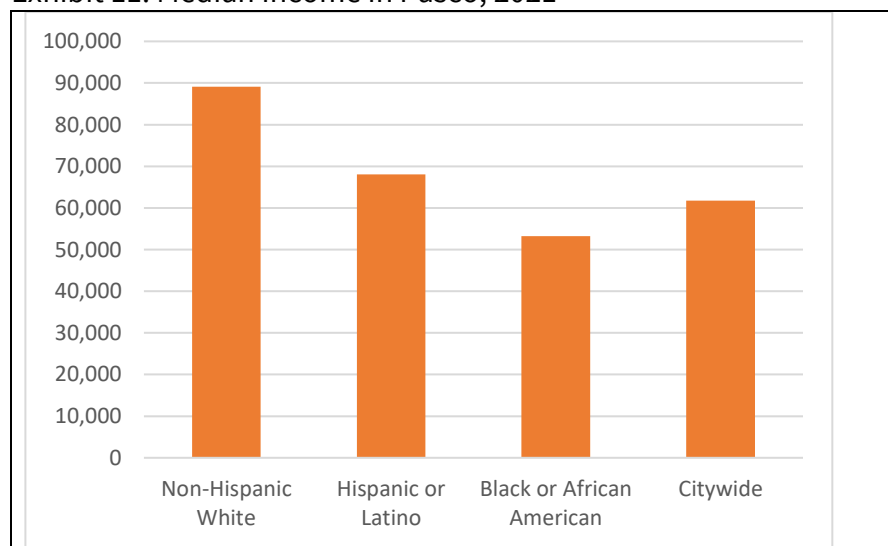


Exhibit 11. Median Income in Pasco, 2021

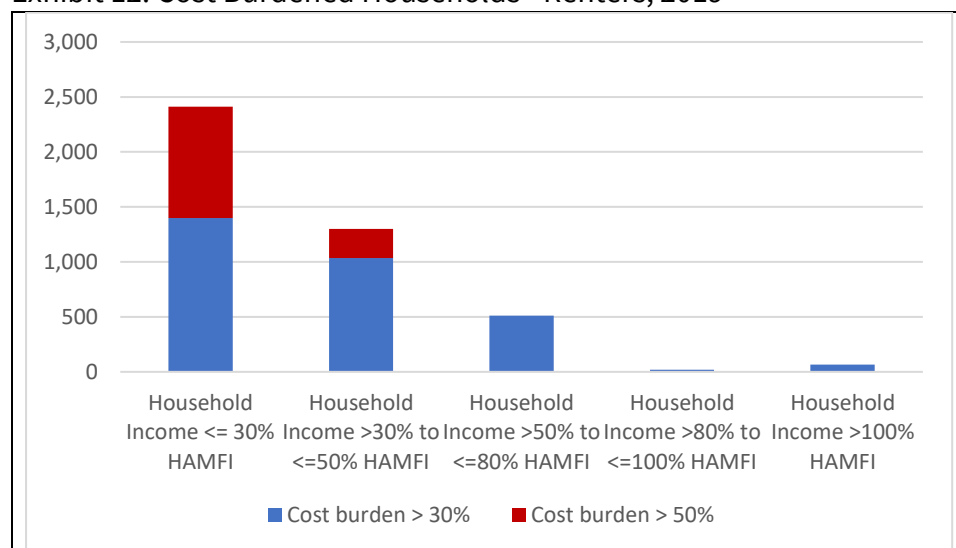


People earning 50% or less of the area median income (AMI) are mostly cost burdened.

State and federal standards specify that households spending more than 30% of gross annual income on housing experience a housing cost burden. Exhibit 12 indicates cost burdened renters, and Exhibit 21 indicates cost burdened owners in Pasco in 2019.

- Approximately 64% of renters and 22% of owners are cost burdened in Pasco (Source: CHAS data year 2015- 2019).

Exhibit 12. Cost Burdened Households - Renters, 2019



Cost burden among renters in Pasco have remained high since 2010

- Although cost burden has remained a little over 50 percent since 2010, the share of renters that are severely cost burdened has declined over time from 29 percent in 2010 down to 23 percent in 2021. This indicates that fewer renters are spending over 50 percent of their household income in housing costs (Exhibit 13).

Exhibit 13. Cost Burdened Households - Renters, 2010 and 2021

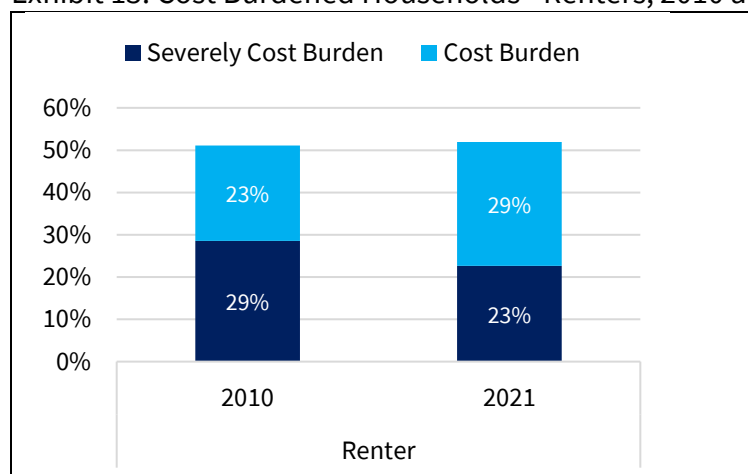
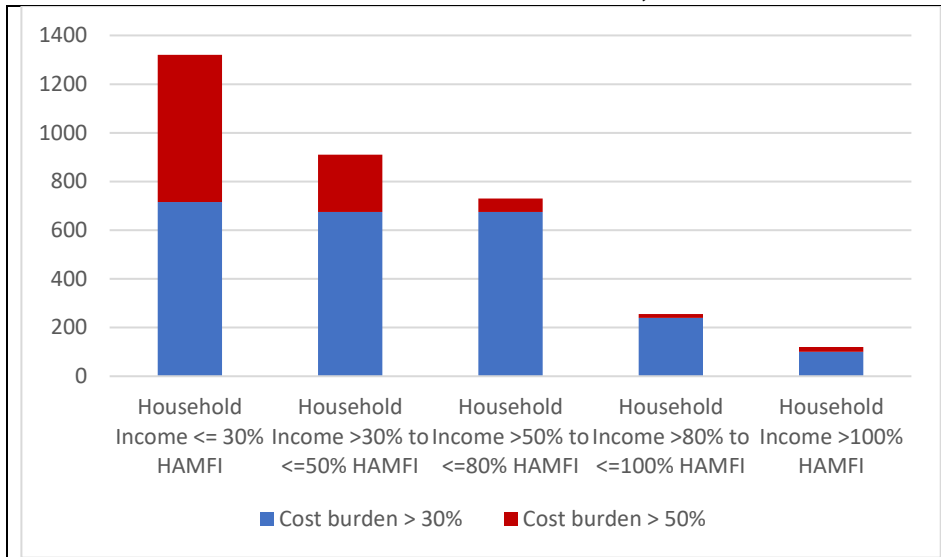


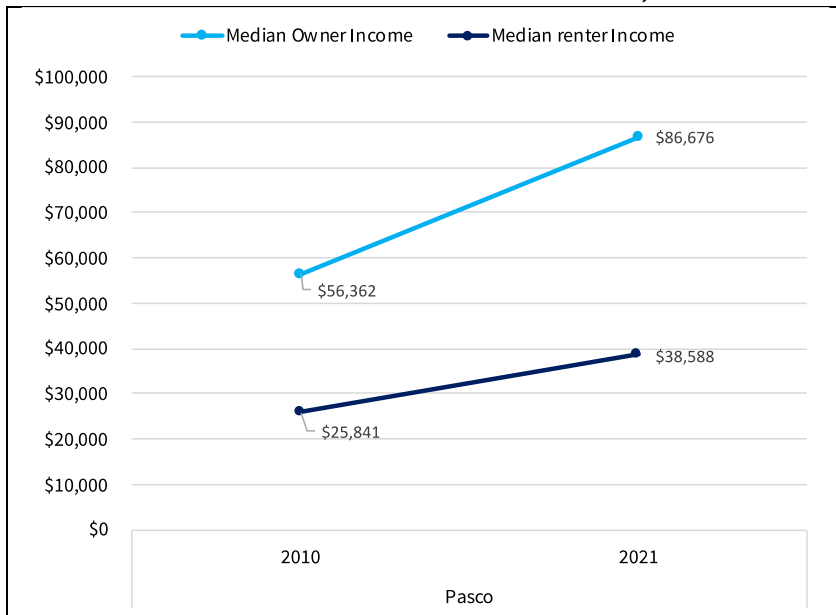
Exhibit 14. Cost Burdened Households - Owners, 2019



Median renter incomes have grown but remain very low.

- Median renter incomes have grown in the past decade, however in 2021 median renter incomes were \$38,588 compared to \$86,676 for the median owner income (Exhibit 15).

Exhibit 15. Cost Burdened Households - Owners, 2019

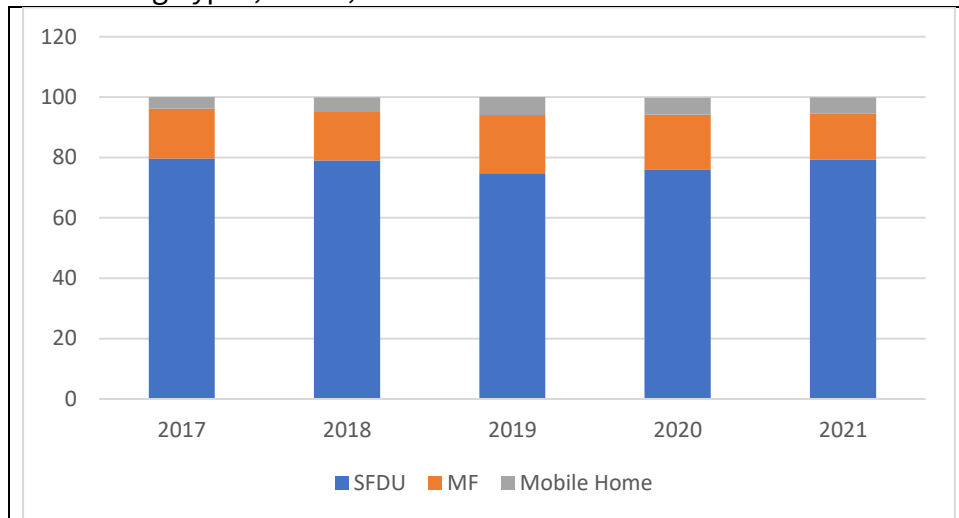


What are the current housing conditions in Pasco?

Single family homes dominate the housing stocks

- In the past five years, single-family dwelling units both attached and detached has been the pre-dominant housing types available in Pasco consisting about 80% of Pasco's housing supply (Exhibit 16).

Exhibit 16. Housing Types, Pasco, 2021

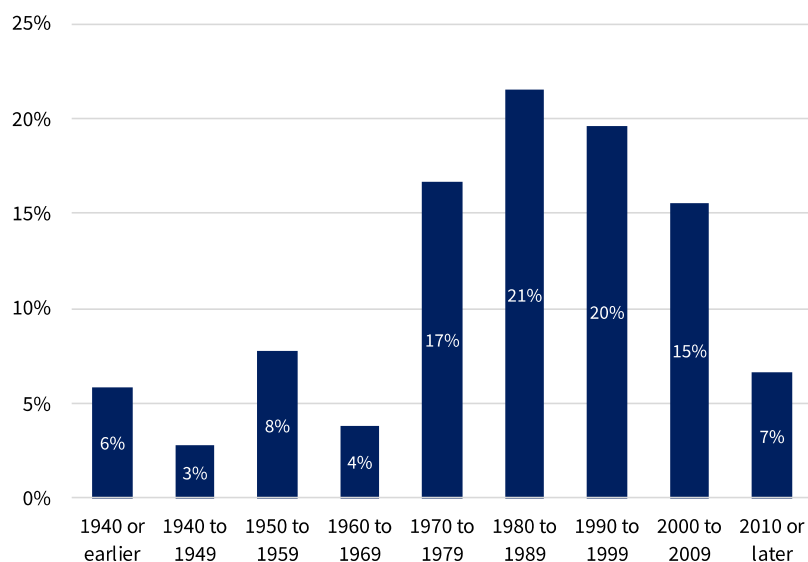


Majority of homes were built before 2010

Exhibit 17 shows the age of housing units in Pasco. The majority of Pasco's housing units were built in the 1970's and early 2000's. Units built since 2010 make up a small share of Pasco's total housing supply.

