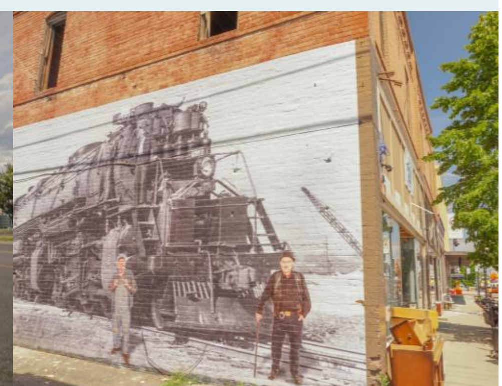
Hillyard Subarea Plan: Market Study

Prepared for the City of Spokane & Northeast Development Authority under contract to Stantec

By Agnew::Beck Consulting

Final Draft- August 2024





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1. Executive Summary

Report Purpose + Methods

The City of Spokane (the "City") and Northeast Public Development Authority (NEPDA) have entered into a partnership to lead a coordinated effort that will result in a Subarea Plan for the Hillyard neighborhood, and the surrounding areas nestled in the northeast corner of the City. The City/NEPDA embarked on this planning initiative to build upon past planning efforts and technical studies focused on infrastructure, economic development, brownfield reuse/redevelopment, and responding to the unique needs/opportunities associated with this area of the community.

The Subarea Plan Focus Area (the "focus area" herein) encompasses the parcels and public rights-of-way within the Hillyard neighborhood (including its business district), the east Hillyard industrial area (also referred to as "the Yard"), portions of the east and west residential Hillyard Neighborhood and the western slopes of Beacon Hill. The approximate 1,740-acre focus area is generally bounded by Crestline Street to the west, East Wellesley Avenue/Garnet Avenue to the South, South Havana Street/North Fancher Beacon Lane to the east, and East Francis Avenue to the north.

As part of this effort, the primary consultant, Stantec hired Agnew::Beck Consulting to conduct a market study of the focus area to inform the area-wide planning process. The purpose of this report is to share the findings related to trends in population, housing, employment and the real estate market. Additionally, Agnew::Beck translated projected population and job growth into demand for residential, commercial and industrial land uses within the focus area. Data to support this effort was sourced from: The City of Spokane, Spokane Regional Transportation Council (SRTC), Washington State Office of Financial Management, Washington State Employment Security Department, the U.S. Census Bureau and the Department of Housing and Urban Development.

Geography

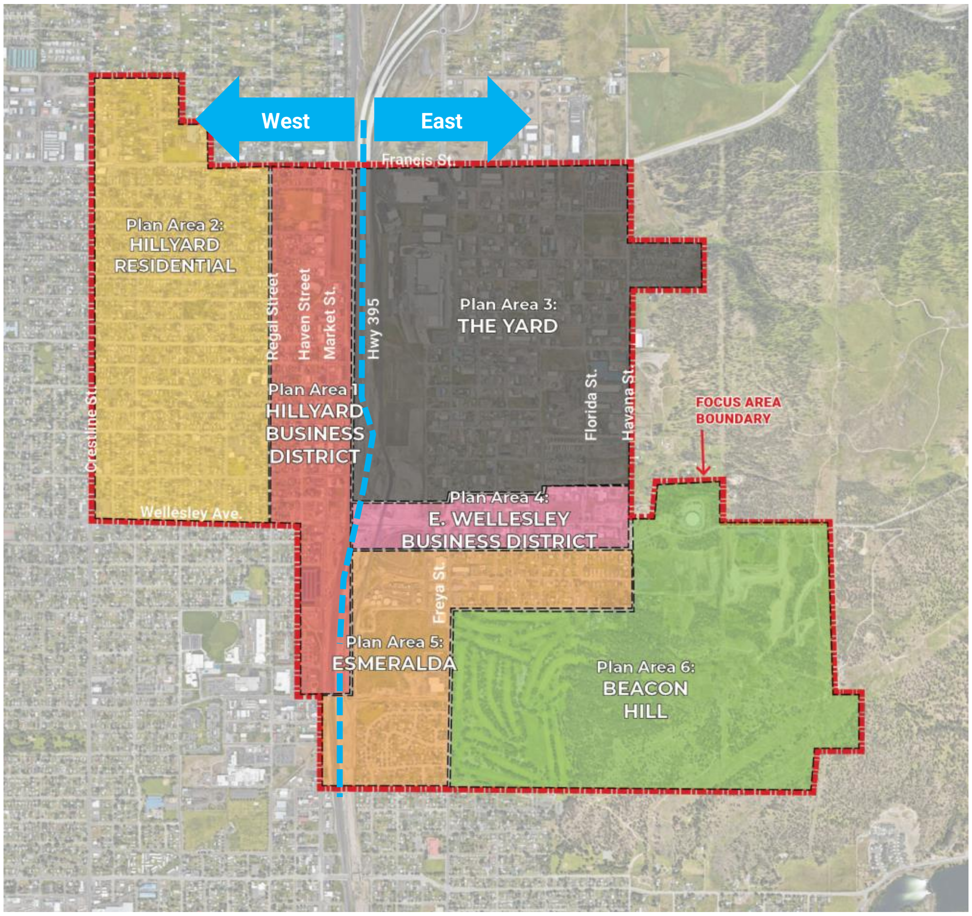
There are several types of geography that are utilized to share out demographic, housing, and economic data in this report.

- **County level-** Spokane County for comparison purposes
- **City level-** City of Spokane for comparison purposes
- **Census Tracts-** Four census tracts (2.01, 2.02, 16 and 144) roughly encompass the focus area. Some of the data for the focus area in this report is a compilation of census tract data.
- **Traffic Analysis Zone (TAZ)-** The Spokane Regional Transportation Council (SRTC), which is the regional transportation planning agency collects and forecasts housing and employment data at smaller geographies to plan for future transportation upgrades. TAZ boundaries that align closely, but not exactly, with the focus area are used to estimate housing and employment trends within the focus area.

Focus Areas

The Subarea Plan will approach reuse and revitalization planning as a series of six "Plan Areas" with the goal of recognizing and addressing the unique land use and infrastructure needs for these geographic areas within the larger focus area. This market analysis will summarize trends in population, housing, employment and the real estate market for the total focus area alongside two summary areas. The West Hillyard summary area encompasses the Hillyard Business District (Plan Area 1) and Hillyard Residential (Plan Area 2). The East Hillyard summary area encompasses The Yard (Plan Area 3), Wellesley Business District (Plan Area 4), Esmeralda (Plan Area 5) and Beacon Hill (Plan Area 6).

Figure 1: Area Wide Planning Focus Areas



Key Findings: Population + Employment

Key population, housing and employment trends are listed below.

- **Modest population growth is expected in the focus area.** With an estimated current population of 9,686 people, the population in the focus area is expected to grow by just over 3 percent over the next 10 years, an average annual growth rate of roughly 0.32 percent. Comparably, the population in the City of Spokane is expected to increase by 8 percent over the next 10 years, adding nearly 47,000 new residents to the City.[1] In recent years, the focus area has experienced a slight decline in population, which coincided with construction and right of way acquisition related to the North Spokane Corridor. Planned residential development and large infrastructure improvements such as the North Spokane Corridor Project are expected to bring more activity to the focus area and reverse recent trends. Through proactive planning and new redevelopment projects, the focus area has the potential to absorb a higher proportion of the City's population growth.

- **There is demand for as many as 434 new housing units in the focus area over the next 10 years**. In addition to new housing units there is also a substantial need for rehab or renovation of existing housing units in the focus area. Roughly 414 of the existing housing units in the focus area are expected to need substantial renovation/rehab over the next 10 years in order to stay on the market.
- **Considerable job growth is expected.** Based employment projections developed for transportation planning and an estimated capture of the city-wide employment growth, it is estimated that just over 1,000 new jobs will be created in the focus area over the next 10-years, this translates to roughly a 1.8 percent average annual increase in the total number of jobs. Job growth in Spokane County is also expected to grow at a rate of around 1.9 percent in the near term before leveling out closer to 1.3 percent annually starting in 2026.
- **Job growth could spur demand for 400,000 square feet of commercial/employment space in the focus area over the next 10 years.** Using industry standards for types of facility spaces and employment densities, it is expected that approximately 400,000 square feet of commercial space will be in demand over the next twenty years; this includes demand of office, industrial/flex, retail, accommodations/food services and institutional space.
- **West Hillyard has slightly smaller household sizes and fewer households with children.** West Hillyard has an average household size of 2.36 individuals per household, while East Hillyard has an average household size of 2.78. Additionally, roughly 37 percent of households in East Hillyard include one or more people under 18 compared to only 28 percent of households in West Hillyard.
- **Household income is lower in West Hillyard.** The median household income in West Hillyard is $41,000, roughly 28 percent below the median income of the City of Spokane. Conversely, the median income in East Hillyard is $61,000, approximately 7 percent above the city median income.
- **Roughly 26 percent of households in the focus area are cost burdened.** Renter occupied households are more than four times as likely to be cost burdened compared to owner occupied households and nearly half (47 percent) of all renter occupied households in the focus area spend more than 30 percent of their total household income on housing. This suggests that there is a need for additional affordable housing, specifically affordable rental housing, in and around the focus area.

Note: This analysis relies on the use of existing research data, mainly data obtained through Policy Map and the U.S. Census American Community Survey. Populations within the focus area who may be less inclined to respond to a broad-based survey or are more transient may be under-represented in these data sets. Additional data reported for smaller samples sizes, such as Census Tracts, often have higher Margins of Errors (MOE) associated with them. The goal of this analysis it to look more broadly at population, housing, and employment trends within the Hillyard Focus Area.

[1] Washington State Office of Financial Management, Official Population Projections, December 2022

Figure 2: Population and Employment Characteristics

Population Characteristic	Hillyard Focus Area	West Hillyard (sub area)	East Hillyard (sub area)	Spokane City	Spokane County
Total population (2020)	9,686	6,081	3,605	228,989	539,339
Average annual population growth rate (2010-2020)	0.1%	0.1%	0.1%	1.0%	1.4%
Net population change (2010-2020)	65	41	24	20,073	68,118
Projected average annual population growth rate (2025-2045)	0.32%	0.32%	0.31%	0.74%	0.84%
Household (HH) Size	2.46	2.36	2.78	2.32	2.46
Med. HH Income [1]	$48,594	$41,044	$60,850	$56,977	$64,079
HH with Children % [1]	31.3%	28.2%	36.5%	26.9%	29.4%
HH with Seniors % (Age 65+) [1]	24.4%	25.1%	23.3%	27.7%	29.5%
Unemployment Rate (5-year Average) [1]	6.8%	6.0%	8.2%	6.2%	5.7%
Total Employment (2021)	4,309	1,897	2,412	106,041	245,504
Annual Estimated Job Growth Rate	2.3%	2.4%	1.4%		1.6%
Projected Jobs (2033) [2]	5,535	2,436	3,098		372,051

Source: Hillyard Subarea Plan, Policy Map Export 1/24/24
[1] Sourced from U.S. Census Bureau, American Community Survey 5-Year Estimates (2017-2021
[2] Spokane projections based on Employment Security Department/DATA2, Spokane long-term alternative 1 occupational employment projections, July 2023.

Figure 3: Housing Characteristics: Focus Area, Census Tract, City, and County

Housing Characteristic	Hillyard Focus Area	West Hillyard (sub area)	East Hillyard (sub area)	Spokane City	Spokane County
Total Housing Units	3,872	2,548	1,324	99,933	221,968
Owner Occupied	63%	55%	77%	57%	64%
Renter Occupied	37%	45%	23%	43%	36%
Vacant Units	181	123	58	3,450	4,306
Residential Vacancies (%)	3.7%			3.0%	1.8%
Average Household Size	2.50	2.36	2.78	2.32	2.46
Overcrowded Households [1]	177	119	58	1,220	2,776
Severely Overcrowded Households [1]	15	15	0	714	1,557
Built Prior to 1950 [1]	32.5%	41.6%	14.9%	34.9%	20.6%

Source Hillyard Subarea Plan, Policy Map Export 1/24/24
[1] Sourced from U.S. Census Bureau, American Community Survey 5-Year Estimates (2017-2021
Note: More than 1.0 occupant per room. A "room" includes bedrooms, kitchens and living rooms, but not bathrooms, hallways or unfinished basements. More than 1.5 occupants per room. A "room" includes bedrooms, kitchens and living rooms, but not bathrooms, hallways or unfinished basements.

Key Findings: Development Forecast + Available Land

The team developed and compiled population, employment, and housing forecasts to model the demand for residential and commercial land in the Hillyard area. The development forecasts were compared with a comprehensive property inventory for the Hillyard area to determine whether there is adequate available land supply to accommodate projected demand. For purposes of this study, available land includes both undeveloped land, defined as sites that do not have a building/structure, and unoccupied land, defined as sites with existing buildings/structures that do not have an occupant/tenant.