Exhibit 17. Age of Housing Units, Pasco 2021

Source: 2021 ACS 5-year estimates

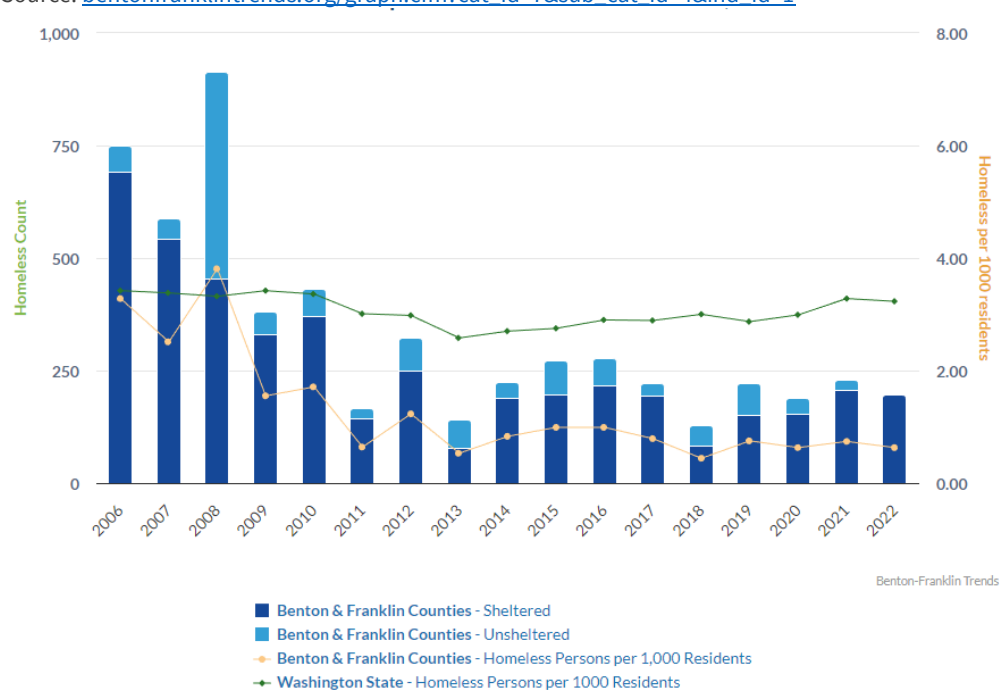


Homelessness

Visible homelessness has declined in Benton-Franklin Counties since 2006. Based on the point-in-time count¹ in 2020, there were 190 persons without homes, most of whom are sheltered. Exhibit 18 shows the trend of sheltered and unsheltered homeless population in Benton and Franklin Counties.

Exhibit 18. Total Homeless People and Homelessness Persons Per 1,000 Residents

Source: bentonfranklintrends.org/graph.cfm?cat_id=7&sub_cat_id=4&ind_id=1



Student homelessness in Benton-Franklin Counties exist although has declined significantly since 2014. This is not visible as this is evident in the form of shared spaces (EWU, 2022)

Affordable Housing Programs

Down Payment Assistance program. Under the City of Pasco's Community and Housing Improvement Program (CHIP), the City provides Down Payment Assistance (DPA) program to qualifying residents using Community Development Block Grants (CDBG). Under this program, the City will provide financing up to a \$10,000, which enables a low to moderate income person(s) or family to purchase a vacant or owner-occupied home for sale within the Pasco city limits.

The DPA program has seen reduction in funding due to HUD's restrictions and cap on eligible sale prices of homes. The sales price should not exceed 95% of the current median purchase price for the area according to HUD's eligibility requirements. In 2021, sales price for eligibility

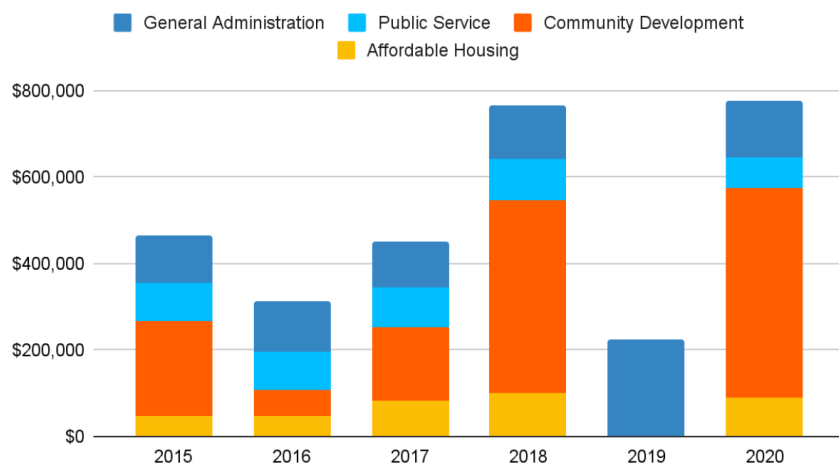
¹ The Point-in-Time homeless count is an enumeration of sheltered and unsheltered people experiencing homelessness on a single Wednesday night in January.

is \$302,000, and the median home price is \$336,093 in Pasco. As a result, the CDBG funding is being used in other community activities as shown in Exhibit 19 below.

Exhibit 19. CDBG Allocation by Year

Source: Consolidated Annual Performance Evaluation Reports (CAPERs)

CDBG: Funding Allocation by Reporting Year



Habitat for Humanity. Tri-County Partners Habitat for Humanity (Habitat) serves Franklin, Benton, and Walla Walla counties. Habitat for Humanity offers homeownership opportunities to families who are unable to obtain conventional house financing. Generally, this includes those whose income is 30 to 80 percent of the area’s median income. As part of the program, they contribute 500 hours of “sweat equity” on the construction of their home or someone else’s home (Habitat for Humanity, 2023). Habitat has built 87 homes in Pasco.

DSHS support. Washington State Department of Social and Health Services offers services at the County level for persons with disabilities. In addition to various social services, DSHS programs include Housing and Essential Needs (HEN), Community Behavioral Health Rental Assistance (CBRA), and Shelter Plus Care program that serves persons in behavioral health services. The HEN Referral program provides access to essential needs items and potential housing assistance for low-income adults who are unable to work for at least 90 days due to a physical or mental incapacity and are ineligible for Aged, Blind, or Disabled (ABD) cash assistance. The CBRA provides permanent rental subsidy for high-risk individuals with behavioral health conditions and their households. DSHS currently serves 147 households at the County level under these programs.

Displacement Risks

Overview

Displacement occurs when households are no longer able to remain in their homes due to rising housing cost. This may be a result of various factors such as redevelopment, major

renovations, or housing costs increasing faster than what people can afford. Residents may be forced out due to physical conditions that render homes needing redevelopment by owners. In Pasco, costs of home ownership and rents have risen over the past years, leaving low-income residents within the City particularly vulnerable to negative housing outcomes. The housing market in Pasco as served by the private sector is likely to continue to cater to the higher end of the economic spectrum. This creates a gap between available and affordable housing choices. This trend eliminates the existing affordable housing options and reduces the ability for Pasco to grow in inequitable fashion.

Types of displacement

Three main types of displacements are generally observed.

Physical displacement occurs if existing housing are subject to redeveloped and existing tenants are displaced. This occurs when the market becomes feasible for development or redevelopment, meaning a strong demand of housing can encourage property owners to upgrade existing rental properties. This includes displacement as a result of eviction, acquisition, rehabilitation, or demolition of property, or the expiration of covenants on rent- or income-restricted housing.

Economic displacement can occur due to the inability of the households to afford rising rents or costs of homeownership like property taxes. When new developments or redevelopments in the vicinity rents or sells at a higher price, that encourages owners of existing units to increase rents, and these increases exceed what existing tenants can afford. Economic displacement can occur without redevelopment if the market has high demand and low supply of housing. Lower income groups are at higher risk of economic displacement.

Cultural displacement occurs when residents move because the people, businesses and institutions that make up their cultural community have left the area. This affects ethnic minority households as the presence of their cultural assets play a significant role about where they would prefer to live, raise children and age. Low income and racially minority communities are at higher risk of cultural displacement.

While physical displacement can be measured, economic and cultural displacements can be difficult to measure. Several indicators help identify the displacements such as percentage of people living in poverty, race and ethnicity of people living in poverty, concentrations of poverty, and changes of population overtime.

Household income by race and ethnicity shown in Exhibit 5 indicates distribution of income is higher among White non-Hispanic compared to Hispanic, and Black or African American. Percentage of people living in poverty was highest among Hispanic (30%) in 2010, which has been reduced (22%) in 2019. In 2019, poverty increased among Black or African American population (Exhibit 20).

Exhibit 20. Percent of Individuals Living in Poverty by Race

(Higher percent indicated by darker shade of purple)

Household Size	2010	2019
Non-Hispanic White	9.4	7
Hispanic or Latino	30.1	22.2
Black or African American	20.3	27
Citywide	21.1	16.3

In Exhibit 21, the area shown in darker shades of purple indicates higher concentration of poverty. Exhibit 22 indicates census tracts with predominant races. The East Pasco area consists of more Hispanic population that coincides with higher concentration of poverty.

Exhibits 23 and 24 identify the areas in Pasco where population is changing for non-Hispanic White and Black, Indigenous, People of Color (BIPOC) population. These maps indicate a loss of population (non-Hispanic White and BIPOC) over a decade in the east side of the city including the City Center area. These are the areas with higher risks of displacement.

Exhibits 25 and 26 identify areas in Pasco with change in share of non-Hispanic White and Black, Indigenous, People of Color (BIPOC) population. Exhibit 26 indicates a negative change in share for the City Center area for BIPOC population. Overall, this change in share has increased for this population group for the rest of the City except for a few areas where non-Hispanic White has an increase in share. See Appendix C for additional details.

Exhibit 21. Percent of Individuals Experiencing Poverty
(Higher percent indicated by darker shade of purple)

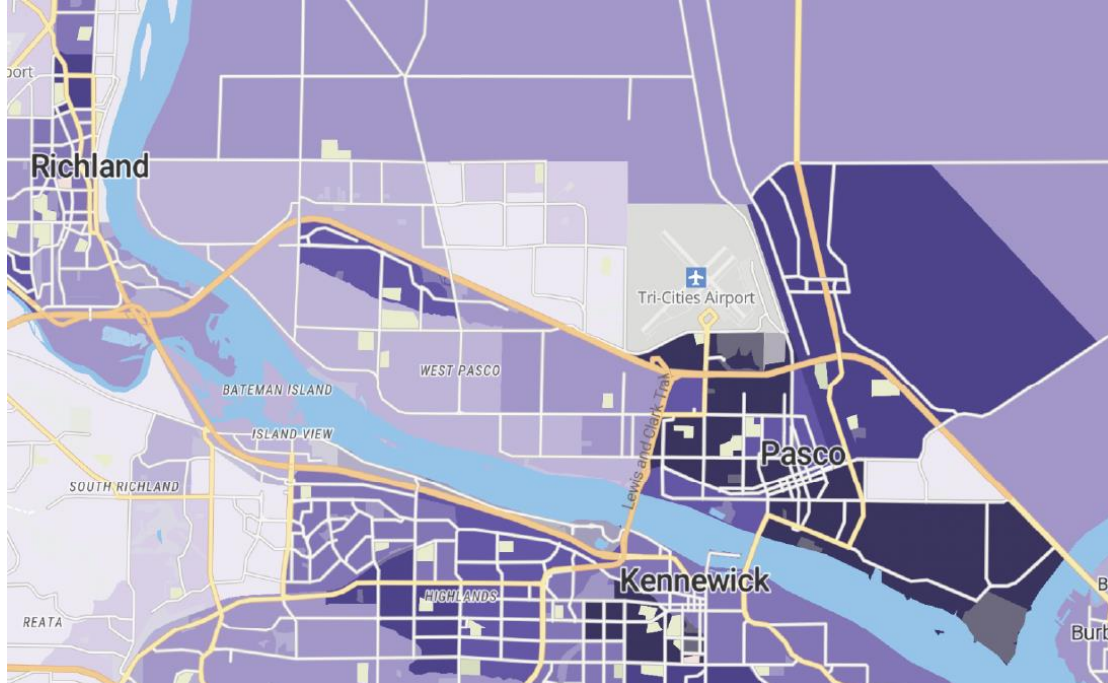


Exhibit 22. Predominance Race/ Ethnicity by Census Tracts
(Non-Hispanic White in Purple, Hispanic/Latino in orange)

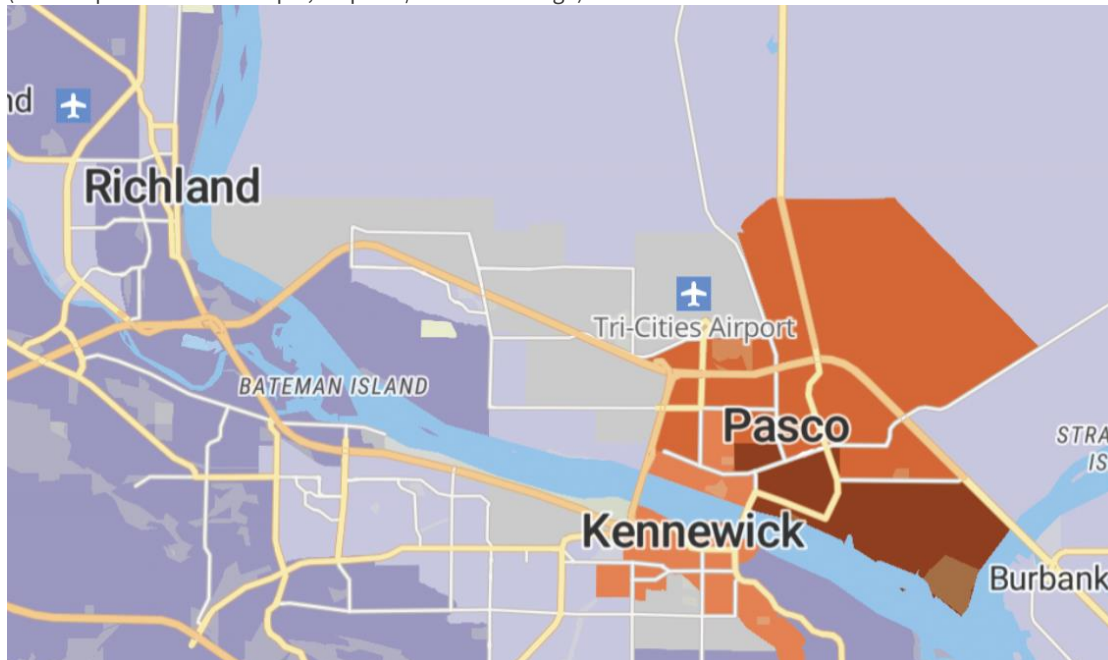


Exhibit 23. Percent change in Non-Hispanic/Latino and White Population from 2011-2021

(Source: Per US Census Bureau American Community Survey 5-Year Estimates (2006-2011 versus 2016-2021).)