- **Overall, there is sufficient available land in the focus area to accommodate projected demand (surplus of 514 acres).** The focus area has a total of 622 acres of undeveloped and/or unoccupied land, which is adequate to meet the combined commercial and residential demand of 108 acres over the next 10 years.
- **There is adequate available land to accommodate commercial development in the focus area.** When looking at land that currently allows commercial and industrial activities, there will likely be a surplus of 514 acres of available land in the focus area to accommodate future employment growth anticipated over the next 10 years. This includes available land that is currently zoned to allow residential, as well as commercial uses.
- **Adequate available land exists to accommodate residential development in the focus area.** There is just over 230 acres of available land that could accommodate some form of residential development within the focus area. This land supply should adequately meet the forecasted demand for 73 acres of residential development over the next 10 years. Land supply includes available land with a zoning designation that allows for residential, as well as commercial uses.
- **Opportunity sites offer 217 acres of available land supply that could accommodate roughly eight percent of the total residential demand and all of the commercial demand.** Stantec identified 22 opportunity sites within the focus area based on an array of site, ownership, and land use characteristics. The parcels identified also have low Improvement to Land Value Ratios (ILVR). The ILVR is calculated based on property tax records and is a metric commonly used to identify parcels that are under-utilized from a development perspective.

The findings described above make a strict comparison between acreage that is in demand and acreage that is available as land supply. However, it is important to note the following caveats to these estimates.

- The available land estimates are duplicated between residential and commercial land uses because many of the zoning districts allow both activities. If residential development outpaces commercial development and "uses-up" the majority of available land supply, there would be less commercially zoned land available to meet demand. Similarly, if commercial development quickly absorbs much of the land supply, there will be less land available for residential development. Overall, there is still a surplus of available land when compared to overall demand for land in the focus area.
- Not all parcel sizes and shapes will be conducive to development depending on the size of the project being considered. Land assembly may be needed to ensure adequate parcel size.
- Not all undeveloped or unoccupied parcels are easily developed. For example, unoccupied parcels with existing structures may limit development potential and/or impose higher development costs to redevelop the property.
- Private owners of unoccupied or undeveloped properties may be unwilling or uninterested in developing their land. There are also a number of planned developments within the study area boundaries that have yet to materialize but could impact land availability going forward.

Figure 4: Land Supply and Demand in Focus Area (Acres): Next 10 Years

Land Use	Total Land	Undeveloped Land	Unoccupied Land	Available Land Supply	Projected Land Demand	Potential Land Shortage or Surplus
	a	*b*	*c*	*d=b+c*	*e*	*f=e-d*
Residential [1]	700.4	229.0	2.2	**231.3**	**72.6**	158.7
Commercial [2]	578.8	230.0	8.2	**238.2**	**27.5**	210.7
Industrial [3]	547.56	227.40	8.15	**235.55**	**7.4**	228.1
Total Unduplicated Acres [4]	**1,387.6**	**613.6**	**8.2**	**621.7**	**107.5**	**514.2**

Source: Stantec Field Observations
[1] Includes the following zoning designations: RSF, RTF, RMF, RHF, CC1, CC2, and CC4
[2] Includes the following zoning designations: GC, NR, O, LI, HI, CC1, CC2 and CC4
[3] Includes the following zoning designations: LI, HI, GC, CC1 and CC2
[4] Rows add to more than total because there is overlap between residential, commercial, and industrial uses within Spokane Municipal Code uses.

Key Findings: Interview Themes

As part of the market analysis, Agnew::Beck interviewed real estate professionals and businesses as well as other economic development stakeholders to develop an overall understanding of factors influencing growth in the focus area. Interviews also informed the portion of the overall development forecasted for the City of Spokane that the study area can expect to capture over the next ten to twenty years.

Some of the key findings from the conversations with stakeholders are as follows:

The North Spokane Corridor Project. The North Spokane Corridor project, which will connect US 395 to the I-90 and bisect the focus area, has the potential to impact the demand for both commercial and residential land in the focus area. Construction of the North Spokane Corridor will create opportunities for adjacent commercial and industrial development, potentially making this a more desirable area for employers to relocate. The North/South connection also has the potential to reduce commuting times to this area, making it a more desirable place for workforce residential development. Some stakeholders also expressed concerns that the new corridor project would make this area less pedestrian friendly and further divide the focus area into two distinct areas (east and west).

Infrastructure upgrades would support future development. Infrastructure in the focus area is seen by some as limiting the development potential of the focus area. Specifically, street paving and storm water drainage systems were identified as two potential infrastructure improvements that would make this area more attractive for future commercial and industrial development.

Barriers to development. Market forces, such as high interest rates, a high cost to build and lower rents, currently present a challenging environment for both commercial and residential development. In order for projects to be financially feasible in the current market, more upfront equity is required and debt service coverage ratios must be higher in order to take advantage of tax incentives. Some incentives that have the potential to make development more attractive include Designated Opportunity Zones, multi-family housing tax incentives, deferral or waiver of General Facilities Charges (GFC) and flexibility around parking and building height requirements.

Redevelopment and reuse of older, existing properties. There are several underutilized properties that can be redeveloped or adaptively reused for new community-serving purposes. There is a desire to rediscover and connect to the history of this area through the revitalization of existing buildings. Protecting the focus area's character is important to the community. There is also an acknowledgment that the focus area has a long history of industrial and manufacturing uses, especially near its southern and eastern limits, which may have contributed to contamination in soil and groundwater of some of the available parcels.

Recommendations + Strategies

Hillyard faces a unique set of challenges when it comes to redevelopment. This section presents some high-level strategies to be considered to address some of these challenges and encourage development in the focus area.

Housing

Affordability: The average household income for existing residents of Hillyard poses a hardship for obtaining affordable housing. Nearly half of all renter-occupied households (47 percent) in this area are considered to be cost burdened, spending more than 30 percent of their total household income on housing indicating that there is specifically a need for more affordable rental units in this area. Households making less than $35,000 per year account for over 60 percent of all cost burden households in the Hillyard area, suggesting that targeting monthly housing costs that are under $900/month would help support this underserved portion of the study are population. Depending on households size, many of the cost burden households in the focus area would likely meet the HUD income limits to be considered as low income (80% of AMI) or very low income (50% of AMI) households.

Variety: Currently the focus area lacks a broader array of housing options with detached single family housing units accounting for over 80 percent of all housing units. There are also few units with three or more bedrooms to accommodate larger family households. Additional variety in both housing type (e.g. duplex, triplex, multifamily etc.) and housing size could benefit existing residents and attract new residents to the Hillyard area.

Revitalization Tool: Housing is a vital revitalization tool, especially in the Hillyard Business District and the planned E Wellesley Business District. Housing plays a key role in attracting the workforce to an area and bringing regular foot traffic to support retail and mixed use. Housing can also help mitigate the "post workday ghost town" effect, that can leave predominately commercial areas feeling empty, underutilized and in some cases unwelcoming during non-working hours.

Incentives: The City has several incentives for housing projects that could help close some of the financial feasibility gap. Some incentives specifically targeting housing development include the Multi-Family Tax Exemption (MFTE) which includes an 8-year incentive for market rate housing, a 12-year incentive for if the project includes affordable/rent-restricted units and a 20-year incentive for projects that include permanent owner-occupied affordable housing units. The "Parking 2 People" or Sales and Use Tax incentive encourages redevelopment of vacant or underdeveloped lots (particularly parking lots) and the construction of affordable rate housing. The City also offers a 3-year tax exemption for Detached ADU's which could be a good option for Hillyard since much of the housing stock in this area is detached single family units. A portion of the Hillyard Study Area is also eligible for New Market Tax Credits which is designed to attract private capital to low-income communities by permitting individual and corporate investors to receive tax credits against their federal income tax in exchange for equity investments in CDEs.

Zoning: It is recommended that the City insures that zoning standards, especially the Corridor Zones, allow for standalone multi-family as well as mixed use development. This will allow flexibility for future redevelopment and clear and predictable zoning standards are often attractive to future developers.

Commercial Services

Increase Amenities: Commercial services, like cafés and restaurants, are a sought-after amenity for residents, the local workforce and visitors alike. Nearby commercial services could also reduce transportation costs for resident workforce, making Hillyard a more affordable place to live. Encouraging the development of commercial services in conjunction with housing development will attract more people to the Hillyard Study Area. The Hillyard Business District specifically could benefit from an increase in both the number and diversity of commercial services and shopping options.

Smaller Scale Retail: The retail landscape is changing and shifting towards smaller-scale, experience-based enterprises (e.g., specialty shops, cafés and restaurants). A larger consumer base is required to support larger big box retailers as consumer preferences have continue to evolve and increasing include online sales. Small scale commercial services in the E Wellesley Business District would complement the existing industrial uses in East Hillyard and planned residential development in Beason Hill.

Infrastructure Updates: The North Spokane Corridor project, which will connect US 395 to the I-90 and bisect the focus area, has the potential to create opportunities for adjacent commercial and industrial development in the focus area. Maintaining and updating the infrastructure in the areas surrounding the North Spokane Corridor would make the focus area even more appealing for future commercial development.

Industrial Uses

The Yard: Existing industrial clusters that occupy the northeast quadrant of the focus area, commonly referred to as The Yard, are a defining characteristic of the focus area and are expected to continue to play an important role in the focus area. The North Spokane Corridor will create a competitive advantage for moving goods and services through this area as a direct freight route with its connection into I-90, creating an opportunity to attract more industrial users to this area.

Land Use Flexibility: In addition to the larger industrial users, there is also and opportunity to attract smaller scale manufacturers and fabricators, such as welders, specialty products, 3D printing and machine shops, to the focus area. Relatively affordable land costs paired with land use flexibility to accommodate different types of industrial will make the focus area an attractive option for a variety to industrial users to locate in the focus area.

Infrastructure Improvements: Many of the industrial areas of the focus area in need of some critical infrastructure improvements, such as paving streets and expanding access or upgrading utilities within the area. These improvements are essential for attracting new industrial users to the area.

2. Housing + Employment Forecast

Population

Historical Trends

The focus area experienced modest population growth between 2010 and 2020 with an average annual population increase of 0.1 percent. This followed a period of population decline between 2000 and 2010 that saw an average annual population decline of -0.2 percent. This population decline coincided with construction and right of way acquisition related to the North Spokane Corridor (NSC) which likely resulted in displacement as properties were acquired for the NSC. During this same period, the City of Spokane experienced population growth at an average annual rate of roughly 0.8 percent.

Figure 5: Historic Population Trends

Geography	Net Change 2010 – 2020	Percent Change 2010 – 2020	Average Annual Percent Change
Spokane County	68,118	14.5%	1.4%
Spokane City	20,073	9.6%	1.0%
West Hillyard	41	0.7%	0.1%
East Hillyard	24	0.7%	0.1%
Hillyard Focus Area	65	0.7%	0.1%

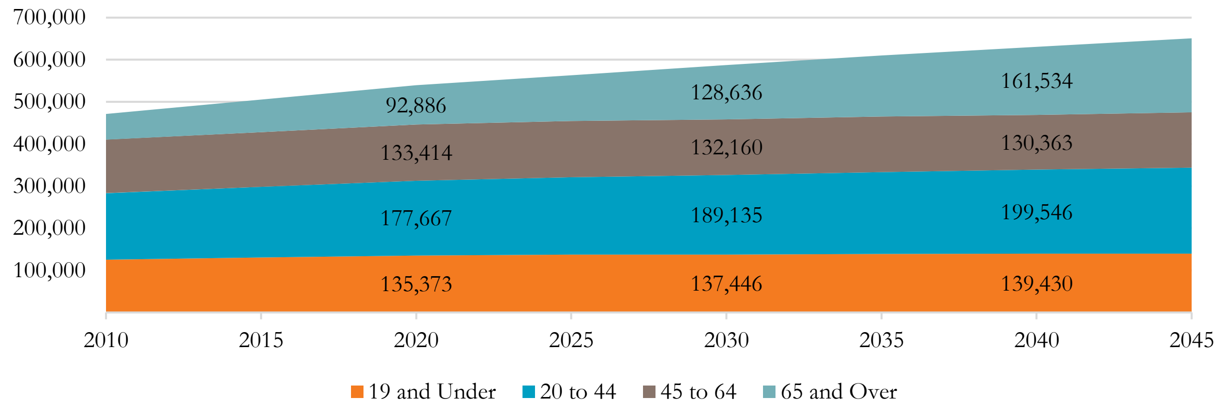
Source: Hillyard Subarea Plan, Policy Map Export 1/24/24

The population in the City of Spokane is expected to continue to show steady growth over the next 20 years with a projected population increase of over 87,000 people (a 16 percent increase) by the year 2045.[2] In addition to the projected overall growth in population, the age composition in Spokane is projected to change as well. Between 2025 and 2040, the population over the age of 65 is forecasted to increase by nearly 50 percent, while the population of younger adults between age 20 and 44 is forecast to only increase by 9 percent during that same time. This is a demographic trend that we are seeing in many communities as the largest age cohort in the United States, the Baby Boomers, continue to age.

The demographics of the focus area generally mirror the city as a whole. The majority of the population identifies as white (78 percent), just over nine percent identify as two or more races, four percent identify as Asian, three percent black or African American, two percent identify as Native Hawaiian or other Pacific Islander or American Indian/Alaska Native. Just over seven percent of the focus area population identifies as Hispanic or Latino, which is also mirror the demographics of the city as a whole.