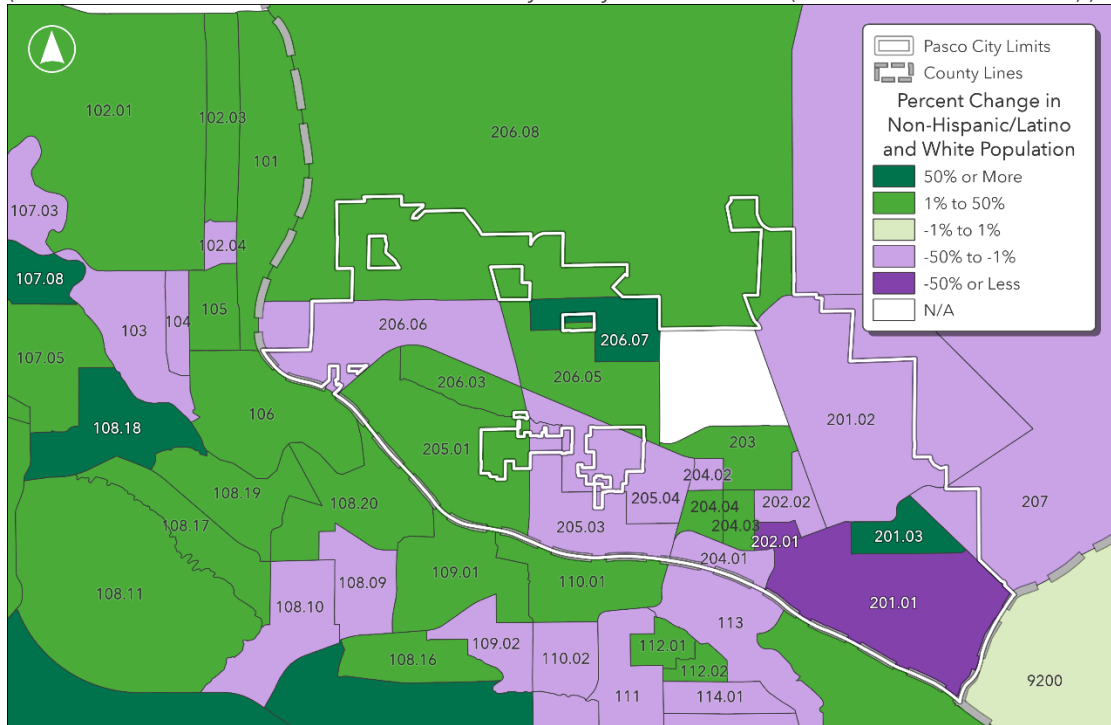
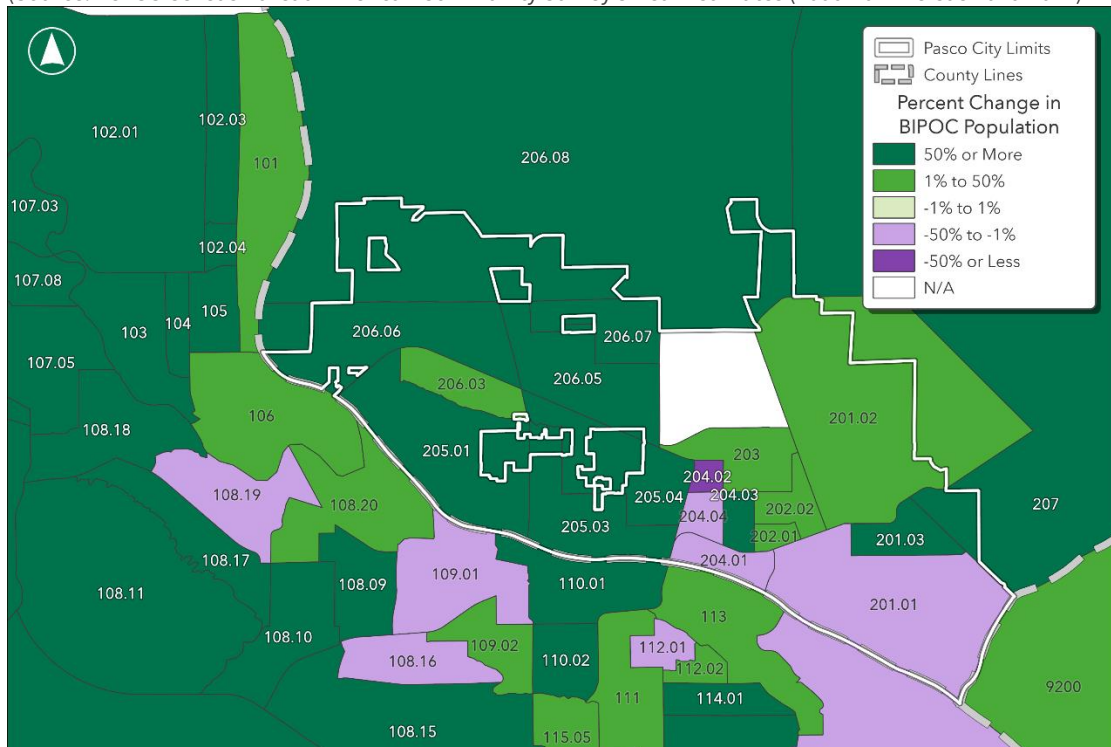


Exhibit 24. Percent change in BIPOC Population from 2011-2021

(Source: Per US Census Bureau American Community Survey 5-Year Estimates (2006-2011 versus 2016-2021))



(Source: Per US Census Bureau American Community Survey 5-Year Estimates (2006-2011 versus 2016-2021))

Change in Share of Non-Hispanic White Population to Total Population

- 5% or More
- 1% to 5%
- 1% to 1%
- 5% to -1%
- 5% or Less
- N/A

Pasco City Limits

County Lines

Map showing census tracts and their corresponding change in share of non-Hispanic white population to total population from 2000 to 2010. The map includes a legend, a north arrow, and various census tracts labeled with their FIPS codes.

(Source: Per US Census Bureau American Community Survey 5-Year Estimates (2006-2011 versus 2016-2021))

Change in Share of BIPOC Population to Total Population

- 5% or More
- 1% to 5%
- 1% to 1%
- 5% to -1%
- 5% or Less
- N/A

Pasco City Limits

County Lines

Census Tracts: 102.01, 102.03, 101, 102.04, 107.03, 107.08, 103, 104, 105, 106, 108.18, 108.19, 108.20, 108.17, 108.11, 108.09, 109.01, 109.02, 108.10, 108.16, 109.01, 110.01, 110.02, 111, 112.01, 112.02, 113, 114.01, 206.08, 206.06, 206.07, 206.05, 205.01, 205.04, 205.03, 203, 204.02, 204.04, 204.03, 204.01, 202.02, 202.01, 201.02, 201.03, 201.01, 207, 9200

Market Assessment

Overview and Purpose

This section provides an analysis of Pasco's housing and market assessment. The housing market assessment provides information about Pasco's existing economic, demographic, and housing market which all affect the demand for and pricing for housing. The information provided in this report serves a foundation for policy recommendations to design implementable housing strategies for Pasco and to build the housing needed to accommodate future population growth.

Economic Conditions

This section discusses key components of Pasco's economy, which affect the demand for and pricing of housing. The section summarizes Pasco's employment trends, unemployment, and other labor market indicators.

Key Findings

- Labor market conditions are strong in Pasco with steady job growth and declining unemployment rate. Pasco continues to diversify its economic base.
- Pasco experienced employment growth in retail trade, accommodation and food services, manufacturing and construction, and notable employment losses in health care and social assistance, educational services, and other services (excluding public administration).
- Unemployment rates indicate that Pasco has recovered to pre-COVID-19 conditions.

Employment Growth

Employment growth accompanied population growth in Pasco between 2010 and 2019, especially in the sectors of retail trade, accommodation and food services, manufacturing, and construction. Employment in the good producing category, in general, grew 60% from 2010 to 2019 and represents about a quarter of total employment. Service producing jobs make up the other nearly three quarters of Pasco jobs. Employment sectors of notable decline between 2010 and 2019 include health care and social assistance, educational services, and other services (excluding public administration).

Education services is the principal employment concentration in Pasco, accounting for 16 percent of the jobs in the city, partly because of the Pasco School District and Columbia Basin College (CBC). Retail is the second largest concentration of jobs mostly driven by the rapid population growth and the Tri-Cities being southeast Washington's regional economic center for retail trade. Food processing is the principal manufacturing activity in Pasco, accounting 12

percent of the overall jobs coming from the presence of the Lamb Weston company. Exhibit 27 shows employment by industry in Pasco and changes from 2010 to 2019.

Exhibit 27. Employment by Industry in Pasco, 2010 and 2019

Source: U.S. Census Bureau; OnTheMap Application and LEHD Origin-Destination Employment Statistics (2019); ECONorthwest Calculations

Industry	2010		2019		Percent Change 2010-2019
	Number	Percent	Number	Percent	
Good Producing	3,669	19%	5,860	26%	60%
Agriculture, Forestry, Fishing and Hunting	822	4%	1,229	5%	50%
Mining, Quarrying, and Oil and Gas Extraction	2	0%	9	0%	350%
Construction	1,232	7%	1,912	8%	55%
Manufacturing	1,613	9%	2,710	12%	68%
Service Producing	15,237	81%	16,810	74%	10%
Utilities	169	1%	161	1%	-5%
Wholesale Trade	1,300	7%	1,413	6%	9%
Retail Trade	2,019	11%	3,404	15%	69%
Transportation and Warehousing	766	4%	1,054	5%	38%
Information	143	1%	132	1%	-8%
Finance and Insurance	312	2%	329	1%	5%
Real Estate and Rental and Leasing	277	1%	345	2%	25%
Professional, Scientific, and Technical Services	586	3%	494	2%	-16%

Industry	2010		2019		Percent Change
	Number	Percent	Number	Percent	2010-2019
Administration & Support, Waste Management and Remediation	665	4%	748	3%	12%
Educational Services	3,783	20%	3,739	16%	-1%
Health Care and Social Assistance	1,822	10%	1,351	6%	-26%
Arts, Entertainment, and Recreation	314	2%	368	2%	17%
Accommodation and Food Services	1,097	6%	1,967	9%	79%
Other Services (excluding Public Administration)	1,129	6%	595	3%	-47%
Public Administration	855	5%	710	3%	-17%
Total Employment	18,906		22,670		20%

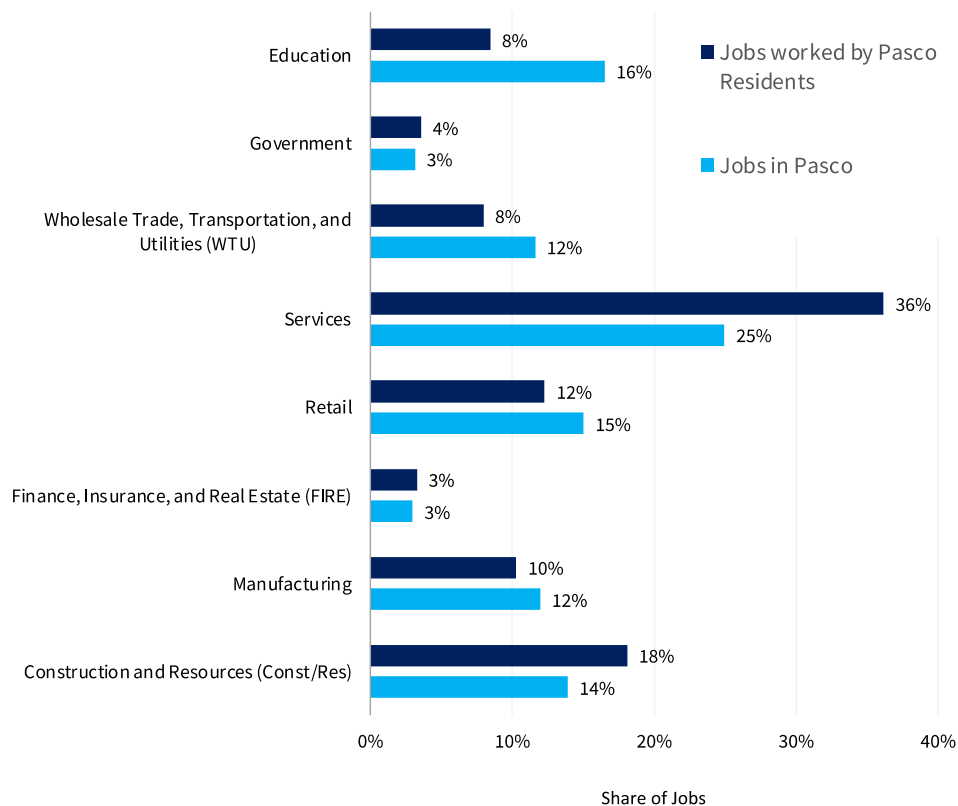
As indicated in Exhibit 10 and discussed under Existing Housing Conditions, unemployment rate has decline from a high of 10 percent in 2012, down to 6.6 percent in 2019. The COVID-19 pandemic of 2020 had an effect in jobs increasing the unemployment rate but it declined in 2021. Overall, labor market conditions are strong in Pasco with steady job growth and declining unemployment rate.

Employment Trends

Exhibit 28 shows the jobs that Pasco has and where residents work. Gaps exist between where residents work and the jobs that Pasco offers in the city. The education industries, wholesale trade, transportation, and utilities (WTU), retail, and manufacturing have more jobs in Pasco than residents working in those fields. In 2019, a large share of Pasco residents worked in the services, and construction and resources industries.

Exhibit 28. Employment in Pasco and where Residents Work, 2019

Source: U.S. Census Bureau; OnTheMap Application and LEHD Origin-Destination Employment Statistics (2019)



Demographic Profile

Pasco's demographic profile has been discussed under the Existing Housing Conditions section which provides a foundation context for the housing market analysis. The discussion below includes some additional data around population growth and forecast, household characteristics, and race and ethnicity.