[2] Washington State Office of Financial Management, Forecasting and Research Department, December 2022

Figure 6: City of Spokane Population Projections by Age



Source: Forecast based on Washington State Office of Financial Management, Population Estimates by Age 2010-2022.

Population Forecast

The population in the City of Spokane is forecasted to grow at an average annual rate of 0.74 percent over the next 20 years. The focus area is expected to capture a portion of this overall growth but is expected to grow at a slightly slower rate. In recent years, the focus area has experienced little not no growth in population, but planned residential development and large infrastructure improvements such as the North Spokane Corridor Project are expected to bring more activity to this area and reverse recent trends. Through proactive planning and new redevelopment projects, the focus area has the potential to absorb a higher proportion of the City's population growth.

This study assumes that the focus area population will grow at an average annual rate of roughly 0.32 percent between 2023 and 2033. This assumed growth rate is based on historical population trends, population forecasts produced by the Office of Financial Management for the City of Spokane and the SRTC Regional Transportation Model TAZ level population estimates. Based on the forecasted growth rates, the focus area population is expected to increase by roughly 315 people by 2033.

Figure 7. Focus Area Population Growth Rate Assumptions

Focus Area	Avg Annual Growth in Focus Area (2010-2020) [1]	Avg Annual Growth for Spokane City (2010-2021) [2]	Forecasted Avg Annual Growth for Spokane City (2025-2045) [3]	Forecasted Avg Annual Growth for Focus area TAZs (2019-2045) [4]	Assumed Growth Rate (2023-2033) [5]
West Hillyard	0.07%	0.84%	0.74%	0.17%	**0.32%**
East Hillyard	0.06%	0.84%	0.74%	0.14%	**0.31%**
Total Focus Area	**0.07%**	**0.84%**	**0.74%**	**0.16%**	**0.32%**

[1] Policy Map Export of Hillyard Subarea Plan
[2] Washington State Office of Financial Management - April 1 Official Population Estimates
[3] Office of Financial Management - Forecasting & Research- December 2022
[4] Based on SRTC Regional Transportation Model 2019-2045- TAZ level Household Forecasts
[5] Calculated as the average of the growth rates shown on this table.

Housing

Policy Map reports just over 3,800 existing housing units in the focus area, with an estimated 2,500 housing units in West Hillyard and 1,300 housing units in East Hillyard based on distribution of housing units reported by the U.S. Census. The majority of the existing housing units in the focus area are occupied (96 percent of total housing units). The majority of the housing units in the focus area (63 percent) are owner occupied. This trend appears to be more pronounced in East Hillyard, where owner occupancy is closer to 77 percent, while in West Hillyard there is a more even split between renter and owner occupancy, with just slightly more renters (55 percent of occupied units).

The average household size in the focus area is 2.5 people per household, which is slightly higher than the city-wide average of 2.3 people per household. Within the focus area, households in East Hillyard are larger on average with nearly 2.8 people per household, compared to an average household size of 2.4 in West Hillyard. The housing units in East Hillyard are also more likely to have more bedrooms, with 65 percent of units having three or more bedrooms in East Hillyard, compared to only 47 percent of housing units in West Hillyard. Overcrowding is not prevalent in the focus area, with just under four percent of the households meeting the Census' definition of overcrowded.[3]

Housing units built before 1950 account for 32 percent of the total occupied housing units in the focus area. In West Hillyard, close to 42 percent of the existing housing stock was built before 1950, suggesting that there might be a greater need for rehab and/or replacement of the existing housing structures in West Hillyard. At least a portion of these aging housing units will likely need to be replaced in the next decade.

The table below shows the nine descriptive housing indicators for the Hillyard Focus Area as well as a breakdown for both West Hillyard and East Hillyard. The third column of the table also displays the housing indicators as a percent of total housing units or occupied housing units for a more direct comparison between the focus area as a whole and the two sub areas.

Figure 8: Focus Area Housing Profile

Indicator	Hillyard Focus Area	Hillyard Focus Area %	West Hillyard	East Hillyard
Total Housing Units	3,872	100%	2,548	1,324
Occupied Units	3,691	95.3%	96.6%	97.0%
Owner Occupied	2,311	62.6%	55.0%	77.2%
Renter Occupied	1,380	37.4%	45.0%	22.8%
Vacant Units	181	4.7%	4.8%	4.3%
Residential Vacancies (%)		3.7%		
Average Household Size	2.50		2.36	2.78
Overcrowded or severely overcrowded Households [1]	192	5.2%	5.3%	4.4%
Built Before 1950		32.5%	41.6%	14.9%

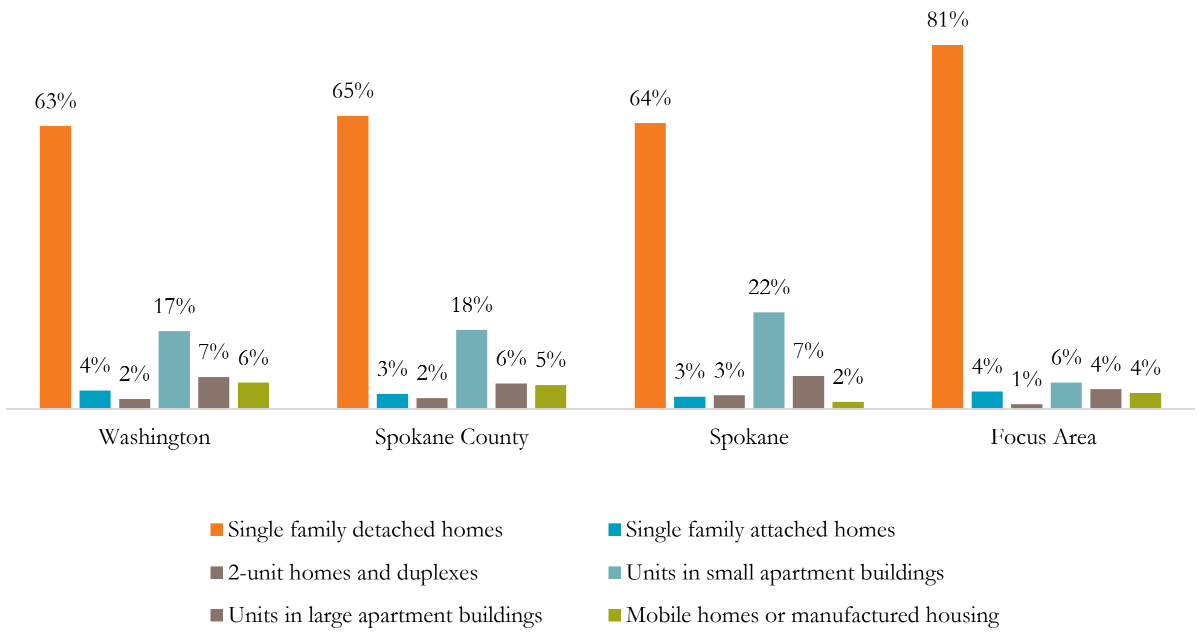
Source: Hillyard Subarea Plan, Policy Map Export 1/24/24
[1]U.S. Census Bureau, American Community Survey 5-Year Estimates (2017-2021)

The majority of housing units in the focus area are single family homes (85 percent) followed by multi-family units with three or more units (10 percent). Mobile homes also contribute to the overall housing stock in the

[3] Overcrowded is defined as more than 1.0 occupant per room. A "room" includes bedrooms, kitchens and living rooms, but not bathrooms, hallways or unfinished basements. Severely overcrowded is defined as more than 1.5 occupants per room.

focus area and account for four percent of the total housing units. There is more diversity of housing types in West Hillyard compared to East Hillyard, where single family homes make up 93 percent of the total housing stock.

Figure 9: Housing Units by Unit Type



Source: Source: Hillyard Subarea Plan, Policy Map Export 1/24/24

Housing Forecast

The housing forecast for the focus area is shown in **Error! Reference source not found.**10 and considers the number of new units needed due to population change and overcrowding as well as the number of existing units that will likely need substantial repair due to housing condition. After adjusting for residential construction that took place in the past three years (2020-2023), an estimated 434 new housing units are needed in the focus area to address demand. This represents a 12 percent increase in the number of available housing units and has a ten-year estimated annual absorption of about 43 units per year over 10-years. Based on building permit data, historically an average of seven new housing units are added to the focus area annually.

Figure 10: Focus Area 10-Year Housing Needs Estimate (2023-2033)

Item	Hillyard Focus Area	West Hillyard	East Hillyard	Notes
Current estimate of Housing Units	3,872	2,548	1,324	U.S Census Bureau, American Community Survey 5-Year Estimates (2017-2021)
New Units Needed Due to Population Change	331	210	121	Based on SRTC Regional Transportation Model 2019-2045 TAZ level Household Forecasts, historical growth rates as reported by the American Community Survey and Washington State Office of Financial Management population estimates and projections. See Figure 7 for growth assumptions and Figure 11 for calculations.
New Units Needed Due to Severe Overcrowding	134	93	40	Overcrowding is defined by Census and HUD as homes with more than one occupant per room. Severe overcrowding is defined as more than 1.5 occupants per room. 3.4 percent of occupied housing is overcrowded or severely overcrowded. American Community Survey 5-year Estimates (2017-2021)
Less New Residential Construction in 2020-2023	31	21	10	A total of 31 new housing units have been added to the market since 2019 (6 multi-family units, 12 duplex, 11 single family and 1 ADUs). City of Spokane Building Permit Database.
Total New Units Needed	**434**	**283**	**151**	**Over 10 years**
Percent of total housing stock	12%	11%	12%	Estimated new units needed divided by the estimated existing housing stock.
Forecasted annual absorption *(units per year)*	43	28	15	Calculated over a 10-year period. Between 2020-2023 an average of 7 new units per year were added to the market. City of Spokane Building Permit Database.
Rehab of Existing Units Due to Housing Condition	**414**	**349**	**65**	Estimated as the average of three indicators applied as a percent to the sum of occupied units and units on the market: occupied units lacking kitchen and plumbing facilities (1%), all units built before 1950 (33%) and all units that are mobile homes (0%). American Community Survey 5-year Estimates (2017-2021).

One of the main drivers of demand for new housing in the focus area is forecasted population growth. This study assumes that the focus area population will grow at an average annual rate of roughly 0.32 percent between 2023 and 2033. This assumed growth rate is based on historical population trends, population forecasts produced by the Office of Financial Management for the City of Spokane and the SRTC Regional Transportation Model TAZ level estimates. The focus area population is expected to increase by roughly 315 people by 2033 and drive demand for an estimated 331 new housing units. To arrive at the estimated number of housing units needed to accommodate forecasted population growth, the forecasted net population change is divided by the average household size within the study area. A five percent vacancy rate is then added to the estimate to ensure adequate supply and room for mobility within the housing market.

Figure 11. Housing Needed to Accommodate Forecasted Population Growth

Focus Area	Assumed Average Annual Growth Rate	Population 2023	Population 2033	Net Population Change (2023-2033)	Average Household Size	Vacancy Rate to Ensure Adequate Supply	Housing Needed due to Population Growth
West Hillyard	0.32%	6,120	6,320	200	2.4	5%	210
East Hillyard	0.31%	3,628	3,743	115	2.8	5%	121
Total Focus Area	**0.32%**	**9,748**	**10,063**	**315**	**2.5**	**5%**	**331**

In addition to the new units needed to accommodate forecasted population growth, overcrowding of existing housing units in the focus area is taken into consideration as an indicator of pent-up demand in the housing market. For this study, we are using the number of housing units within the focus area that meet the Census definition of "severely overcrowded" or "overcrowded". A total of 134 housing units are needed to alleviate severe overcrowding in the focus area, with most of the overcrowding occurring in West Hillyard.

Figure 12. Housing Needed to Alleviate Overcrowding

Focus Area	Total Occupied Housing Units	% Overcrowded [1]	% Severely Overcrowded [2]	New Units Needed to Alleviate Overcrowding and Severe Overcrowding
West Hillyard	2,350	3.5%	0.4%	**93**
East Hillyard	1,221	3.3%	0.0%	**40**
Total Focus Area	**3,571**	**3.4%**	**0.3%**	**134**

[1] Overcrowding is defined by Census and HUD as homes with more than one occupant per room.

[2] Severe overcrowding is defined as more than 1.5 occupants per room. Rooms are defined as the total number of rooms, not just the bedrooms.

In addition to the forecasted need for new housing units in the focus area, the need for the preservation of existing housing units is also taken into consideration. If existing housing units are not maintained or rehabbed, it is likely that some portion of the existing units will eventually fall off the market and further compound the need for housing in the focus area. To estimate the number of existing housing units that will likely need substantial rehab or replacement over the next 10 years, we calculated and average replacement factor based on housing units without complete kitchen and plumbing facilities, housing stock built prior to 1950 and mobile home units. While there are very few housing units in the focus area that lack kitchen and plumbing facilities or are mobile home units, a large portion (33 percent) of housing units were built over 70 years ago. The aging housing units in the focus area are driving the demand for an estimated 414 existing units that will need substantial rehab or replacement over the next 10 years.

Figure 13. Estimated Need for Rehab/Replacement of Existing Housing Units

Community	Total Housing Units	Housing Stock Without Plumbing + Kitchen Facilities	Housing Stock Built prior to 1950	Housing Stock that are Mobile Home Units	Avg Factor to Indicate Homes to Replace	Need to Replace/Rehab Existing Homes in Poor Condition
West Hillyard	2,459	1%	42%	0%	14%	**349**
East Hillyard	1,277	0%	15%	0%	5%	**65**
Total Focus Area	**3,736**	**1%**	**33%**	**0%**	**11%**	**414**

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (2017-2021)

Employment

Regional Trends

Spokane County has experienced steady employment growth in recent years and is projected to continue this trend through 2031. Regional economic growth has been supported by a growing population, which grew at an average annual rate of just over 1 percent between 2020 and 2022.

Employment in Spokane County is forecasted to continue to grow by an average rate of 1.9 percent between 2021 and 2026 before tapering to a slightly lower growth rate closer to 1.3 percent annually between 2026 and 2031.[4] In 2021 the top three occupational sectors in Spokane County in terms of employment were office and administrative support, sales, and transportation and material moving respectively. All occupational sectors are expected to grow over the next 10 years, with the highest growth rates forecasted for healthcare support occupations, food preparation and serving related occupations and computer and mathematical occupations.

Figure 14: Spokane County 10-Year Job Projections by Industry

Sector	Spokane County Employment Projections		
	2021 Employment	2031 Employment	Growth Rate
Management Occupations	10,869	12,953	1.92%
Business and Financial Operations Occupations	16,118	18,691	1.60%
Computer and Mathematical Occupations	5,519	7,405	3.42%
Architecture and Engineering Occupations	3,276	3,668	1.20%
Life, Physical, and Social Science Occupations	2,807	3,220	1.47%
Community and Social Service Occupations	9,440	11,237	1.90%
Legal Occupations	2,203	2,395	0.87%
Education, Training, and Library Occupations	15,442	18,610	2.05%
Arts, Design, Entertainment, Sports, and Media Occupations	5,082	6,125	2.05%
Healthcare Practitioners and Technical Occupations	17,074	20,234	1.85%
Healthcare Support Occupations	15,579	19,477	2.50%
Protective Service Occupations	5,466	7,164	3.11%
Food Preparation and Serving Related Occupations	19,488	25,040	2.85%
Building and Grounds Cleaning and Maintenance Occupations	10,755	13,459	2.51%
Personal Care and Service Occupations	6,543	8,601	3.15%
Sales and Related Occupations	27,370	29,553	0.80%
Office and Administrative Support Occupations	32,869	36,503	1.11%
Farming, Fishing, and Forestry Occupations	1,975	2,057	0.42%
Construction and Extraction Occupations	14,851	16,971	1.43%
Installation, Maintenance, and Repair Occupations	9,895	11,180	1.30%
Production Occupations	12,194	13,062	0.71%
Transportation and Material Moving Occupations	21,735	24,620	1.33%
Total, All Occupations	266,550	312,225	1.71%

Source: Employment Security Department/DATA2, Spokane long-term alternative1 occupational employment projections, July 2023

Based on the SRTC Regional Transportation Model TAZ level employment forecasts, the focus area is expected to see an average annual growth rate for employment of 1.7 percent through 2045. To forecast the employment in the focus area, this analysis assumes that Hillyard will capture a portion of the overall employment growth forecasted for the City of Spokane. The capture rate assumptions used for this forecast are based on the travel demand model developed by SRTC for a variety of long-range planning functions and may be refined or confirmed through ongoing key stakeholder interviews. Financial, Insurance and Real

[4] Employment Security Department/DATA2, Spokane long-term alternative1 occupational employment projections, July 2023 (https://esd.wa.gov/labormarketinfo/projections)

Estate Services (FIRES) and industrial, construction, and manufacturing are the two sectors expected to see the biggest growth in terms of employment within the focus area, adding close to 600 new jobs when combined.

Figure 155 shows what future employment in the focus area could look like based on Policy Map employment estimates, TAZ level forecasts developed by SRTC and employment forecasts for the City of Spokane developed by the State of Washington Employment Security Department. These sector specific employment projections are used to identify demand for different types of commercial space within the focus area.

Figure 15: Focus Area 10-Year Job Projections by Industry

Sector	2023 Estimated Jobs	2033 Projected Jobs	Net Change (2023-2033)
Construction	458	471	12
Manufacturing	302	310	8
Utilities	174	195	21
Wholesale Trade	238	252	14
Retail Trade	480	481	1
Transportation and Warehousing	174	195	21
Finance & Insurance	223	253	30
Professional, Scientific, and Technical Services	179	210	30
Management of Companies and Enterprises	0	0	0
Administrative and Support Services	221	242	21
Educational Services	257	386	129
Health Care & Social Assistance	813	1,433	620
Arts, Entertainment, & Recreation	70	79	9
Accommodations & Food Service	431	506	74
Other Services	368	422	54
Public Administration	85	102	17
Total	**4,474**	**5,535**	**1,061**

Source: Hillyard Subarea Plan, Policy Map Export 1/24/24. Growth rates information by Spokane Regional Transportation Council (SRTC) Regional Transportation Model 2019-2045 and Employment Security Department/DATA2, Spokane long-term alternative1 occupational employment projections, July 2023

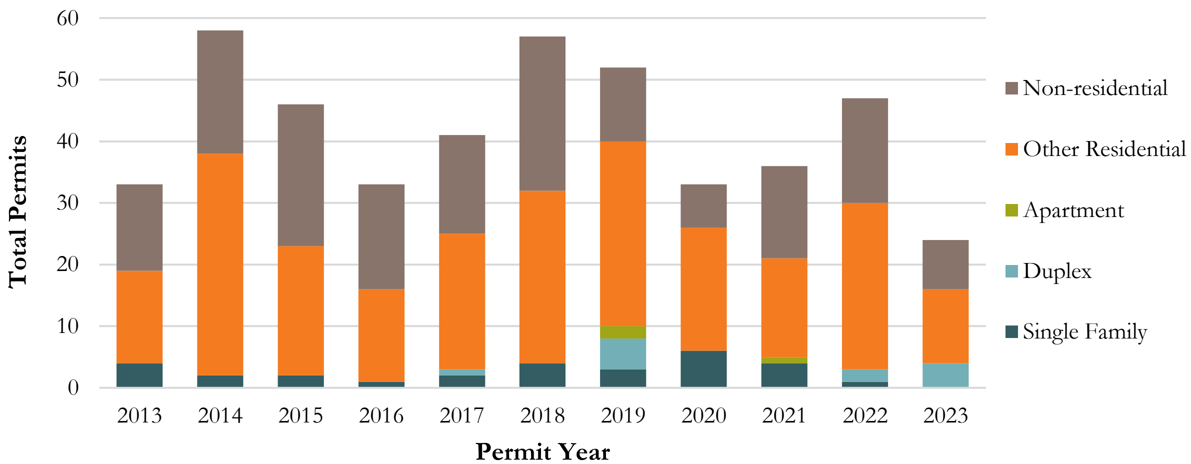
The North Spokane Corridor project, which will connect US 395 to the I-90 and bisect the focus area, has the potential to impact the employment projections in this area. Construction of the North Spokane Corridor will create opportunities for adjacent commercial and industrial development, potentially making this a more desirable area for employers to relocate. This project will include an interchange at Wellesley Avenue that would allow for direct and easy access to the East Wellesley Business District, Hillyard Business District and the Yard plan areas. The North Spokane Corridor creates a competitive advantage for moving goods and services as a direct freight route with its connection into I-90. This could drive additional demand for commercial space in the focus area over the next 10-20 years.

3. Development Trends

Building Trends

Development activities in the focus area have been relatively modest compared to the overall growth that has occurred in the City of Spokane, which saw a 16 percent increase in total construction permits issued over the prior four-year average between 2018 and 2021.[5] Just over half of the building permits issued within the focus area fall under the "other residential" category which primarily is made up of alterations to existing residential structures, including new accessory structures such as garages, carports and sheds, retrofit for solar installations or deck/patio extensions. Non-residential permits account for roughly 38 percent of the total permit activity in the focus area and include permits for new commercial buildings, additions to existing commercial buildings and industrial buildings. Residential permits account for just under 10 percent of the total building permit activity in the study area and most of the residential permits issued in this area are for single family homes and duplexes.

Figure 16. Focus Area Building Permit Activity by Permit Type, 2013-2023

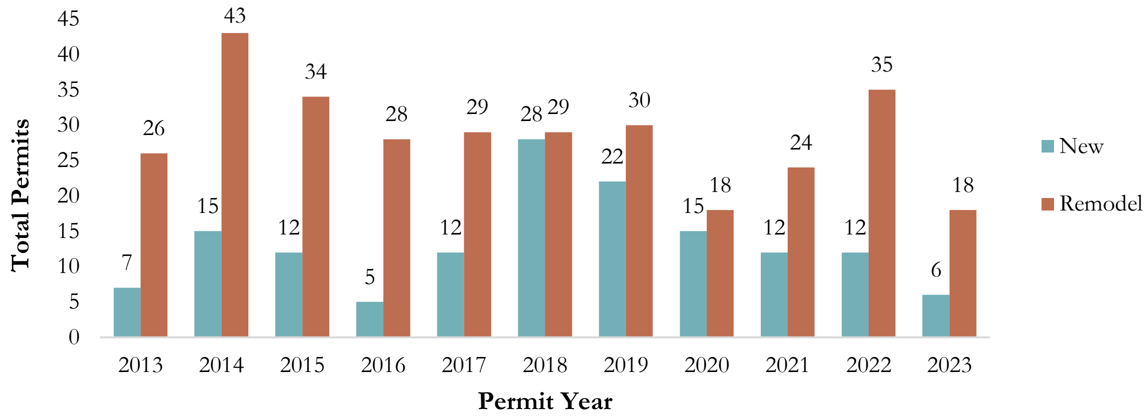


Source: City of Spokane Building Permit Database, August 2023 data export.
Notes: Includes permits for both new construction and renovation. Data for 2023 is incomplete and only includes permits issued prior to August 2023.

Most of the building permit activity that has occurred within the focus area is focused on renovation or additions to existing residential and commercial structures. Just over 30 percent of the building permits issued between 2013 and 2023 were for new construction in the focus area. There was a brief spike in building permits for new construction in 2018 and 2019 but that trend has leveled off in more recent years. West Hillyard saw roughly twice as many building permits for remodels compared to East Hillyard and the distribution of building permits for new construction is almost evenly split between West and East Hillyard.

[5] City of Spokane: Year End Permit Report, December 2022 (https://static.spokanecity.org/documents/business/statistics/2022/2022-building-permit-activity-summary-december-year-end.pdf)

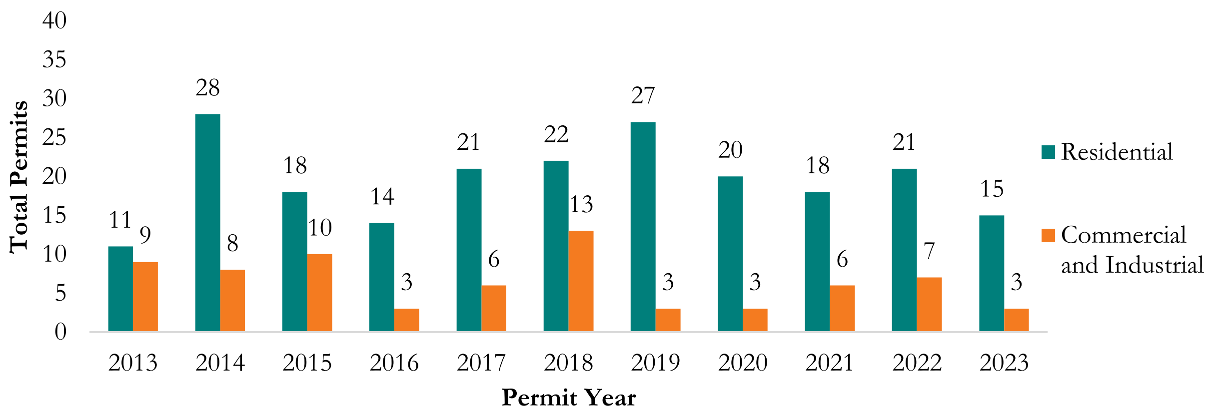
Figure 17. Focus Area Building Permit Activity, New and Remodel, 2013-2023



Source: City of Spokane Building Permit Database, August 2023 data export.
Note: Data for 2023 is incomplete and only includes permits issued prior to August 2023.

The majority of the building permit activities in the focus area have taken place in West Hillyard, accounting for just over 60 percent of the total building permits. The building permits issued in West Hillyard tend to skew more heavily toward residential development, accounting for 75 percent of the total building permits issued in this area. The figure below shows the total number of permits issued each year, for both new construction and renovation of existing structures, broken out by residential and commercial/industrial development.