Key Findings

Key highlights in Pasco's demographic trends include:

- Pasco has experienced rapid population growth since 2010. Pasco's population in 2021 was 78,700, representing a 32 percent increase (18,919 new residents) since 2010.
- Since 2010, adults 60 to 64 years and those 65 years and older had the fastest growth among age cohorts, increasing 98 percent and 81 percent respectively in Pasco.
- Since 2019, household size has shifted in Pasco. The majority of Pasco households are 3- or more person households. Between 2019 and 2021, 1-person households has declined, while 2-person households has increased. This could indicate general changes in household formations or possibly an indication of 1-person households

struggling to afford housing in Pasco and need for rooming with a partner or roommate to lessen housing costs.

Population and Households

Population growth and household formation are the primary drivers of demand for housing. The rate of population growth and household characteristics heavily influence the demand for specific housing types.

As discussed under the Existing Conditions section and in Exhibit 1, Pasco and Franklin County experienced a rapid population growth between 2010 and 2021. Since 2010, Pasco saw its population grow by 32 percent or 18,919 people. This translates to an annual average growth rate (AAGR) of 2.53 percent for Pasco between 2010 and 2021.

Household Size

The households in Pasco comprised of 3- or more persons make up 54% of the total households, more than 1-person and 2-person households combined. Between 2019 and 2021, there has been a considerable shift in the household size formation in Pasco. Most notably 2-person households increased, while 1-person households and 3- or more person households decreasing slightly (Exhibit 29). This trend could suggest that there are some affordability challenges in Pasco for 1-person households.

Exhibit 29. Household Size, Pasco, 2019 and 2021

Source: American Community Survey (ACS) 2019 and 2021 5-year estimates

Household Size	2019	2021
1-person household	20%	18%
2-person household	25%	28%
3- or more person household	55%	54%

Median Age

Pasco's population is very young, with a median age of 29.9 in 2021. In comparison, the median age for Washington was 37.9—about 8 years older than Pasco's population.

Age Distribution

The age characteristics of a community indicate current needs and future trends for housing. Because different age groups have very different housing needs, housing demand correlates to the age of residents. For example, young adult households may choose to occupy apartments, condominiums, and small single-family homes because of affordability, location, and household size/presence of children. Middle-aged adults may prefer larger homes in which to raise families, while seniors may prefer smaller units that have lower costs, less maintenance, and are more proximate to services.

Exhibit 30 shows the age characteristics of Pasco’s population. Overall, the age distribution of Pasco’s population seems to be similar to that in 2019. Pasco’s population generally tends to skew younger. Children ages 0 to 17 comprised the largest cohort of residents in Pasco followed by adults ages 18 to 64 making 57 percent of the city’s population. Overall, Pasco has maintained a relatively small population of senior adults age 65 years and older. However, senior residents age 60 and older has rapidly grown over the past decade (Exhibit 3).

Exhibit 31. Age Distribution, Pasco, 2019 and 2021

Source: American Community Survey (ACS) 2019 and 2021 5-year estimates

Age	2019	2021
0 to 17 years	33.6%	33.1%
18 to 29 years	16.3%	16.6%
30 to 39 years	15.5%	14.5%
40 to 49 years	12.1%	12.7%
50 to 59 years	9.0%	9.0%
60 to 64 years	4.2%	4.5%
65 years and over	8.5%	9.0%

Race and Ethnicity

Most of Pasco’s population (56% of residents) identify as Hispanic or Latino, while 37% identify as White. Pasco residents that identify as Black, Asian, and two or more races each make up about 2% of the remaining population. Between 2019 and 2021 Pasco’s race and ethnicity has remain about the same with some slight decrease in the population that identifies as White (Exhibit 32).

Exhibit 32. Race and Ethnicity, Pasco, 2019 and 2021

Source: American Community Survey (ACS) 2019 and 2021 5-year estimates

Race/ Ethnicity	2019	2021
White	38%	37%
Black	2%	2%
American Indian or Alaskan Native	0%	0%
Asian	2%	2%
Native Hawaiian or Pacific Islander	0%	0%
Some other race	0%	0%
Two or more races	2%	3%
Hispanic	56%	56%

Housing Profile and Market Assessment

This section summarizes Pasco’s housing market. It examines housing supply and availability, development trends, and affordability of ownership and rental housing.

A housing profile and housing market analysis are important for understanding housing affordability and demand because they provide valuable information about the current state of the housing market, including the supply of housing units, average cost of rent or homeownership, and demographics of the area, which can help predict future housing demand and need. Projecting future housing need is important to ensure that Pasco is planning ahead to ensure that it is providing housing at all income-levels for its population—especially those with lower incomes.

Key Findings

Key trends in the housing market include:

- Homeownership rates have steadily increased in the past decade in Pasco. Generally, homeownership rates have increased from 65 percent in 2011 up to 69 percent in 2021. In Washington, homeownership rates have generally decline from 64 percent down to 63 percent.

- Cost burden among renters in Pasco have remained high since 2010. Although cost burden has remained at 52 percent since 2010, the share of renters that are severely cost burdened has declined over time from 29 percent in 2010 down to 23 percent in 2021. This indicates that fewer renters are spending over 50 percent of their household income in housing costs.
- Low housing vacancy rates and high demand for housing has strained Pasco's housing market with large increases in housing prices. Since 2010, the median home value in Pasco has increased 137 percent or \$222,928, from \$162,962 in 2010 up to \$385,900 in 2022.
- Household incomes have not kept pace with the rising costs for homeownership. Between 2010 and 2021, the median household income has increased 58 percent, while the median home value in Pasco has increased 106 percent. This significant increase in homeownership costs have left many unable to purchase a home.
- Shifts in incomes has continued to strain renter households in Pasco. Renters and owners both experienced income growth between 2010 and 2021, but the magnitude of the changes differs by tenure. In 2021, the median renter income in Pasco was \$38,588, compared to the median owner income of \$86,676.
- Household incomes have generally kept pace with the rising rents. Between 2010 and 2021, median rents increased 44 percent, while household incomes increased 58 percent. As households struggle to purchase a home, demand for rental units will increase and potentially see large rent increases to accommodate the growing demand. This also emphasizes the importance of constructing new rental units to support the growing demand specially for lower income households.
- In 2023, a Pasco household would need an annual income of at least \$96,500 to be able to afford the median home sale price of \$386,000.

Defining Affordable Housing

Housing affordability refers to the degree to which a household or individual can afford to pay for housing without experiencing financial hardship or sacrificing other essential needs.

According to the US Department of Housing and Urban Development (HUD), affordable housing refers to a residence that a household or family can acquire - either through buying, renting, or other methods - that requires payment of no more than 30% of the household's income.

Typically households paying more than 30 percent of their income for housing is considered "cost burdened", while households paying more than 50 percent for housing are "severely cost burdened."

Housing Supply

According to the American Community Survey (ACS), Pasco has 23,921 housing units as of 2021. Exhibit 33 shows that single-dwelling detached homes make up the vast majority of housing

units in Pasco. Multi-dwellings with 5 or more units make the second largest share of housing type in Pasco—which make up 12 percent. Single-dwelling attached homes make up the smallest share of housing in Pasco.

Exhibit 33. Housing Type in Pasco, 2021

Source: American Community Survey (ACS) 2021 5-year estimates

Note: Manufactured homes were categorized as single-dwelling detached homes

Housing Type	Total	Percent
Single-dwelling detached	18,516	77%
Single-dwelling attached	1,211	5%
Multi-dwelling (2-4 units)	1,341	6%
Multi-dwelling (5+ units)	2,853	12%
Other	0	0%
Total	23,921	100%

Number of Bedrooms

With single family detached units as the most common type of housing, it is not surprising that most dwelling units in Pasco have 3 and 4-bedrooms as indicated in Exhibit 34. A small percentage of Pasco’s housing stock are studios (no bedroom) or 1-bedrooms. This indicates that most of the single dwelling and multi-dwelling units in Pasco are supportive of family households, with a very small share of units supportive for single residents. This limits the pool of units that single households or couples could obtain in Pasco’s housing market.

Exhibit 34. Number of Bedrooms, Pasco, 2021

Source: American Community Survey (ACS) 2021 5-year estimates

Number of Bedrooms	Total	Percent
No bedroom	782	3%
1 bedroom	1,565	7%
2 bedrooms	4,137	17%
3 bedrooms	11,133	47%
4 bedrooms	4,863	20%
5 or more bedrooms	1,441	6%

Development Trends

Exhibit 35 shows trends in residential building permits. Single-dwelling units have been the dominant type of housing permitted in Pasco in the past decade, while limited multi-dwelling units have been permitted overall.

Development trends show that Pasco's housing market rebounded quickly after the 2008 Great Recession with several housing units permitted in 2010. Figures reveal that after 2010 there was a considerable drop in residential building permits through 2015, and have picked up in 2016. Although residential permitting has been increasing in recent years, it has not been to the same volume seen in 2010.

Exhibit 35. Building Permits, 2010-2021

Source: HUD SOCDS Building Permits Database

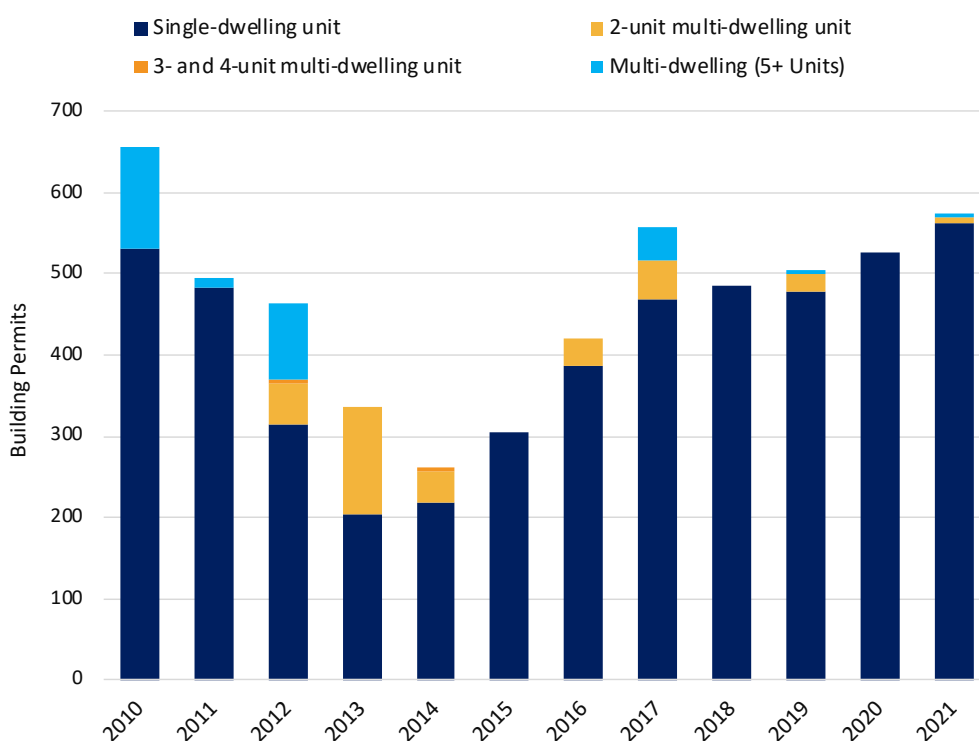
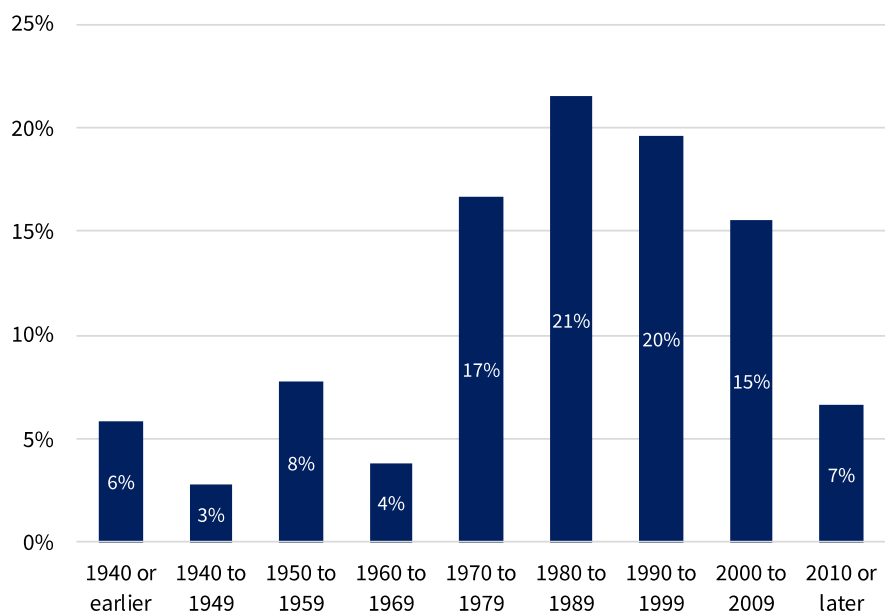


Exhibit 17 shows the age of housing units in Pasco. The majority of Pasco's housing units were built in the 1970's and early 2000's. Units built since 2010 make up a small share of Pasco's total housing supply.