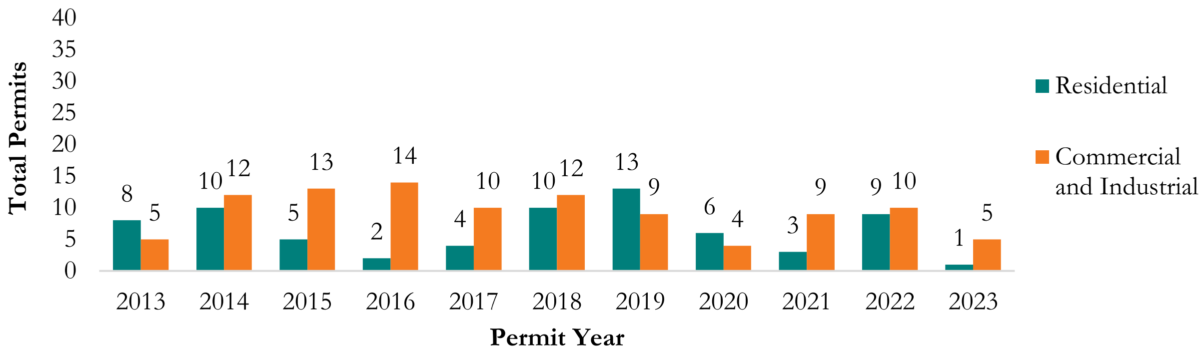
Figure 18. West Hillyard Building Permits, Commercial and Residential, 2013-2023



Source: City of Spokane Building Permit Database, August 2023 data export.
Notes: Includes permits for both new construction and renovation. Data for 2023 is incomplete and only includes permits issued prior to August 2023.

Conversely, building permits issued in East Hillyard tend to skew more heavily toward commercial and industrial development. Just under 60 percent of the building permits issued in East Hillyard were for new construction or renovations/additions to existing commercial and industrial structures. East Hillyard is home to the Yard and Wellesley Business District, two commercial/industrial hubs in the focus area, so it is not surprising that recent building permit activity in this area has been more focused toward commercial/industrial development. In comparison, an average of just under 20 residential building permits have been issued per year in West Hillyard compared to around seven residential building permits per year in East Hillyard.

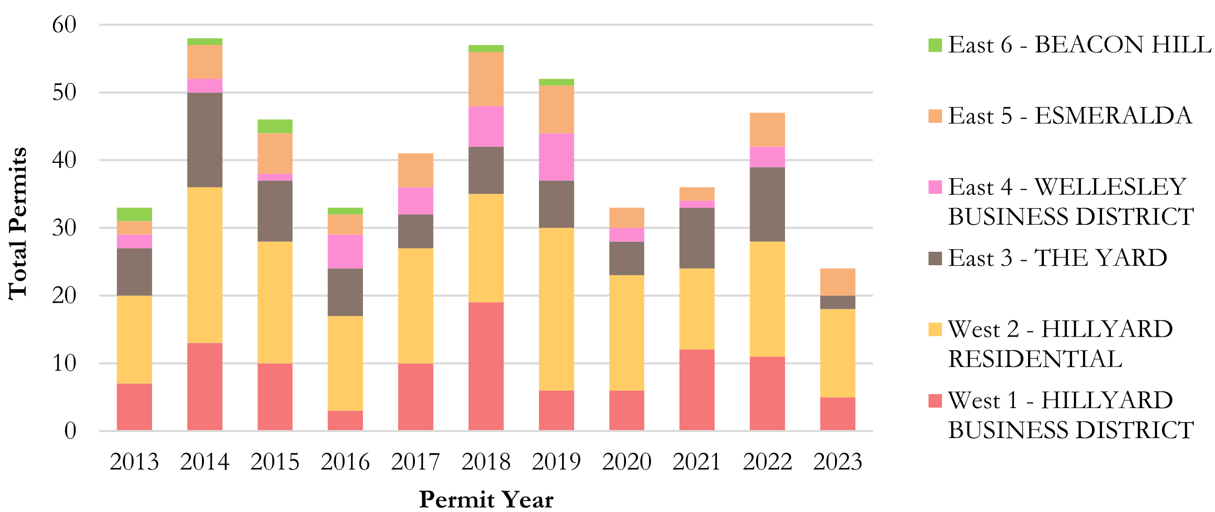
Figure 19. East Hillyard Building Permits, Commercial and Residential, 2013-2023



Source: City of Spokane Building Permit Database, August 2023 data export.
Notes: Includes permits for both new construction and renovation. Data for 2023 is incomplete and only includes permits issued prior to August 2023.

The figure below further breaks down recent building permit activity into the six plan areas within the Hillyard focus area. Roughly 40 percent of all building permits issued between 2013 and 2023 took place in Hillyard Residential (Plan Area 2). Hillyard Business District (Plan Area 1) accounts for about 22 percent of the building permit activity in the focus area and roughly 18 percent of the building permit activity took place in The Yard (Plan Area 3). Beacon Hill (Plan Area 6) had the lowest number of building permits issued during this time period.

Figure 20. Total Building Permit Activity by Plan Area, 2013-2023



Source: City of Spokane Building Permit Database, August 2023 data export.
Notes: Includes permits for both new construction and renovation. Data for 2023 is incomplete and only includes permits issued prior to August 2023.

Figure 21 shows the residential and commercial building permit activity that took place between 2013 and 2023 in each of the six plan areas. The building permit activity in Hillyard Residential (Plan Area 2) skews heavily towards residential development, Hillyard Business District (Plan Area 1) and The Yard (Plan Area 3) skew slightly towards commercial development, and Wellesley Business District (Plan Area 4), Esmeralda

(Plan Area 5) and Beacon Hill (Plan Area 6) saw a mix of both residential and commercial building permit activity.

Figure 21. Residential and Commercial Building Permit Activity by Plan Area, 2013-2023

Source: City of Spokane Building Permit Database, August 2023 data export.
Notes: Includes permits for both new construction and renovation. Data for 2023 is incomplete and only includes permits issued prior to August 2023.

Residential Market

The median gross rent, the midpoint between the highest and lowest rents, was slightly lower in the focus area than the city-wide median gross rent for Spokane. East Hillyard has a notably higher median gross rent than West Hillyard but is also a much smaller sample since most housing units are owner occupied in this part of the focus area. Median housing costs and monthly mortgage payments were also lower in the focus area when compared to the City of Spokane. The median value of the housing units in the focus area at $160,739 is also significantly lower in the focus area compared to the City of Spokane ($236,300). The median housing costs referenced in this report come from the U.S. Census Bureau and represent a five-year average of survey data collected between 2017 and 2021. The lag in the reported housing costs likely underrepresent the present day cost of housing in this focus area. The impacts of COVID-19 pandemic and tight housing market in Spokane continue to put pressure on the housing market and drive-up housing costs throughout the city.

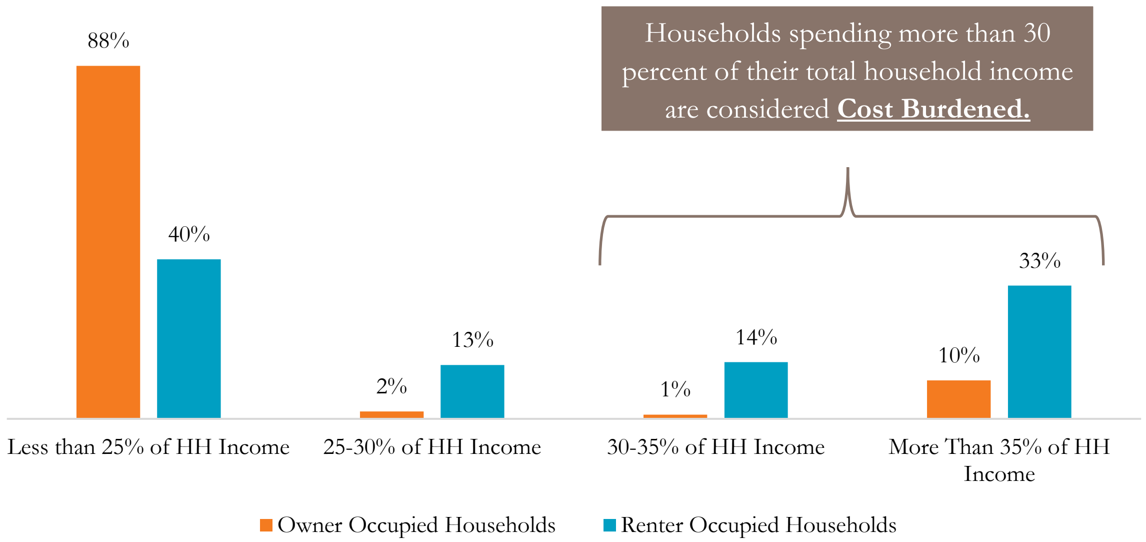
Figure 22: Median Housing Cost

Item	Spokane City	Focus Area	West Hillyard	East Hillyard
Median Gross Rent / month	$956	$949	$857	$1,125
Median Ownership Costs (w/Mortgage) / month	$1,417	$1,111	$1,047	$1,234
Median Ownership Costs (No Mortgage) /month	$504	$471	$463	$486
Median Value	$236,300	$160,739	$152,889	$175,800

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (2017-2021)

Households who spend more than 30 percent of their total income on housing costs are considered to be cost burdened. Spending a larger portion of household income on housing limits the amount of income available for other non-discretionary spending, such as food, clothing and transportation. Roughly 26 percent of all households in the focus area are considered cost burdened. Renter occupied households are more than four times as likely to be cost burdened compared to owner occupied households and nearly half (47 percent) of all renter occupied households in the focus area meet the definition of cost burdened. This suggests that there is a need for additional affordable housing, specifically affordable rental housing, in and around the focus area.

Figure 23: Monthly Housing Costs as a Percent of Household Income in Focus Area

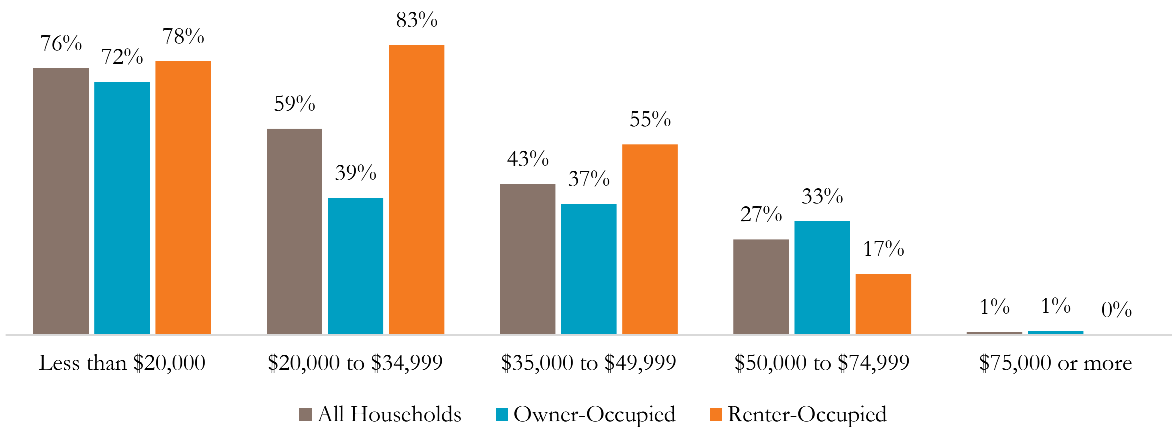


Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (2017-2021)

Households that make less than $35,000 per year account for 62 percent of the total cost burden households in the focus area. In order to meet the needs of this segment of the population and for these households to no longer be cost burdened, monthly housing costs would need to be under $900/month. Depending on household size, the majority of cost burdened households in the focus area would likely qualify under the low

(80 percent AMI) or very low (50 percent AMI) income limits published by the Department of Housing and Urban Development (HUD).[6]