Exhibit 36. Age of Housing Units, Pasco 2021

Source: 2021 ACS 5-year estimates



Housing Vacancy

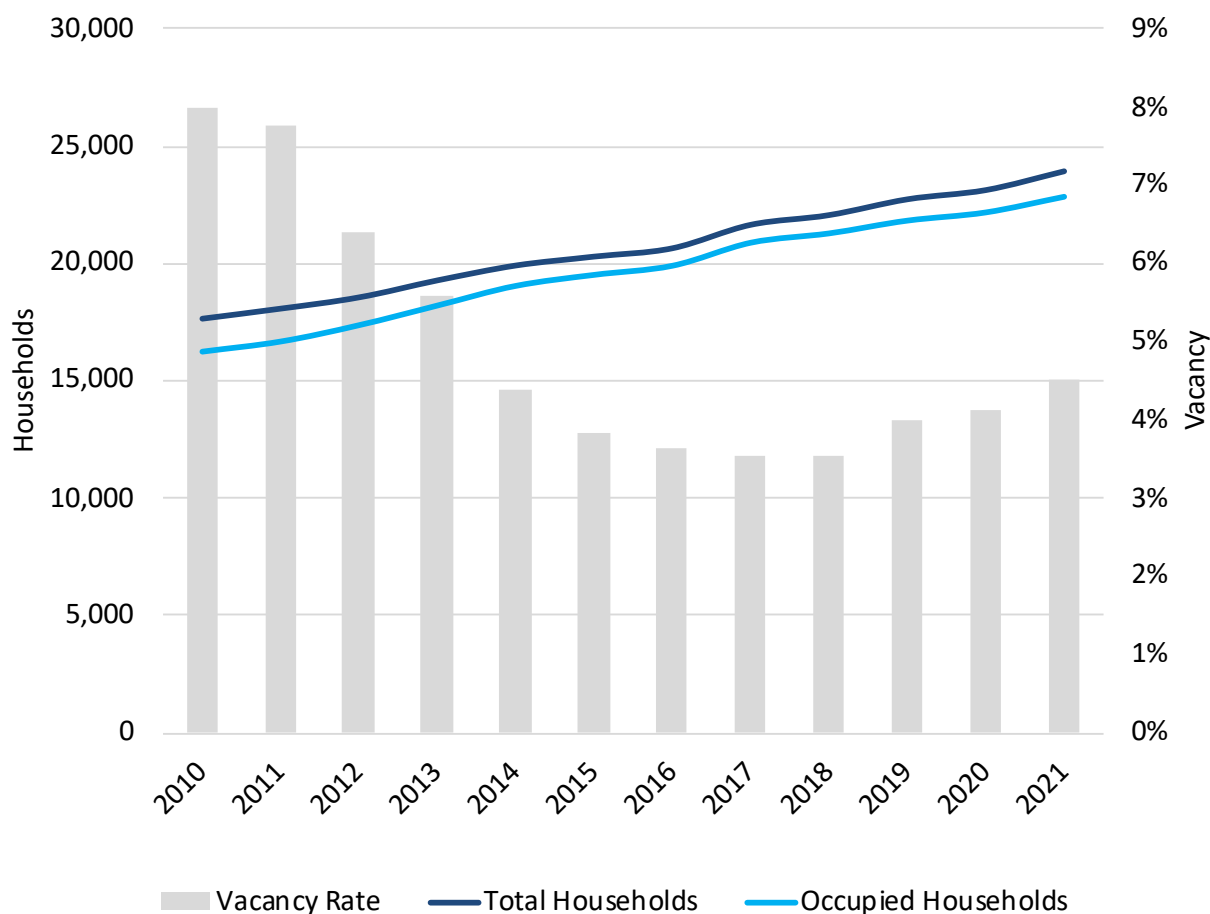
Vacancy is a measure of the availability of housing units in a given area. When there are more vacant units than there are people looking for a place to live, it can lead to lower rents and other housing costs. This can make housing more affordable for people who are looking for a place to live. On the other hand, when there is a low vacancy rate and a high demand for housing, it can lead to higher rents and other housing costs. This can make housing less affordable for people who are looking for a place to live.

Therefore, vacancy rates can have a significant impact on housing affordability in an area. Exhibit 37 shows trends in vacancy rate for Pasco in the past decade. Since 2010, vacancy rate in Pasco has declined from a high of 8 percent in 2010 down to 3.8 percent in 2017. The vacancy rate has increased slightly since 2017 to 4.5 percent in 2021.

Generally, household count has increased in Pasco since 2010, while the number of occupied households has increased in line with the household growth.

Exhibit 37. Vacancy Rate and Household Count, Pasco, 2021

Source: 2010-2021 ACS 5-year estimates



Housing Cost

Housing costs is a direct relationship of housing accessibility to all economic segments of the community. In general, if housing supply exceeds housing demand, housing prices will decrease. If housing demand exceeds housing supply, housing prices typically increase. The availability of housing which is measured by vacancy rates can also affect housing cost.

Between 2010 and 2022 housing prices have significantly increased in Pasco and across the region. Exhibit 38 shows the median priced home of Pasco and a few comparison cities. These comparison cities were selected because they share similar characteristics to Pasco such as population and proximity. The median priced home in Paso increased from roughly \$163,000 in 2010 to \$386,000 in 2022. Since 2010, Pasco's housing market increased at a similar rate in relation to the other comparison cities.

Exhibit 398. Median Zillow Home Value (ZHVI), Pasco and comparison cities, 2010-2022

Source: Zillow

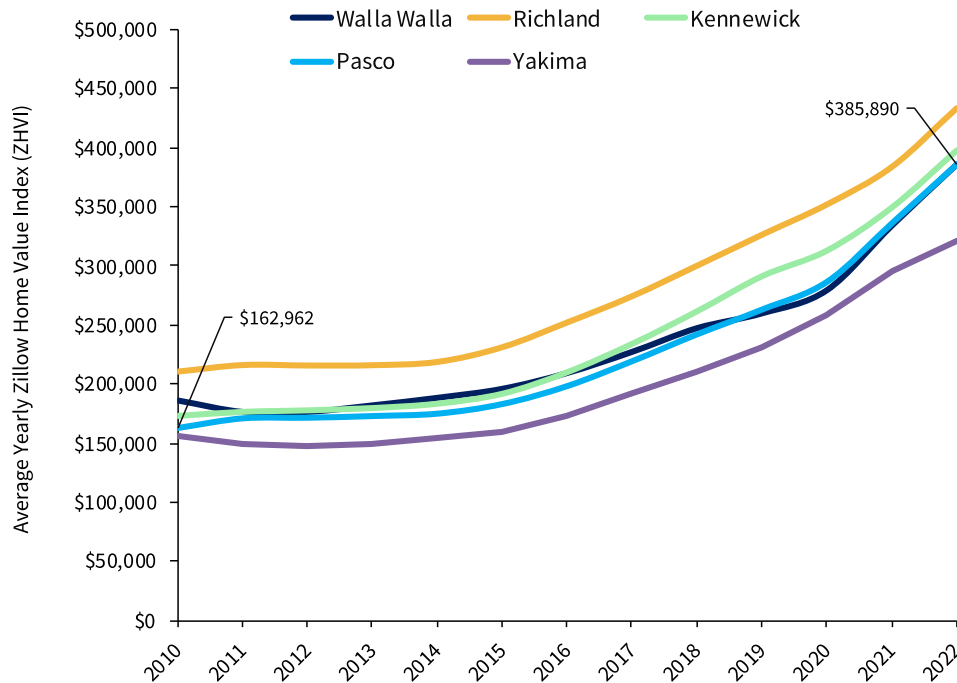


Exhibit shows that since 2010, the median sale price of a home has increased in all comparison cities, with the most significant increase in Pasco (137%), followed by Kennewick (130%) and Walla Walla (108%).

Exhibit 39. Percent Change in Home Value (ZHVI), Pasco and comparison cities, 2010-2022

Source: Zillow, ECONorthwest Calculations

Jurisdiction	2010	2022	Change (2010-2022)	
			Number	Percent
Pasco	\$162,962	\$385,890	\$222,928	137%
Kennewick	\$172,979	\$397,351	\$224,372	130%
Richland	\$210,516	\$433,308	\$222,792	106%
Yakima	\$155,888	\$321,113	\$165,225	106%
Walla Walla	\$185,704	\$386,272	\$200,568	108%

Between 2010 and 2021, the median rent increased by 44% and median household income (unadjusted) increased by 58% (Exhibit 40). This denotes that household income has increased faster than rents. This is particularly good because it suggests that Pasco residents have benefitted from the regional economy with growing wages while still affording rental housing. However, rental units consider all rental units including older constructions, as well as single family rentals. This has skewed down the median rent of newer multi-family apartments. Rent in the newly constructed multi-family apartments are higher than median rent and has increased at a similar pace with median household income for renters. This makes renting newer units still challenging. However, that is not the case when it comes to being able to afford to purchase a home. Between 2010 and 2021, home values increased by 106 percent putting homeownership far beyond what several households could afford.

Exhibit 400. Housing Costs and Income Trends, Pasco, 2020-2021

Source: 2010 and 2021 ACS 5-year estimates

	2010	2021	2010-2021 Change	
			Number	Percent
Median Rent	\$688	\$993	305	44%
Median Home Value	\$162,992	\$336,093	\$173,130	106%
Median Household Income (unadjusted)	\$44,659	\$70,486	\$25,827	58%

Although median incomes have risen across both renter and owner households, the median income of a renter household remains substantially lower than both Pasco's median household income of \$70,486 in 2021 and the median homeowner income of \$86,676 as shown in Exhibit 41. This indicates that renter households are most vulnerable to price changes in the rental market and in greater need for affordable housing that they can afford.

Exhibit 411. Housing Costs and Income Trends, Pasco, 2020-2021

Source: 2010 and 2021 ACS 5-year estimates

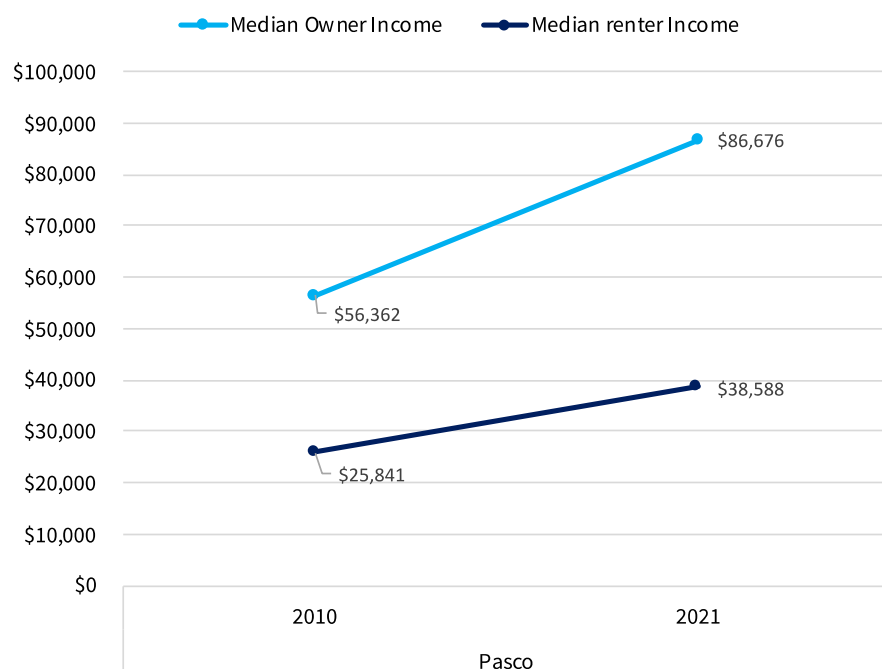


Exhibit shows a snapshot of Pasco’s multifamily rental market. As of 2023 Q1, Pasco had approximately 2,104 multifamily rental units across 28 buildings. In the first quarter of 2023 there was no multifamily projects in the pipeline or under construction. The average rent per unit was 1,280 or \$1.45 per square foot.

Exhibit 42. Pasco Multifamily Rental Market Snapshot

Source: CoStar

	Inventory (buildings)	Units	Inventory Avg. SF	Under Construction	Avg. Rent per SF	Avg. Rent per Unit	Vacancy Rate
Pasco	28	2,104	909	0	\$1.45	\$1,280	9.0%

According to Costar, the multifamily rental market in Pasco was stable with an overall vacancy rate of 9.0 percent as of 2023 Q1. The multifamily market was tight, with a vacancy rate of 4.3 percent during the first quarter of 2022. In the first quarter of 2023, approximately 108 multifamily units were delivered to the market, which pushed the overall vacancy rate up in 2023 Q1. Since 2011, Pasco’s multifamily market has seen rent growth of 61 percent of \$0.55 per square foot.

Exhibit 423. Multifamily Rent per Square Foot and Vacancy Rate, Pasco, 2011-2023 Q3

Source: CoStar

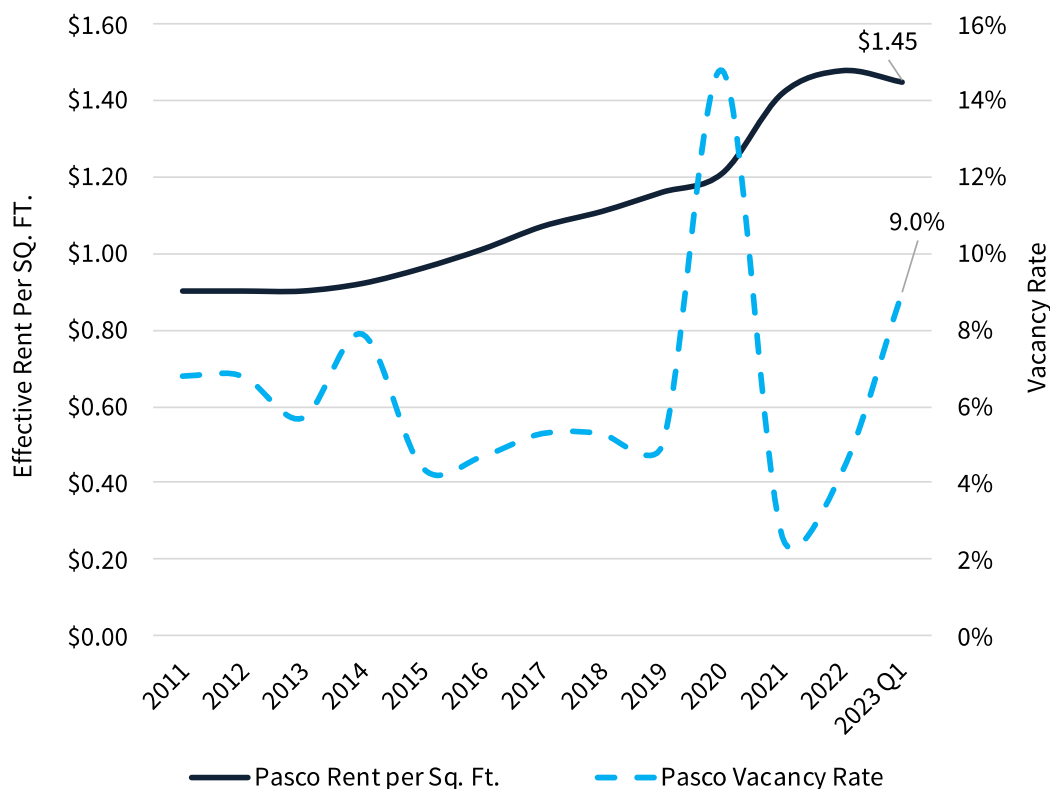


Exhibit 43 shows Pasco’s rent per square-foot for apartment buildings compared to vacancy rate. The sharp increase of vacancy rate in 2019-2020 is mainly attributed to the pandemic when many people moved out of their apartments. The phenomenon started to normalize after the pandemic with a decrease in vacancy rate and then an increase in vacancy rate in the recent years due to some recent constructions and availability of new rental units in the market.

Exhibit 43 shows multifamily deliveries and net absorption in Pasco. Multifamily deliveries refer to the new units built in the market, while net absorption refers to the net difference between the number of units leased and the number of units vacated during a specific period of time. Since 2011, there was a total of 534 units absorbed and 629 units delivered in Pasco’s market. All new units delivered seem to be absorbed (leased up) by the market pretty quickly indicating a strong demand of multifamily.

Exhibit 43. Multifamily Deliveries and Net Absorption, Pasco, 2011-2023 Q3

Source: CoStar

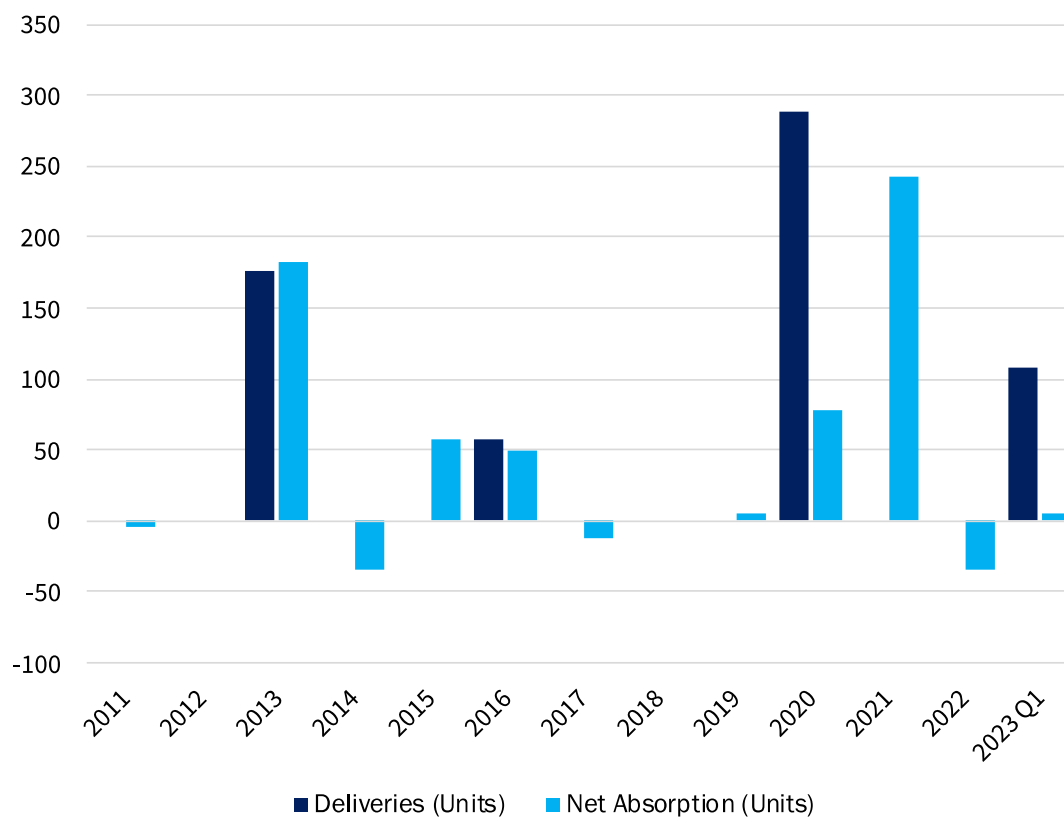
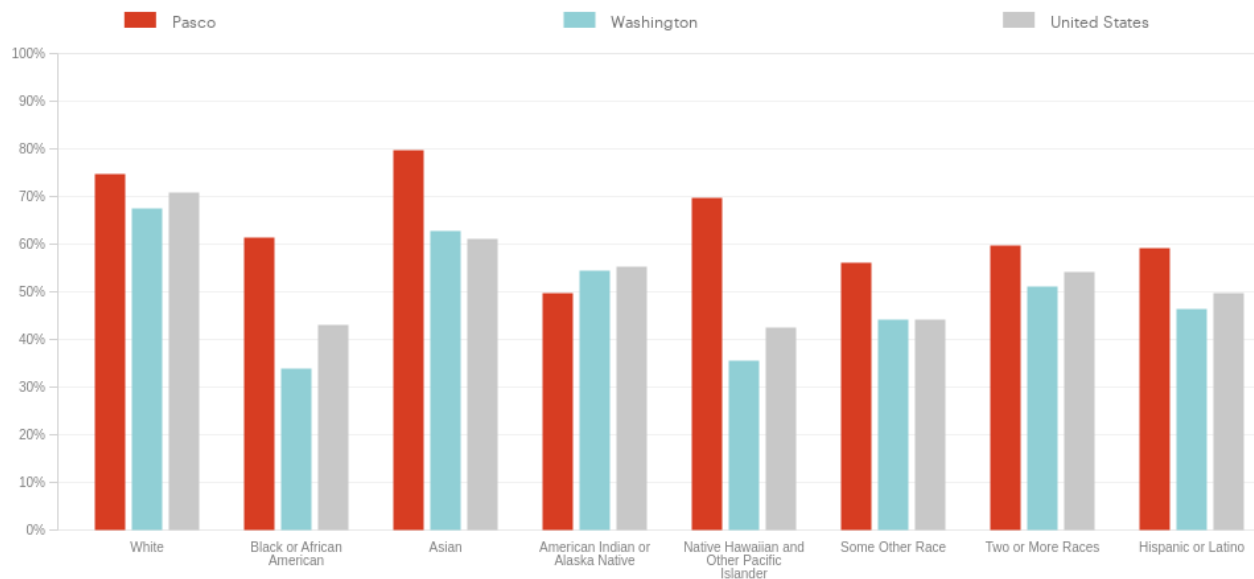


Exhibit 44 shows homeownership rates by race and ethnicity in Pasco. When compared to Washington and the US, Pasco generally has above average homeownership rates for almost all races and ethnicities—except for American Indian or Alaska Native. Overall, the homeownership has increased in Pasco from 64 percent in 2010 up to 69 percent in 2021. Housing has generally been affordable in Pasco, however, in recent years median home values have increased substantially, reducing ability of many households to purchase a home.

Exhibit 44. Homeownership Rates by Race/Ethnicity, 2021

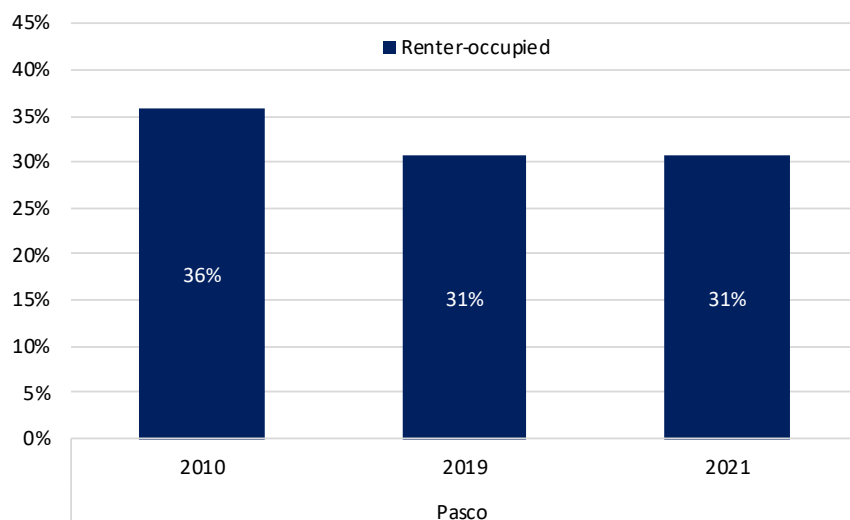
Source: 2021 ACS 5-year estimates



In most jurisdictions, a significant share of households rent, underscoring the importance of quality affordable rental housing. Jurisdictions where few households rent compared to the state may want to consider increasing the stock of rental housing in the jurisdiction. Exhibit 45 shows the share of households who rent. Since 2010, the share of Pasco households who rent have declined over time from 36 percent of households renting in 2010 down to 31 percent in 2021. This decline in renter households could suggest that the cost of owning a home within the city has become relatively more affordable than renting.

Exhibit 45. Renter Households, Pasco, 2010-2021

Source: 2010, 2019, and 2021 ACS 5-year estimates



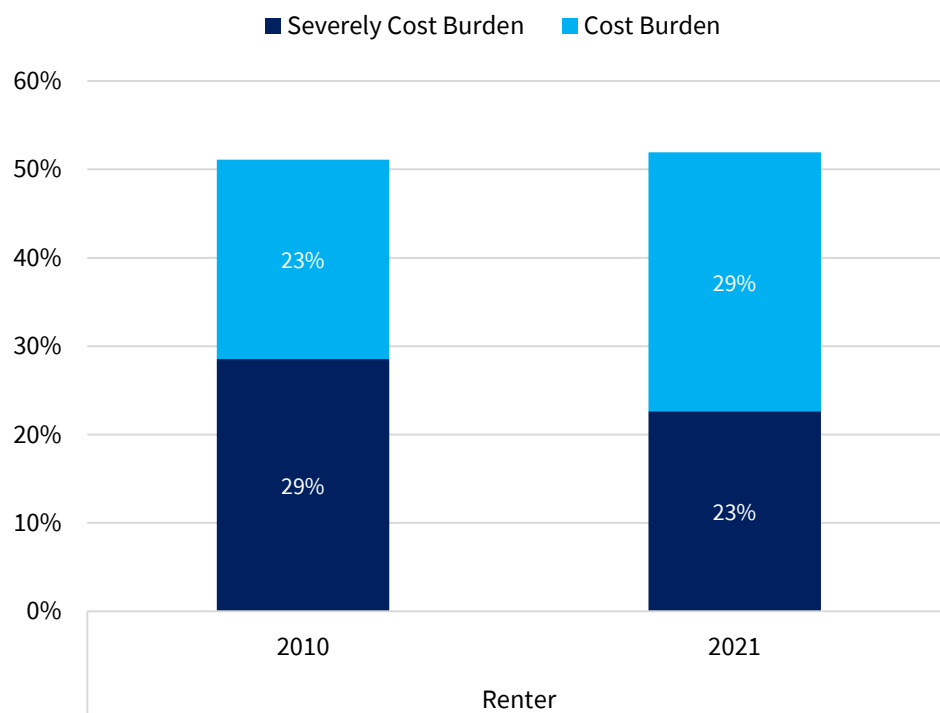
Cost Burden

State and federal standards specify that households spending more than 30% of gross annual income on housing experience a housing cost burden. Housing cost burdens occur when housing costs increase faster than household income. When a household spends more than 30% of its income on housing costs, households have less disposable income for other necessities, including health care, food, and clothing. In the event of unexpected circumstances such as the loss of employment or serious health problems, lower income households with a burdensome housing cost are more likely to become homeless or be forced to double-up with other households. Homeowners with a housing cost burden have the option of selling their homes and become renters. Renters, on the other hand, are more vulnerable and subject to constant changes in the housing market.

Exhibit 46 shows housing cost burden for renter households. Since 2010, the share of cost burdened renters has continued to be over 50 percent. Although the share of cost burdening has not changed much, the share of renters that are severely cost burdened has declined over time, while those cost burdened has increased.

Exhibit 46. Renter Cost Burden, Pasco, 2010 and 2021

Source: 2010 and 2021 ACS 5-year estimates



Housing Attainability

Exhibit 48 shows the average rent and median home sale price in Pasco in Q1 of 2023. With an average rent of \$1,272, a household would have to make \$50,880 or more to afford the average rent in Pasco. In comparison, with a median home sale price of \$386,000, a household would have to make \$96,500 or more to comfortably afford the median home price in Pasco.