Figure 24. Cost Burdened Households by Household Income and Tenure in Focus Area

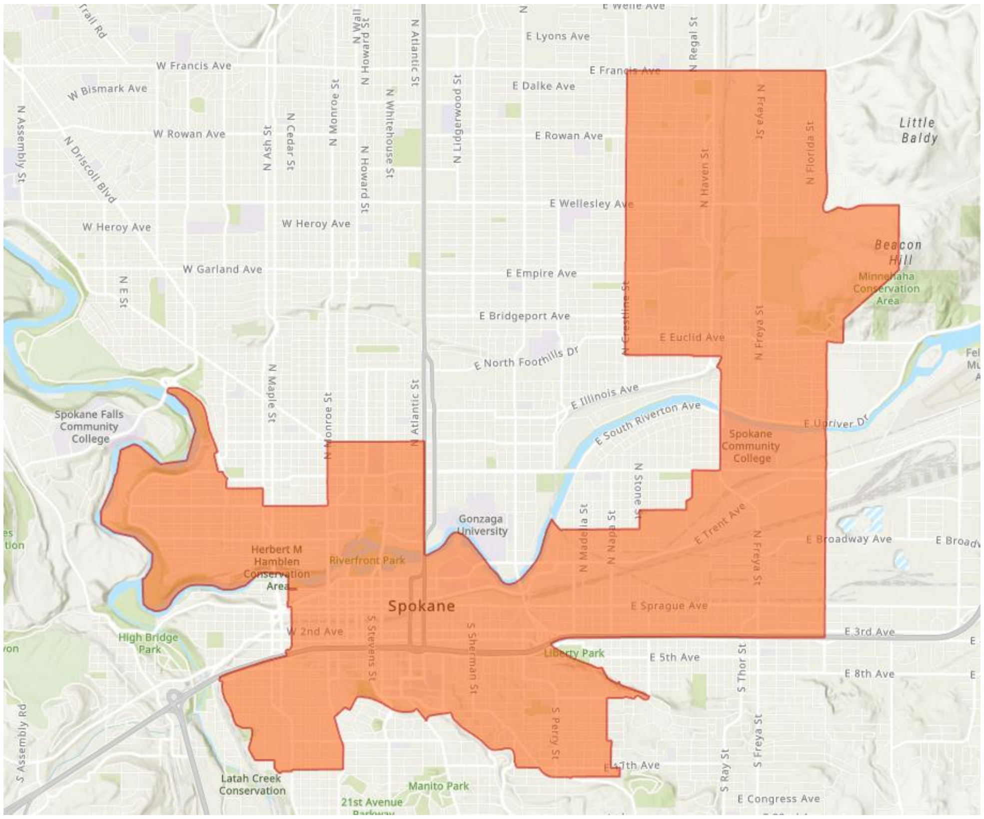


There are a number of planned residential developments in the focus area that have the potential to change the character of the residential market. Specifically, a large planned residential development in Beacon Hill (Plan Area 6) could potentially add 600 new residential units over the next 20-30 years.[7] This planned development would include of mix of single family and multi-family housing units and would be priced for middle class and upper middle-class households. A large portion of Beacon Hill (Plan Area 6) is a Qualified Opportunity Zone which has helped attract development activity and contribute to the financial feasibility of projects in this area.

[6] HUD FY 2024 Income Limits for Spokane, WA HUD Metro FMR Area (https://www.huduser.gov/portal/datasets/il.html)

[7] Based on interview with Pete Rayner on November 14, 2023.

Figure 25. Spokane's Qualified Opportunity Zones



Source: City of Spokane (https://my.spokanecity.org/economicdevelopment/incentives/qualified-opportunity-zones-and-funds/)

Commercial Market

The focus area has a long history of commercial and industrial uses. The North Spokane Corridor project, which will connect US 395 to the I-90 and bisect the focus area, has the potential to spur additional commercial and industrial development in this area by increasing ease of access to regional freight corridors. This increased accessibility and activity in the focus area could also be the impetus for more localized infrastructure improvements, such as street paving and storm water drainage system upgrades, which would make this area even more attractive for future commercial and industrial development. There is also an opportunity in the Hillyard Business District (Plan Area 1) and Wellesley Business District (Plan Area 4) for both new commercial development as well as the redevelopment of existing commercial structures. Mixed use and transitional zoning designations in these areas also provide the opportunity for a mix of commercial and residential development in the Wellesley Business District (Plan Area 4) that could take advantage of residential development that is planned in Beacon Hill (Plan Area 6) and other residential development happening just north of the study area.

Legacy industrial and manufacturing uses, specifically around the southern and eastern limits of the focus area may have contributed to contamination of the soils and groundwater, which could pose as a barrier for future commercial development in these areas. These potential environmental liabilities can complicate property reuse and redevelopment and result in increased project costs and delays in development.

4. Development Forecast

Key Findings

The team estimated population, employment, and housing forecasts to model the demand for residential and commercial land in the focus area. Those development forecasts were then compared with the comprehensive property inventory to determine whether there is an adequate available land supply to accommodate projected demand. For the purpose of this study, available land supply includes both undeveloped land, defined as sites that do not have existing buildings or structures, and unoccupied land, defined as sites with existing buildings or structures but do not have an occupant/tenant.

- **Overall, there is enough available land in the focus area to accommodate projected demand (surplus of 515 acres).** The focus area has a total of 622 acres of undeveloped and/or unoccupied land, which is adequate to meet the combined commercial and residential demand of 108 acres over the next 10 years.
- **There is adequate land supply to accommodate commercial development in the focus area.** When looking at land that currently allows for commercial and industrial activities, there will likely be a surplus of 430 acres of undeveloped or unoccupied land in the focus area to accommodate future employment growth. This includes available land supply that is currently zoned to allow residential, as well as commercial uses.
- **Adequate available land supply exists to accommodate residential development in the focus area.** There is just over 230 acres of undeveloped or unoccupied land that could accommodate some form of residential development within the focus area. This would meet the forecasted need for 73 acres of residential development. This includes available land supply with a zoning designation that allows for residential, as well as commercial uses.
- **Opportunity sites offer 217 acres of available land supply that could accommodate roughly eight percent of the residential demand and all the commercial demand.** In a separate property inventory process, Stantec identified 22 opportunity sites within the focus area based on an array of site, ownership, and land use characteristics. The parcels identified also have low Improvement to Land Value Ratios (ILVR). The ILVR is calculated based on property tax records and is a metric commonly used to identify parcels that are under-utilized from a development perspective (these are properties where the land is worth more than the structures/improvements they possess).

The findings described above make a strict comparison between acreage that is in demand and acreage that is available as land supply. However, it is important to note the following caveats to these estimates.

- The available land estimates are duplicated between residential and commercial because some of the zoning districts allow both activities. If residential development outpaces commercial development and "uses-up" the majority of the available land supply, there would be less commercially zoned land available to meet demand. Similarly, if commercial development quickly absorbs much of the available land supply, there will be less land available for residential development. Overall, there is still a surplus of available land supply when compared to overall demand for land in the focus area.
- Not all parcel sizes and shapes will be conducive to development depending on the size of the project being considered. Land assembly may be needed to ensure adequate parcel size.

- Not all available parcels are easily developed. For example, parcels with existing unoccupied buildings or structures may limit development potential and/or impose higher development costs to redevelop. Properties on potential contaminated sites could also face higher development costs.
- Private owners of unoccupied or undeveloped properties may be unwilling or uninterested in developing their land. There are also a number of planned developments within the study area boundaries that have yet to materialize but have the potential to impact land availability going forward.

Methodology

Demographic, employment, and housing trends (summarized in Section 2) were used to forecast expected development for industrial, commercial, and residential needs in the focus area.

Forecasted population change along with existing housing conditions and overcrowding statistics were used to estimate the forecasted need for new residential units within the focus area. The residential housing need was then translated from housing units into total acreage using floor area ratios (FAR) based on unit type and average unit size. Forecasts were further refined by applying an estimated capture rate that was specific to the focus area geography.

Figure 26: Sources Used for Residential Development Forecast

Item	Source
Current Estimate of Housing Units	Policy Map Data Exported (1/24/24). Compilation of secondary data sources specific to the Hillyard Subarea Plan focus area boundaries.
New Units Needed Due to Population Change	Population and demographic estimates and projections were sourced from the Washington State Office of Financial Management Forecasting and Research Department (2020-2050)
New Units Needed Due to Housing Condition	Estimated as the average of three indicators applied as a percent to the sum of occupied units and units on the market: housing stock built before1950 occupied units lacking kitchen and plumbing facilities, and all units that are mobile homes. 2021 ACS 5-Year Estimates.
New Units Needed Due to Overcrowding	Overcrowding is defined by Census and HUD as homes with more than one occupant per room. Severe overcrowding is defined as more than 1.5 occupants per room. Rooms are defined as the total number of rooms, not just the bedrooms. 2021 ACS 5-Year Estimates
New Residential Construction (2020-2023)	New residential units are counted as those that result in a new unit (or units) calculated within the focus area. City of Spokane Building Permit Database
Focus Area Capture Rates	Interviews with real estate and local area experts informed capture rate estimates, which were used to refine estimated residential housing need within the focus area boundaries.

Employment characteristics, such as worker and job locations, and published industry specific job forecasts from Spokane Regional Transportation Council (SRTC) informed the estimates for commercial and institutional space needs. Building permit data was compared with changes in population to understand historical trends in construction that are relevant to the focus area. Local real estate experts were also interviewed to better understand the current market for residential and commercial development and how much of the forecasted demand could be captured within the focus area.

Figure 27: Sources Used for Commercial Development Forecast

Item	Source
Labor Force + Employment Trends	Workforce estimates and projections, unemployment rates, occupational data and industry forecasts primarily sourced from the State of Washington Employment Security Department and Spokane Regional Transportation Council
Existing Inventory	An Area Wide Plan (AWP) land analysis conducted by Stantec to estimate the total area withing the AWP boundaries, how that land is zoned and what portion of that land is undeveloped, or unoccupied.
Commercial Space Needed to Accommodate Job Growth	Estimated based on area and industry specific job projections and commercial land use assumptions developed by Economic Planning Systems for a separate report. Demand for commercial space is then translated into acreage using industry specific floor area ratios (FAR).
Focus Area Capture Rates	Interviews with real estate and local area experts will inform capture rate estimates, which will be used to refine estimated commercial need within the focus area boundaries.

Land Supply in the Focus Area

The focus area contains a total of 1,700 acres of land and roughly 20 percent or 622 acres of land is either undeveloped or occupied and considered as available land supply for this study. Available land supply calculations include undeveloped land without structures and unoccupied land that may include existing but unoccupied structures. Roughly one third of the available land supply within the focus area is zoned as Residential Single Family (RSF), which allows for low-density single-family development with a minimum of four and maximum of ten dwelling units per acre.

Roughly 38 percent of the available land supply in the focus area allows for commercial development, 38 percent allows for industrial uses and 37 percent of the available land supply allows for residential uses. These three categories exceed 100 percent because many of the zoning districts in the focus area allow for a combination of commercial, industrial and/or residential development. All zoning designations within the focus area that allow for industrial uses also allow for commercial use and the only zoning districts that exclusively allow for commercial use are Neighborhood Retail (NR) and Office (O) districts. There are four zoning districts present in the focus area that exclusively allow for residential development (RSF, RTF, RMF and RHD).

Figure 28: Land Supply in Focus Area by Zone

Zoning Designations	Total Land Area	Undeveloped Land (no structures)	Unoccupied Land (no tenant on property)	Available Land Supply
	a	*b*	*c*	*d=b+c*
Center and Corridor Type 1 (CC1)	21.1	4.8	2.2	7.0
Center and Corridor Type 2 (CC2)	27.5	7.1	0.0	7.1
General Commercial (GC)	9.5	5.8	0.0	5.8
Heavy Industrial (HI)	224.7	106.6	0.6	107.3
Light Industrial (LI)	264.7	103.0	5.3	108.3
Mixed Use Transition (CC4)	20.1	0.6	0.0	0.6
Neighborhood Retail (NR)	3.3	0.4	0.0	0.4
Office (O)	7.9	1.6	0.0	1.6
Residential High Density (RHD)	8.1	0.3	0.0	0.3
Residential Multifamily (RMF)	12.3	7.5	0.0	7.5
Residential Single-Family (RSF)	556.3	205.3	0.0	205.3
Residential Two-Family (RTF)	55.0	3.4	0.0	3.4
Unknown	177.0	167.0	0.0	167.0
Total	**1,387.6**	**613.6**	**8.2**	**621.7**

Source: Stantec Field Observations

In West Hillyard, over 64 percent of the available land supply allows for residential development, just over 52 percent allows for commercial development and 45 percent allows for industrial development. West Hillyard also includes just over 14 acres of available land that is zoned for mixed use (CC1 and CC2) and allows for residential, commercial and some limited industrial uses. Both CC1 and CC2 zoning designations promote redevelopment that is pedestrian oriented while still accommodating some automobile traffic. Incentives offered in these mixed-use zoning designations allow for higher floor area ratios (FARs) in exchange for the provision of greater public amenities as land is developed or redeveloped.[8]

Figure 29. Land Supply in West Hillyard by Zone

Zoning Designations	Total Land Area	Undeveloped Land (no structures)	Unoccupied Land (no tenant on property)	Available Land Supply
	a	*b*	*c*	*d=b+c*
Center and Corridor Type 1 (CC1)	21.1	4.8	2.2	7.0
Center and Corridor Type 2 (CC2)	27.5	7.1	0.0	7.1
General Commercial (GC)	6.8	3.1	0.0	3.1
Heavy Industrial (HI)	0.0	0.0	0.0	0.0
Light Industrial (LI)	0.4	0.4	0.0	0.4
Mixed Use Transition (CC4)	20.1	0.6	0.0	0.6
Neighborhood Retail (NR)	3.3	0.4	0.0	0.4
Office (O)	7.9	1.6	0.0	1.6
Residential High Density (RHD)	8.1	0.3	0.0	0.3
Residential Multifamily (RMF)	5.8	0.9	0.0	0.9
Residential Single-Family (RSF)	195.3	5.6	0.0	5.6
Residential Two-Family (RTF)	55.0	3.4	0.0	3.4
Unknown	18.3	8.2	0.0	8.2
Total	**369.6**	**36.5**	**2.2**	**38.7**

Source: Stantec Field Observations

The available land supply in East Hillyard is predominately zoned for industrial uses, both heavy industrial (HI) and light industrial (LI), or low-density residential development (RSF). It also should be noted that the zoning designation of nearly 159 acres of available land in East Hillyard is unknown at this time. Most of the

[8] Spokane Municipal Code Section 17C.122.020 (https://my.spokanecity.org/smc/?Section=17C.122.020)

available land supply allowing for industrial uses exists in the northern part of East Hillyard (The Yard and Wellesley Business District) and available land allowing for residential uses exists in the southern part of East Hillyard (Beacon Hill).