Exhibit 47. Average Rent and Median Sale Price in Pasco and related affordability, 2023

Source: CoStar, Redfin, ECONorthwest Calculations

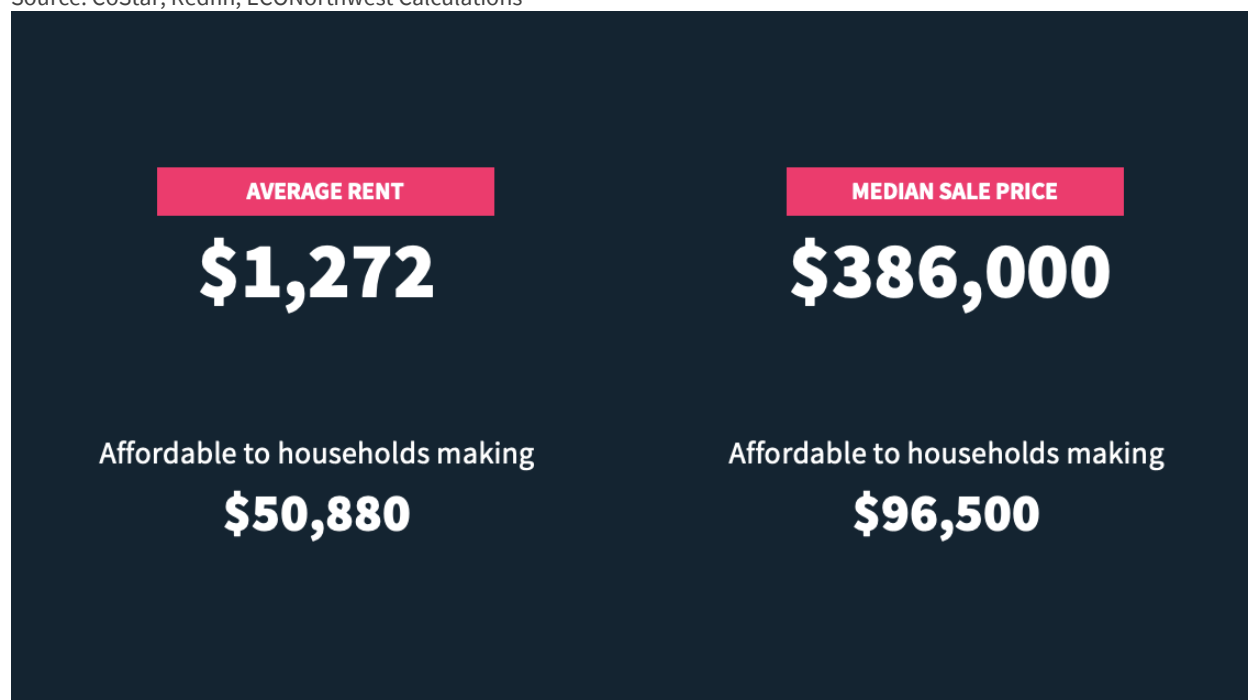


Exhibit 1 illustrates projected housing affordability based on household income. The median family income for Pasco— in 2022 was \$89,600 (100% of area median income); this figure is based on HUD’s calculation for Franklin County’s median family income.

The estimates presented in Exhibit 1 are based on income and affordability ratios that typical lending banks use. They do not consider other household financial characteristics that can affect ability to pay for housing – other debt, including auto loans, credit cards, etc. as well as accumulated assets. A key challenge many lower income households face is competition for affordable housing from higher income households. It is rational for higher income households to choose less expensive housing if it is available and meets household needs². Given entry costs (down payment for owner units, advance rent, and deposits for rental units) and required credit reports, lower income households have clear disadvantages in competing for lower cost housing.

² <https://www.strongtowns.org/journal/2021/4/27/are-new-homes-mostly-luxury-does-it-matter-if-they-are>

Based on the information above about the average rent and median home prices in Pasco, a household earning 100 percent of the Area Median Income (AMI) in 2023 could not afford to purchase the median home priced home in Pasco. However, this household could afford the average rent in Pasco. This highlights four key takeaways playing out in Pasco’s dynamic housing market:

- **Pasco has an affordability gap** between home prices and rental costs. While the household’s income allows them to cover the average rent, it falls short when it comes to purchasing a home at the median price. This suggest that the costs of purchasing a home is relatively higher than renting in Pasco’s current housing market.
- **Pasco has an income disparity.** While a household earning 100 percent of the area median income can afford the average rent, they cannot afford to purchase a home at the median price. This suggest that higher income households likely have a better change of homeownership, while lower and median-income households might be limited to renting.
- **Potential barriers to homeownership exist.** The inability of a moderate-income household to afford the median priced home raises questions about the potential barriers to homeownership in Pasco. Factors such as high down payment requirements, stricter mortgage lending criteria, and rising home prices relative to income growth can make it difficult for many households to enter the homeownership market.
- **Increasing the supply of both renter and ownership product units is important** for Pasco in the long-term. If the demand for housing, particularly for homeownership, exceeds the available supply, it can drive up home prices and make it challenging for households with moderate incomes to purchase a home. Similarly, if the demand for rental housing exceeds the available supply, it can drive up rent prices and price out households that rent in Pasco.

Exhibit 49. Housing Affordability in Pasco by AMI, 2023

Source: HUD, ECONorthwest Calculations

If your household earns:				
\$26,300 <i>< 30% of MFI</i>	\$52,500 <i>60% of MFI</i>	\$70,000 <i>80% of MFI</i>	\$87,500 <i>100% of MFI</i>	\$105,000 <i>120% of MFI</i>
Then they can afford:				
\$660 Per Month OR	\$1,310 Per Month OR \$158,000- \$184,000 Home Sale Price	\$1,750 Per Month OR \$245,000- \$280,000 Home Sale Price	\$2,190 Per Month OR \$306,000- \$350,000 Home Sale Price	\$2,630 Per Month OR \$368,000- \$420,000 Home Sale Price

Worker affordability

Exhibit 50 shows the average wages by industry in Franklin County and the maximum rent and median home price that workers in each industry could afford.

More than half of the industries in Franklin County have high enough wages that can afford the average rent of \$1,272 in Pasco. However, only one industry, the information industry, has a high enough wage to afford the median home price of \$386,000 in Pasco. Pasco's employment is concentrated in educational services and retail trade. Based on the average wages earned in Franklin County 2021, workers in these industries cannot afford the average rent or the median priced home in Pasco.

A select number of industries can support to afford the median home priced home if they 1.5 times per household. These industries include construction, wholesale trade, information, finance and insurance, professional and technical services, and government.

Exhibit 48. Housing Affordability in Franklin County by Industry and Wages, 2023

Source: OFM, ECONorthwest Calculations

Industry	Annual Average Wage	Max Affordable Rent	Can Afford the Average Rent	Max Affordable Home Price	Can Afford Median Home Price in Pasco	Can Afford Median Home Price with 1.5 Earners per household?
All Industries	\$49,736	\$1,243	No	\$186,648	No	No
Ag., forestry, fishing & hunting	\$36,126	\$903	No	\$135,573	No	No
Mining	\$60,000	\$1,500	Yes	\$225,169	No	Yes
Construction	\$57,717	\$1,443	Yes	\$216,601	No	Yes
Manufacturing	\$53,653	\$1,341	Yes	\$201,351	No	No
Wholesale trade	\$66,555	\$1,664	Yes	\$249,767	No	Yes
Retail trade	\$42,457	\$1,061	No	\$159,331	No	No
Transportation & warehousing	\$53,656	\$1,341	Yes	\$201,359	No	No
Information	\$109,235	\$2,731	Yes	\$409,939	Yes	Yes
Finance and Insurance	\$71,792	\$1,795	Yes	\$269,423	No	Yes
Real Estate & Rental & Leasing	\$51,268	\$1,282	Yes	\$192,400	No	No
Professional & Technical Services	\$59,876	\$1,497	Yes	\$224,703	No	Yes
Administrative & Waste Services	\$43,787	\$1,095	No	\$164,326	No	No
Educational Services	\$42,118	\$1,053	No	\$158,062	No	No
Health Care & Social Assistance	\$45,692	\$1,142	No	\$171,472	No	No
Art, Entertainment, & Recreational	\$37,732	\$943	No	\$141,601	No	No
Accommodation & Food Services	\$23,462	\$587	No	\$88,048	No	No
Government	\$64,056	\$1,601	Yes	\$240,390	No	Yes

Housing Unit Costs

This section summarizes housing cost, which is the construction costs associated with building housing in Pasco. Understanding housing costs provides critical information for what is being built in the local housing market and what household could afford. If the type of housing built far exceeds what households could afford, then Pasco could look into its zoning code, housing policies, and other policy interventions to shape the private market to build housing that could be built more affordable.

Utilizing building permit data from the City of Pasco, construction costs were derived from different housing types recently built in Pasco. Using information from these recently built housing types ensures that the construction costs derived are the most up to date given trends in the national economy where development has slowed because of the rising interest rates nationwide.

Exhibits 51 and 52 show the costs by housing prototype. Generally, construction costs range between \$175 to \$185 per square feet to build attached townhomes and single-family homes. There are economies of scale building larger buildings that contain multiple units such as sixplexes and apartments. This is reflected in the cost per square feet and the total development costs per unit.

Exhibit 49. Housing Costs by Housing Prototype, 2023

Source: ECONorthwest Calculations, City of Pasco Permits

Note: Total development costs assumes a 10% developer profit on the overall construction cost

Housing Type	Units	SF per Unit	Total SF	Cost per SF	Total Const. Costs	Land Cost	Fees	Total Dev. Costs	Dev. Costs per Unit
Single family	1	2000	2,000	\$185	\$369,800	\$75,000	\$10,174	\$491,972	\$491,972
Home+ADU	3	1500	4,500	\$185	\$832,050	\$75,000	\$5,615	\$995,889	\$331,963
Townhomes	4	1500	6,000	\$175	\$1,048,838	\$75,000	\$28,782	\$1,257,521	\$314,380
Sixplex	6	1250	7,500	\$175	\$1,311,048	\$75,000	\$38,554	\$1,555,724	\$259,287
Apartments	10	1000	10,000	\$150	\$1,500,000	\$75,000	\$59,498	\$1,784,513	\$178,451

With scales of economies there is also an efficient use of land where in certain residential zones additional housing units could be built with the same amount of land zoned for single-family homes. Missing middle housing can support greater housing options, affordability,

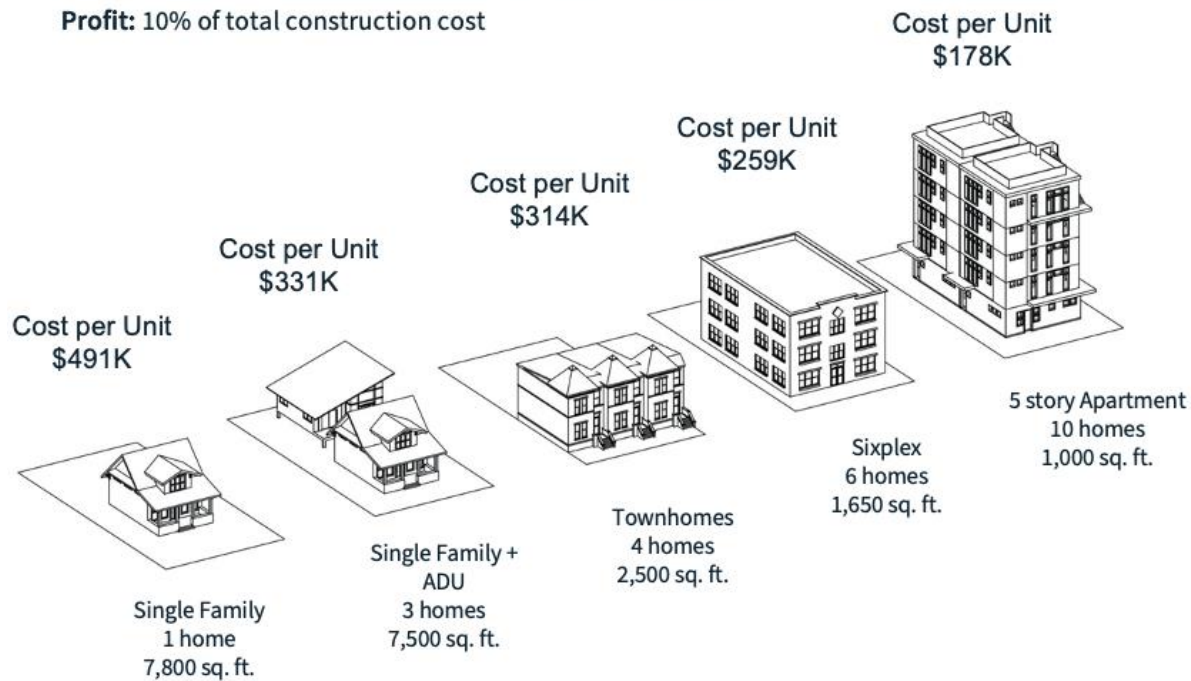
neighborhood revitalization, efficient land use, social cohesion, and environmental sustainability. By providing diverse and affordable housing choices, promoting community interaction, and maximizing land use, missing middle housing contributes to inclusive and vibrant neighborhoods, supports economic activity, and addresses housing affordability challenges while reducing environmental impacts.

Exhibit 50. Housing Unit Costs by Housing Prototype, 2023

Land Acquisition: \$75,000

Construction Cost: \$175-185/ sf and \$150/ sf for apartments

Profit: 10% of total construction cost



Assets, Opportunities, and Challenges

This section will highlight key locational factors that influence Pasco's desirability for a range of land uses that play a crucial role in the City's economy.

Assets	Barriers and Constraints
<ul style="list-style-type: none">▪ Transportation Access & Network: Pasco is located at the intersection of major highways, railways, and waterways, making it a transportation hub in the region. This proximity to transportation networks is an important factor that makes Pasco a desirable location for industrial and commercial land uses.▪ Natural Resources: Pasco is located in an agricultural region, and the city benefits from access to natural resources, such as water and fertile soil. This makes it an ideal location for agricultural land uses, such as farming and food processing.▪ Workforce: Pasco has a diverse and well-educated workforce, employment is concentrated in the manufacturing, healthcare, and retail sectors. This availability of skilled labor makes it an attractive location for companies that require a highly skilled workforce.▪ Proximity to other major cities: Pasco, Washington is located within close proximity to other major cities, such as Seattle, Portland, and Spokane. This makes it an ideal location for companies that need to access these markets while benefiting from Pasco's lower cost of living and business-friendly environment.	<ul style="list-style-type: none">▪ Housing Affordability: Pasco has generally had a low cost of living compared to other cities in the region, however demand for housing has driven up prices in recent years. Increasing affordability challenges could pose as a barrier for attracting a strong workforce to the area.▪ Limited cultural and entertainment: While Pasco has several quality of life amenities, such as parks and recreational areas, it does not have the same level of cultural and entertainment options as larger cities. This could make it difficult for companies to attract and retain younger workers who are looking for a vibrant and diverse cultural scene.▪ Higher Education: while Pasco has several community colleges and vocational schools, it does not have a major university or research institution. This could limit the ability of companies to access a highly educated workforce and could make it difficult to attract companies that require access to cutting-edge research and development.