Figure 30. Land Supply in East Hillyard by Zone

Zoning Designations	Total Land Area	Undeveloped Land (no structures)	Unoccupied Land (no tenant on property)	Available Land Supply
	a	*b*	*c*	*d=b+c*
Center and Corridor Type 1 (CC1)	0.0	0.0	0.0	0.0
Center and Corridor Type 2 (CC2)	0.0	0.0	0.0	0.0
General Commercial (GC)	2.7	2.7	0.0	2.7
Heavy Industrial (HI)	224.7	106.6	0.6	107.3
Light Industrial (LI)	264.4	102.7	5.3	108.0
Mixed Use Transition (CC4)	0.0	0.0	0.0	0.0
Neighborhood Retail (NR)	0.0	0.0	0.0	0.0
Office (O)	0.0	0.0	0.0	0.0
Residential High Density (RHD)	0.0	0.0	0.0	0.0
Residential Multifamily (RMF)	6.6	6.6	0.0	6.6
Residential Single-Family (RSF)	361.0	199.7	0.0	199.7
Residential Two-Family (RTF)	0.0	0.0	0.0	0.0
Unknown	158.8	158.8	0.0	158.8
Total	**1,018.1**	**577.1**	**5.9**	**583.0**

Source: Stantec Field Observations

Available Land Supply vs. Projected Land Demand

Overall, there will likely be demand for 108 acres of land for residential, commercial and industrial development within the focus area over the next 10 years. This estimate is based on anticipated population and employment growth within and around the focus area. We prepared or used existing employment and population forecasts to estimate land demand for commercial and residential development in the focus area. Next, we applied a capture rate to the demand in Spokane to help estimate how much of the market demand for a particular land use is likely to be absorbed in the focus area.

There is more available land supply (622 acres) within the focus area than the forecasted demand for land (108 acres). Based on Stantec's land use definitions and field observations, this report defines available land supply as undeveloped land with no structures and unoccupied land, which may include existing structures but no tenants on the property. The 622 acres of available land supply includes parcels with zoning districts that allow for residential, commercial and/or industrial development. The redevelopment of parcels that are home to existing structures may be necessary to accommodate forecasted demand. It is likely that the redevelopment of sites with existing structures may impose higher development costs than undeveloped properties. The following section compares the demand for residential, commercial, and industrial land compared to available land supply within the focus area that allows for those uses.

Figure 31: Land Supply and Demand in Focus Area (Acres) Over the Next 10 Years

Land Use	Total Land	Undeveloped Land	Unoccupied Land	Available Land Supply	Projected Land Demand	Potential Land Shortage or Surplus
	a	*b*	*c*	*d=b+c*	*e*	*f=e-d*
Residential [1]	700.4	229.0	2.2	**231.3**	**72.6**	158.7
Commercial [2]	578.8	230.0	8.2	**238.2**	**27.5**	210.7
Allows Industrial [3]	547.56	227.40	8.15	**235.55**	**7.4**	228.1
Total Unduplicated Acres [4]	**1,387.6**	**613.6**	**8.2**	**621.7**	**107.5**	**514.2**

Source: Stantec Field Observations
[1] Includes the following zoning designations: RSF, RTF, RMF, RHF, CC1, CC2, and CC4
[2] Includes the following zoning designations: GC, NR, O, LI, HI, CC1, CC2 and CC4
[3] Includes the following zoning designations: LI, HI, GC, CC1 and CC2
[4] Rows add to more than total because there is overlap between residential, commercial, and industrial uses within Spokane Municipal Code

In West Hillyard, there is just under 39 acres of available land supply which is less than the forecasted demand of just over 50 acres of combined commercial and residential land in this area. It is likely that some of this demand will be absorbed by East Hillyard, where there is a large surplus of available land. Roughly 25 acres of the available land supply allows for residential uses, 20 acres allow for commercial uses and just over 17 acres allow for industrial uses. It is important to note in West Hillyard mixed use zoning designations such as CC1, CC2 and CC4 account for a significant portion of the overall available land supply, so there may be competing interests for the same parcels that allow for residential, commercial and/or industrial development. This may be most pronounced for future residential development in West Hillyard, where nearly 60 percent, almost 15 acres, of the available residential land supply is currently zoned for mixed use development.

Figure 32. Land Supply and Demand in West Hillyard (Acres) Over the Next 10 Years

Land Use	Total Land	Undeveloped Land	Unoccupied Land	Available Land Supply	Projected Land Demand	Potential Land Shortage or Surplus
	a	*b*	*c*	*d=b+c*	*e*	*f=e-d*
Residential [1]	332.9	22.7	2.2	**24.9**	**31.8**	(6.9)
Commercial [2]	87.1	18.0	2.2	**20.2**	**17.8**	2.5
Industrial [3]	55.8	15.4	2.2	**17.6**	**1**	16.4
Total Unduplicated Acres [4]	**369.6**	**36.5**	**2.2**	**38.7**	**50.8**	(12.1)

Source: Stantec Field Observations
[1] Includes the following zoning designations: RSF, RTF, RMF, RHF, CC1, CC2, and CC4
[2] Includes the following zoning designations: GC, NR, O, LI, HI, CC1, CC2 and CC4
[3] Includes the following zoning designations: LI, HI, GC, CC1 and CC2
[4] Rows add to more than total because there is overlap between residential, commercial, and industrial uses within Spokane Municipal Code

In East Hillyard, there is 583 acres of available land supply which is just enough to meet the project land demand of about 57 acres in this area. East Hillyard is home to the largest share of the available land supply within the focus area and is also projected to see a higher demand for both residential and industrial land. The majority of the available land supply in East Hillyard is zoned for industrial uses (HI and LI) or low-density residential development (RSF).

Figure 33. Land Supply and Demand in East Hillyard (Acres) Over the Next 10 Years

Land Use	Total Land	Undeveloped Land	Unoccupied Land	Available Land Supply	Projected Land Demand	Potential Land Shortage or Surplus
	a	*b*	*c*	*d=b+c*	*e*	*f=e-d*
Residential [1]	367.5	206.3	0.0	**206.3**	**40.8**	165.6
Commercial [2]	491.8	212.0	5.9	**217.9**	**9.7**	208.2
Industrial [3]	491.8	212.0	5.9	**217.9**	**6.2**	211.8
Total Unduplicated Acres [4]	**1,018.1**	**577.1**	**5.9**	**583.0**	**56.7**	**526.4**

Source: Stantec Field Observations
[1] Includes the following zoning designations: RSF, RTF, RMF, RHF, CC1, CC2, and CC4
[2] Includes the following zoning designations: GC, NR, O, LI, HI, CC1, CC2 and CC4
[3] Includes the following zoning designations: LI, HI, GC, CC1 and CC2
[4] Rows add to more than total because there is overlap between residential, commercial, and industrial uses within Spokane Municipal Code

Commercial Development Forecast

Based on the SRTC Regional Transportation Model and employment forecast for the City of Spokane (discussed in Chapter 2), employment in the focus area is forecasted to grow at an average annual growth rate of 1.8 percent over the next 10 years. This forecasted growth rate would result in roughly 1,061 new employees within the focus area, but not all of the new employees are expected to require physical space. For example, employment in the construction and manufacturing industries often takes place at a project site or can move between different venues and does not require designated space for each individual employee. Other industries also might be supported partially by a remote workforce that does not require designated commercial space. Based on the industry specific employment forecast, this analysis assumes that approximately 85 percent or 899 of the new employees forecasted for the focus area are expected to require physical space within the focus area. Industry specific land use assumptions are then applied to the forecasted employment within the focus area to estimate the building space needed to accommodate the new employees. The total building space needed (in square feet) is then translated into the total demand for commercial and industrial acreage using an average Floor Area Ratio (FAR) for each industry. The FAR is a measurement of a building's floor area in relation to the size of the lot or parcel that a building is located on. A higher FAR indicates greater building volume relative to the size of the parcel.

Approximately 35 acres of commercial/industrial land will be needed in the focus area over the next 10 years to accommodate the physical land requirements of the projected employment growth. Roughly, 238 acres of the available land supply in the focus area allows for commercial and industrial activities based on a review of the zoning districts, which results in a surplus of 203 acres. It should be noted that the majority of the available land supply in the focus area allows for both commercial and industrial uses, and commercial development will likely be competing for the same land supply as future industrial developments.

Figure 34: 10-Year Commercial/Industrial Land Use Forecast for Focus Area

Land Use	Projected Employees Requiring Space	Space Needs per Employee (SqFt)	Building Space Needed (SqFt)	Floor Area Ratio (FAR)	Space Needed (SqFt)	Land Needed (Acres)
Office	420	250	104,884	0.30	349,613	8
Industrial/Flex Space	65	750	48,534	0.15	323,562	7
Retail	51	350	17,960	0.25	71,840	2
Accommodation/Food Services	71	300	21,173	0.50	42,347	1
Institutional	293	750	219,911	0.30	733,037	17
Total	**899**		**412,463**		**1,520,398**	**35**
Estimated Available Land Supply with Zoning that Allows Commercial, Office, Industrial Users [1]						**238**

Source: Spokane Regional Transportation Council (SRTC) Regional Transportation Model 2019-2045; Land Use Industry Assumptions Sourced from Economic & Planning Systems
[1] Includes the following zoning designations: GC, NR, O, LI, HI, CC1, CC2 and CC4

In West Hillyard there is an estimated demand for roughly 19 acres of land that allows for commercial or industrial uses. Just over 20 acres of available land supply that allows for commercial or industrial uses exists in West Hillyard, but in order to meet demand, it is likely that parcels currently zoned for mixed use development and allow for residential, commercial and/or industrial use will be needed to meet this demand. This suggests that there will be competing interests for a portion of the available land supply in West Hillyard. If residential development were to outpace commercial development in this area, it is possible that there could be a shortage of commercially zoned land supply available to meet forecasted demand in this area.

Figure 35: 10-Year Commercial/Industrial Land Use Forecast for West Hillyard

Land Use	Projected Employees Requiring Space	Space Needs per Employee (SqFt)	Building Space Needed (SqFt)	Floor Area Ratio (FAR)	Space Needed (SqFt)	Land Needed (Acres)
Office	192	250	48,038	0.30	160,128	4
Industrial/Flex Space	11	750	8,123	0.15	54,155	1
Retail	23	350	7,963	0.25	31,852	1
Accommodation/Food Services	42	300	12,704	0.50	25,408	1
Institutional	222	750	166,829	0.30	556,097	13
Total	**491**		**243,658**		**827,640**	**19**
Estimated Available Land Supply with Zoning that Allows Commercial, Office, Industrial Users [1]						**20**

Source: Spokane Regional Transportation Council (SRTC) Regional Transportation Model 2019-2045; Land Use Industry Assumptions Sourced from Economic & Planning Systems

[1] Includes the following zoning designations: GC, NR, O, LI, HI, CC1, CC2 and CC4

In East Hillyard there is an estimated demand for roughly 16 acres of available land supply that allows for commercial or industrial uses. Just under 218 acres of undeveloped and/or unoccupied land allows for commercial or industrial uses exists in East Hillyard, so there is plenty of available land supply in East Hillyard to meet the forecasted demand for commercial land in this area.

Figure 36: 10-Year Commercial/Industrial Land Use Forecast for East Hillyard

Land Use	Projected Employees Requiring Space	Space Needs per Employee (SqFt)	Building Space Needed (SqFt)	Floor Area Ratio (FAR)	Space Needed (SqFt)	Land Needed (Acres)
Office	227	250	56,845	0.30	189,485	4
Industrial/Flex Space	54	750	40,411	0.15	269,407	6
Retail	29	350	9,997	0.25	39,988	1
Accommodation/Food Services	28	300	8,469	0.50	16,939	0
Institutional	71	750	53,082	0.30	176,940	4
Total	**409**		**168,805**		**692,758**	**16**
Estimated Available Land Supply with Zoning that Allows Commercial, Office, Industrial Users [1]						**218**

Source: Spokane Regional Transportation Council (SRTC) Regional Transportation Model 2019-2045; Land Use Industry Assumptions Sourced from Economic & Planning Systems

[1] Includes the following zoning designations: GC, NR, O, LI, HI, CC1, CC2 and CC4

Need for commercial land was forecasted using TAZ level employment estimates developed for the SRTC Regional Transportation Model for 2019 and 2045 and industry level growth projections for Spokane County. Industry specific land use assumptions were then applied to employment projections to estimate the space demanded by additional employment in the focus area.