Housing Need Projections

Population Projections

Pasco's Comprehensive Plan update assumes that population will continue to grow rapidly in the future. Based on OFM's 2017 GMA Projections (Medium Series), Franklin County is estimated to grow to 179,572 people by 2045³. Assuming that Pasco's population will continue to make up about 80 percent of the County's population, Pasco is estimated to grow to 143,657 people by 2045. Between 2020 and 2045 Pasco will need to accommodate 66,549 new residents (Exhibit 53). The following section discusses how many housing units Pasco needs to accommodate this growth by income level.

Exhibit 51. Pasco Population Projections, 2020-2045

Source: OFM, ECONorthwest Calculations

Jurisdiction	2020	2045	Change (2020-2045)	
			Number	Percent
Pasco	77,108	143,657	66,549	86%
Franklin County	96,749	179,657	82,823	86%

Housing Need by Income Level

Pasco's housing need by income level is based on HUD CHAS household income distribution. Assuming that Pasco's current income distribution will remain the same by 2045, the future housing need is distributed according to Pasco existing household income distribution. Under this assumption, 11,542 housing units or 50% of Pasco's total need through 2045 are needed for households who make 80% or less of the area median income. About 11,776 units or 50% of the total need are needed for households with incomes of 80% of AMI or higher.

Pasco's total housing need by 2045 totals 23,318 housing units. Of these units, 21,585 is needed to accommodate population growth and 1,733 units that have been underproduced by the housing market relative to National housing trends. Exhibit 54 indicates housing needs by different income groups. According to this table, the highest housing underproduction, or the higher housing need is shown among groups with 0% to 50% AMI.

³ ECONorthwest calculation based on OFM 2017 GMA Projections – Medium Series utilizing the 2.52 AAGR between 2017 and 2038 for Franklin County.

Exhibit 52. Housing Needed by Income Level in Pasco by 2045

Source: OFM, CHAS 2015-2019, ECONorthwest Calculations

Income Category	Underproduction	Need	Total Need	Share
0-30% AMI	800	2,484	3,284	14%
30-50% AMI	590	2,905	3,495	15%
50-80% AMI	295	4,468	4,763	20%
80-100% AMI	11	2,123	2,134	9%
100-120% AMI	37	2,351	2,388	10%
120-140% AMI	0	1,474	1,474	6%
140%+ AMI	0	5,780	5,780	25%
Total	1,733	21,585	23,318	100%

Summary of Housing Needs in Pasco

Who Lives in Pasco Today?

- **Pasco has a relatively young population.** Pasco's population generally skews younger with a median age of 29.9. In comparison, Franklin County has a median age of 30.5 and Washington 37.9. Children (ages 0 to 17 years old) represent 33 percent of the population, while young adults ages 18 to 39 make up about 31 percent.
- **Senior adults (60 years and older) saw the fastest growth in this the past decade.** Seniors age 60 and older saw almost a 90 percent increase between 2010 and 2021. Although Pasco does not have a large senior population, this population cohort has rapidly grown over the past decade.
- **The Hispanic community continues to be a growing population group in Pasco.** In 2021, over half (56 percent) of Pasco's population identified as Hispanic. Growth trends indicate that Pasco will continue to grow rapidly, and Hispanics will continue to be a majority ethnic group.
- **Socio-economic gaps exist between Non-Hispanic White residents and Black and Hispanic residents.** Between 2010 and 2019, distribution of income has been higher among White non-Hispanic compared to Hispanic, and Black or African American. Median income of Hispanic households was 76% of the Non-Hispanic White households Countywide
- **Median renter incomes have grown but remain very low.** Median renter incomes have grown in the past decade, however in 2021 median renter incomes were \$38,588 compared to \$86,676 for the median owner income.

What will Pasco's Future Population Look like?

- **Pasco's population is projected to grow by 86 percent by 2045.** From 2020 to 2045, Pasco's population will increase from an estimated population of 77,108 in 2020 to 143,657 in 2045. This estimate assumes that Pasco will continue to make about 80

percent of the total County population in 2045 when Franklin's population is projected to be 179,657 based on OFM 2017 GMA County projections.

- **In the next 20 years, Pasco's children and young adults will age** and will need housing that meet the needs of older households.
- **The share of Pasco's senior residents is increasing** and will need housing that meet the needs of older households.
- **Pasco's future households will majority be family sized with 3 or more-person household**, however, there will be a need for 1-person housing units to accommodate a growing share of these households.

What Are the Current Housing Affordability Conditions in Pasco?

- **Pasco has an affordability gap** between home prices and rental costs. While the household's income allows them to cover the average rent, it falls short when it comes to purchasing a home at the median price. This suggest that the costs of purchasing a home is relatively higher than renting in Pasco's current housing market.
- **Pasco has an income disparity**. While a household earning 100 percent of the area median income can afford the average rent, they cannot afford to purchase a home at the median price. This suggest that higher income households likely have a better change of homeownership, while lower and median-income households might be limited to renting.
- **Potential barriers to homeownership exist**. The inability of a moderate-income household to afford the median priced home raises questions about the potential barriers to homeownership in Pasco. Factors such as high down payment requirements, stricter mortgage lending criteria, and rising home prices relative to income growth can make it difficult for many households to enter the homeownership market.
- **Increasing the supply of both renter and ownership product units is important** for Pasco in the long-term. If the demand for housing, particularly for homeownership, exceeds the available supply, it can drive up home prices and make it challenging for households with moderate incomes to purchase a home. Similarly, if the demand for rental housing exceeds the available supply, it can drive up rent prices and price out households that rent in Pasco.
- **Cost burden among renters in Pasco have remained high since 2010**. Although cost burden has remained at 52 percent since 2010, the share of renters that are severely cost burdened has declined over time from 29 percent in 2010 down to 23 percent in 2021. This indicates that fewer renters are spending over 50 percent of their household income in housing costs.

- **Low housing vacancy rates and high demand for housing has strained Pasco's housing market** with large increases in housing prices. Since 2010, the median home value in Pasco has increased 137 percent or \$222,928, from \$162,962 in 2010 up to \$385,900 in 2022.
- **Household incomes have not kept pace with the rising costs for homeownership.** Between 2010 and 2021, the median household income has increased 58 percent, while the median home value in Pasco has increased 106 percent. This significant increase in homeownership costs have left many unable to purchase a home. As households struggle to purchase a home, demand for rental units will increase and potentially see large rent increases to accommodate the growing demand. This also emphasizes the importance of constructing new rental units to support the growing demand specially for lower income households.
- **Housing affordability is a rising challenge in Pasco and region.** In 2023, a Pasco household would need an annual income of at least \$96,500 to be able to afford the median home sale price of \$386,000.

Key Future Housing Trends in Pasco

Future Demographic Shift	What Type of Housing is Needed?
More middle-aged Millennials	<ul style="list-style-type: none"> ▪ Homeownership of Millennials will increase ▪ Demand for ownership product type will increase near amenities for families
Increasing Number of People age 60+	<ul style="list-style-type: none"> ▪ Smaller housing units as senior adults downsize ▪ Housing near services and healthcare facilities ▪ Aging in place and multigenerational households ▪ Affordable rental and ownership product types
Increasing share of Hispanic Population	<ul style="list-style-type: none"> ▪ Housing units with several bedrooms to accommodate large household size and multigenerational living ▪ Affordable rental and ownership product types
Increasing Number of 1 and 2-person household	<ul style="list-style-type: none"> ▪ Smaller housing units ▪ Affordable rental and ownership product type

Housing Strategies and Actions

The Housing Action Plan identifies the following strategies and actions based on key findings from the market analysis, housing needs assessment, and input from the community.

Strategy 1. Remove regulatory barriers and encourage the development of variety of housing types.

Action 1.1. Identify necessary changes and update the Municipal Code to increase density, such as increasing building height, reducing setbacks, allowing mixed-use etc.

Action 1.2. Reduce minimum parking requirements for missing middle housing, multifamily dwelling units, and mixed-use developments.

Action 1.3. Review and amend the density increase design standards criteria (e.g. density bonus) to encourage a greater use of this incentive.

Action 1.4. Explore the evaluation of tailored development impact fees, and waivers or flexibility of the system development charges.

Action 1.5. Review and amend deferral of impact fees.

The City of Pasco has already made significant changes to its zoning code. This includes allowing attached and detached accessory dwelling units (ADUs), and allowing diverse home types and missing middle housing on a majority of residentially zoned lots. The City has developed a set of updated standards for adoption that will allow for more housing types and flexibility, such as townhomes, duplexes, courtyard apartments, and other homes, that will increase options for residents. The proposed changes include minimum lot size, building height, setbacks, and design standards. The City should utilize objective and practical design standards for flexibility and affordability.

Strategy 2. Increase homeownership opportunities.

Action 2.1. Develop pre-approved ADU and middle housing plan sets.

Having a pre-approved set of plans will expedite the permit process and reduce the overall cost for developers. The City can create some prototype options for developers to choose from for an expedited review.

Action 2.2. Explore implementing a voluntary inclusionary housing program.

Inclusionary housing encourages creating housing units that are more affordable than the market rate housing. This can be added as a part of new development regulations. The City can leverage this by allowing incentives such as increased height, density, reduction in fees etc. in exchange of a certain percentage of the units (rental or owner) to be available below the market rate.

Action 2.3. Explore working with community land trust and other affordable housing providers.

Action 2.4. Increase awareness and access to various housing assistance programs and amenities such as, downtown assistance program.

Community land trust can be a vehicle for Pasco to increase home ownership. Different non-profit and housing groups should work together towards establishing a community land trust. Under this, land ownership will be maintained by the land trust but homeowners will be able to build equity and move to the next levels of housing. Affordable homes shall not be concentrated in one area. They should be located in areas with better public amenities such as access to transit, parks, retails etc. Information about current housing programs should be shared through inclusive marketing and promotions.

Strategy 3. Expand the supply and access of affordable housing.

Action 3.1. Explore establishing a Multi-Family Tax Exemption Program (MFTE) program.

Action 3.2. Explore land banking for affordable housing development.

Action 3.3. Explore a local, revolving funding source to support affordable housing development and programs.

Action 3.4. Invest in infrastructure in areas with higher and mixed densities.

Pasco should consider establishing 8-year, 12-year and 20-year MFTE programs throughout the City to stimulate the construction of new, rehabilitated, or converted multifamily housing (4+ units), including affordable housing.

The City of Pasco, neighboring cities, federal jurisdictions (e.g. DSHS), non-profit housing provides (e.g. Habitat of Humanities), community land trusts etc. should collaborate to access additional funding opportunities for affordable housing. Existing agency funds also need to be allocated for affordable housing.

Strategy 4. Build housing for Pasco's special population groups.

Action 4.1. Engage alternative housing providers to build affordable housing for special population groups.

Action 4.2. Adopt code amendments that accommodate supportive and transitional housing, and emergency shelters.

Action 4.3. Maintain compliance with and further strategies of adopted state legislation to addressing housing affordability.

Alternative housing developer should collaborate with market rate housing developers to cave in housing opportunities for special population groups. Housing developments should address both physical and mental disabilities in order to cater to a diverse group.

Strategy 5. Mitigate displacement of vulnerable residents.

Action 5.1. Monitor regulated affordable housing properties and develop a housing preservation ordinance.

Action 5.2. Expand tenant protections and centralize tenant resources.

Action 5.3. Provide homeowner and landlord assistance and resources.

All agencies and coalitions should work together to develop a central database of resources for affordable housing. Tenant protection and a centralize tenant resources will address illegal evictions. Homeowners should be given adequate resources and support to maintain their homes. Old neighborhoods should be monitored for utilities, public safety, and various community opportunities.

Additional Strategies

Additional strategies are developed to address displacements. Many of these would apply to the overall conditions in addition to addressing displacement issues. Detailed discussion is available in Appendix C.

Strategy 6. Build internal and external capacity.

Action 6.1. Build a housing coalition through robust community engagement.

Action 6.2. Build capacity for data gathering and analysis.

Action 6.3. Improve Pasco's ability to leverage local, state, and federal funding opportunities to preserve and create affordable housing.

Strategy 7. Build data and research to guide future policy actions.

Action 7.1. Define and track residential displacement.

Action 7.2. Research policies or programs with racially disparate impacts.

Action 7.3. Estimate affordable housing funding and financing needs.

Strategy 8. Support residents now through readily implementable policies and programs.

Action 8.1. Support residents who may be at risk of displacement now.

Action 8.2. Leveraging existing affordable housing funding and financing programs now.

Strategy 9: Guide future growth by building a zoning structure prepared to accommodate new Pasconians.

Action 9.1. Pass residential design standards reform.

Action 9.2. Modernize impact fees and utilize them to guide future development patterns.

Action 9.3. Construct a system of straightforward incentives and exactions to govern large development applications.

Action 9.4. Increase zoning density in well-suited neighborhoods.

References

EWU, 2022: Overview of trends in the continuum of housing for homeless & low-income residents of Benton & Franklin Counties; presented to the Community Health Improvement Plan advisory committee on May 18, 2022

Habitat for Humanity, 2023; Available at: <https://www.habitatbuilds.com/who-we-are/>, accessed on June 14, 2023

Appendices

Appendix A: Public Participation Report

Appendix B: Existing Conditions Memo, NYU Wagner Capstone Team

Appendix C: HOME TO ALL - Strategies for Preventing Displacement, Addressing Racially Disparate Impacts, and Funding Affordable Housing in Pasco, Washington. NYU Wagner Capstone Team