Residential Land Use Forecast

Future housing needs for new housing units in the focus area are forecasted based on estimated population growth and the assumption that additional housing units will be needed to alleviate existing overcrowding. This forecast also assumes that a portion of the existing housing units built before 1950, housing units without complete plumbing and kitchen facilities, and mobile home units will likely need to be replaced or rehabbed in the next twenty years. Recent residential construction was also taken into consideration and used to refine the 10-year housing need estimates. Additionally, estimates developed for the SRTC Regional Transportation Model helped inform the forecasted distribution of residential units by housing type (e.g. single family, duplex or multi-family housing units). The distribution of housing types is used to translate the forecasted number of residential units into an estimated demand for residentially zoned land.

Based on the forecasted population growth in the focus area and estimated housing types for future residential development, approximately 73 acres of land will be needed to develop 434 new housing units in the focus area over the next ten years. This does not include replacement or refurbishment of existing housing units. Roughly 231 acres of available land allows for residential development in the focus area, based on a review of the zoning districts. The available residential land supply in the focus area is able to meet the demand for forecasted residential development.

Market forces are changing the dynamic of residential development in the focus area and the distribution of new residential development is expected to shift from the historical trend of predominately single-family homes more toward duplex and multi-family residential development moving forward. This change in residential development type will be more pronounced in West Hillyard, which is largely built out and has a more limited supply of available residential land, compared to East Hillyard.

Figure 37: 10-Year Housing Forecast in the Focus Area

Unit Type	Current Distribution of Housing by Type [2]	Estimated Distribution of Forecasted Housing Units [3]	Gross Density (units/acre)	Acres Needed	Total Housing Units
Single-family	88%	41%	5.0	51	178
Duplex	1%	15%	8.0	11	64
3-9 Units	6%	21%	20.0	7	92
10+ Units	5%	23%	40.0	4	99
Total	**100%**	**100%**		**73**	**434**
Estimated Available Land Supply with Zoning that Allows Residential within Planning Area [1]				**231**	

[1] Includes the following zoning designations: RSF, RTF, RMF, RHF, CC1, CC2, and CC4
[2] Based on trends reported through the American Community Survey 5-year Estimates (2017-2021)
[3] Based on Spokane Regional Transportation Council (SRTC) Regional Transportation Model 2019-2045 and informed by interviews with local developers and available land inventory.

In West Hillyard there is estimated demand for roughly 32 acres of land that is zoned for residential development. Just under 25 acres of undeveloped and/or unoccupied land that allows for residential uses exists in West Hillyard. About 60 percent or just under 15 acres of the available residential land supply in West Hillyard is zoned for mixed use development (CC1, CC2 and CC4), which means that residential development in this area will likely be competing with commercial development for parcels that are zoned for mixed-use development. Mixed-use zoning designations also allow for more dense residential development (e.g. multi-family housing units) compared to lower density residential zoning districts, such as RSF and RTF which account for roughly 36 percent or about 9 acres of the available residential land supply in West Hillyard. Changing market dynamics as well as the zoning designations of the available residential land supply suggest that multi-family residential development is most likely to occur in this area. This is a shift away from the historical residential development trends in this area that have skewed heavily towards low-density, single-family development. This shift is reflected in the estimated distribution of forecasted housing units in the table below.

Figure 38: 10-Year Housing Forecast in West Hillyard

Unit Type	Current Distribution of Housing by Type [2]	Estimated Distribution of Forecasted Housing Units [3]	Gross Density (units/acre)	Acres Needed	Total Housing Units
Single-family	73%	15%	5.0	12	42
Duplex	2%	20%	8.0	10	57
3-9 Units	11%	30%	20.0	6	85
10+ Units	15%	35%	40.0	4	99
Total	**100%**	**100%**		**32**	**283**
Estimated Available Land Supply with Zoning that Allows Residential within Planning Area [1]				**25**	

[[1] Includes the following zoning designations: RSF, RTF, RMF, RHF, CC1, CC2, and CC4
[2] Based on trends reported through the American Community Survey 5-year Estimates (2017-2021)
[3] Based on Spokane Regional Transportation Council (SRTC) Regional Transportation Model 2019-2045 and informed by interviews with local developers.

In East Hillyard there is estimated demand for roughly 41 acres of land that is zoned for residential development. Just over 206 acres of undeveloped and unoccupied land that allows for residential uses exists in East Hillyard, so there is plenty of available land supply in East Hillyard to meet the forecasted demand for residential land in this area. Based on key stakeholder interviews, existing zoning designations of the available land supply and the SRTC Regional Transportation Model, the residential development forecasted for East Hillyard is expected to largely be low-density single-family homes. This mirrors recent development trends as well as future development plans in this area.

Figure 39: Housing Forecast in East Hillyard

Unit Type	Current Distribution of Housing by Type [2]	Estimated Distribution of Forecasted Housing Units [3]	Gross Density (units/acre)	Acres Needed	Total Housing Units
Single-family	100%	90%	5.0	39	136
Duplex	0%	5%	8.0	1	8
3-9 Units	0%	5%	20.0	1	8
10+ Units	0%	0%	40.0	0	0
Total	**100%**	**100%**		**41**	**151**
Estimated Available Land Supply with Zoning that Allows Residential within Planning Area [1]				**206**	

[1] Includes the following zoning designations: RSF, RTF, RMF, RHF, CC1, CC2, and CC4
[2] Based on trends reported through the American Community Survey 5-year Estimates (2017-2021)
[3] Based on Spokane Regional Transportation Council (SRTC) Regional Transportation Model 2019-2045 and informed by interviews with local developers.

Housing Affordability

In July 2021, the City of Spokane prepared a Housing Action Plan (HAP) to identify actions to help increase housing options that create more homes for more people. The purpose of the HAP was to consider actions that promote greater housing diversity, affordability and access to opportunity for residents at all income levels in Spokane.[9]

One of the priorities identified through the HAP is to "increase housing supply, options and affordability for all incomes." This priority focuses on strategies that support the construction of affordable and market-rate housing. In the focus area, 26 percent of households meet the definition of cost burdened, spending more than 30 percent of their total income on housing costs. Spending a larger portion of household income on housing limits the amount of income available for other non-discretionary spending, such as food, clothing, and transportation. Renter occupied households in the focus area are more than four times as likely to be cost burdened compared to owner occupied households and nearly half (47 percent) of all renter occupied households in the focus area meet the definition of cost burdened. This suggests that there is a need for additional affordable housing, specifically affordable rental housing, in and around the focus area.

The median household income in the focus area is $47,686, which is well below the citywide median household income of $56,977.[10] Based on the income distribution in the focus area, the development of less expensive and predominantly renter focus residential product types, such as duplex, tri-plex and low amenity apartments, could promote greater housing diversity, and housing affordability in this area.

[9] City of Spokane Housing Action Plan, July 2021. Available at: https://my.spokanecity.org/housing/spokane-housing-action-plan/

[10] U.S. Census, ACS 5-Year Estimates (2017-2021): Table S1901 Income in the Past 12 Months (in 2021 inflation adjusted dollars)

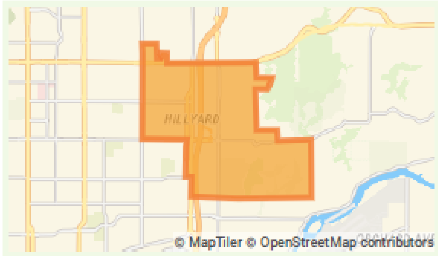
Figure 40. Financially Attainable Housing Types

Source: ECONorthwest. Note: All values are in 2019 inflation-adjusted dollars.

Source: City of Spokane Housing Action Plan, July 2021.

Appendix A: Geographies Used for Analysis

Policy Map Project Specific Data Export



Date: January 12, 2024

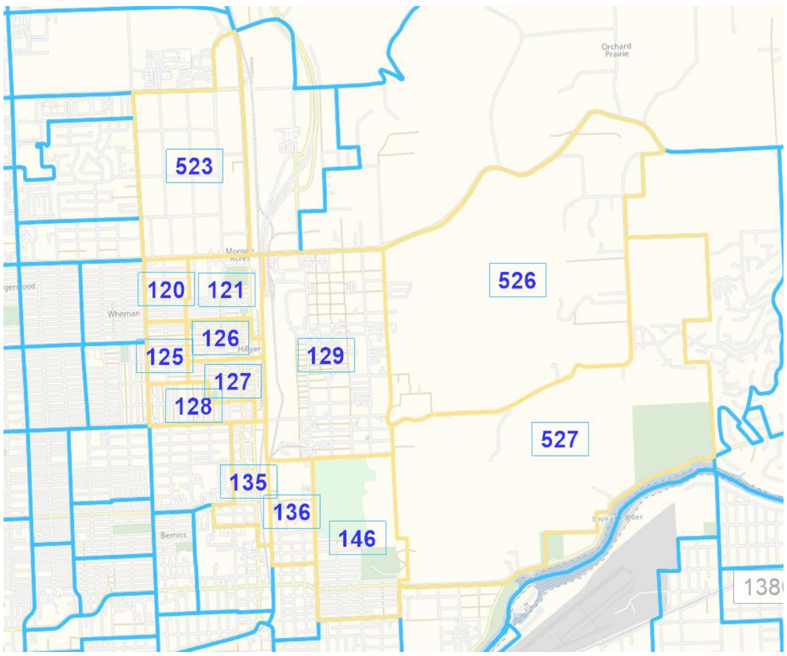
Proposed Area:
This area is located in Spokane County, in the state of Washington

It is located within or touches the following 2020 census tract(s): 53063011202, 53063011203, 53063011302, 53063014400, 53063001600, 53063011204, 53063000201, 53063000202.

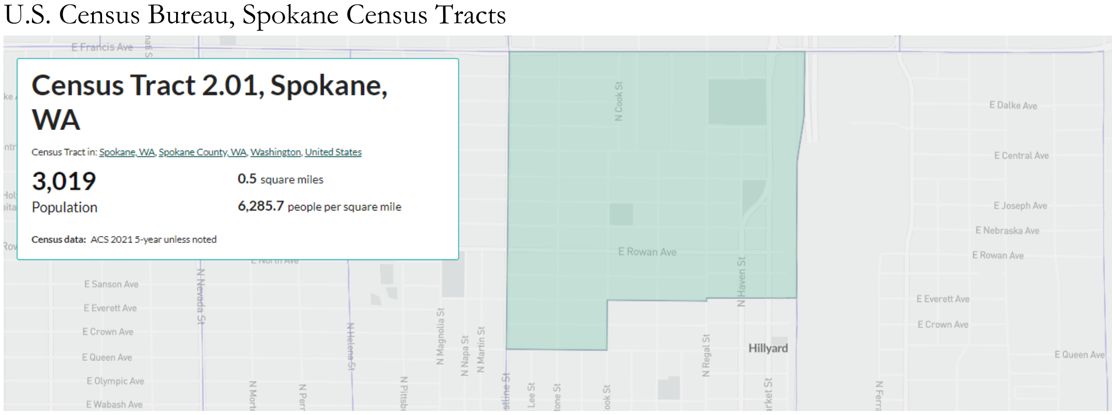
Similarly, it is located within or touches the following zip code(s): 99217, 99208, 99207.

Data presented in this report summarize the geographies specified in the citation information in each section.

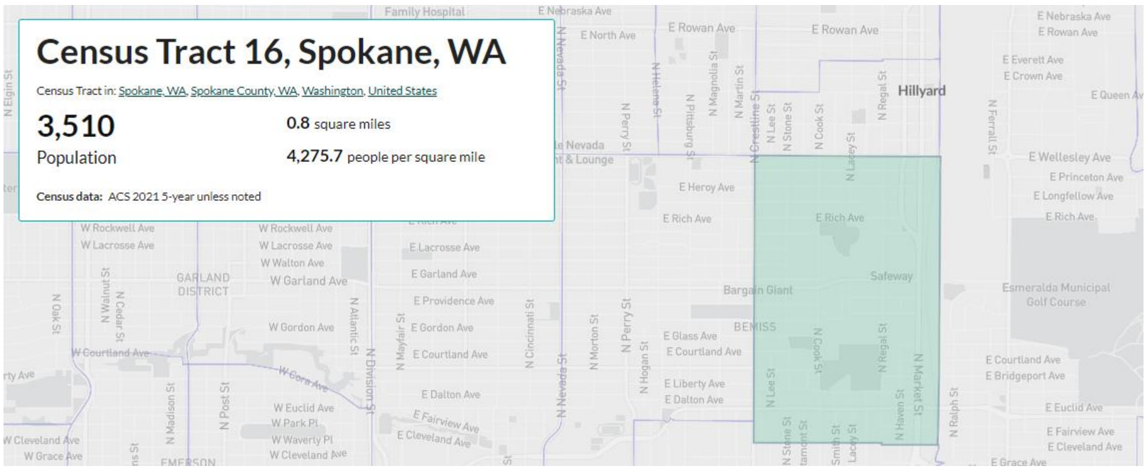
Spokane Regional Transportation Council (SRTC) Regional Transportation Model 2019-2045



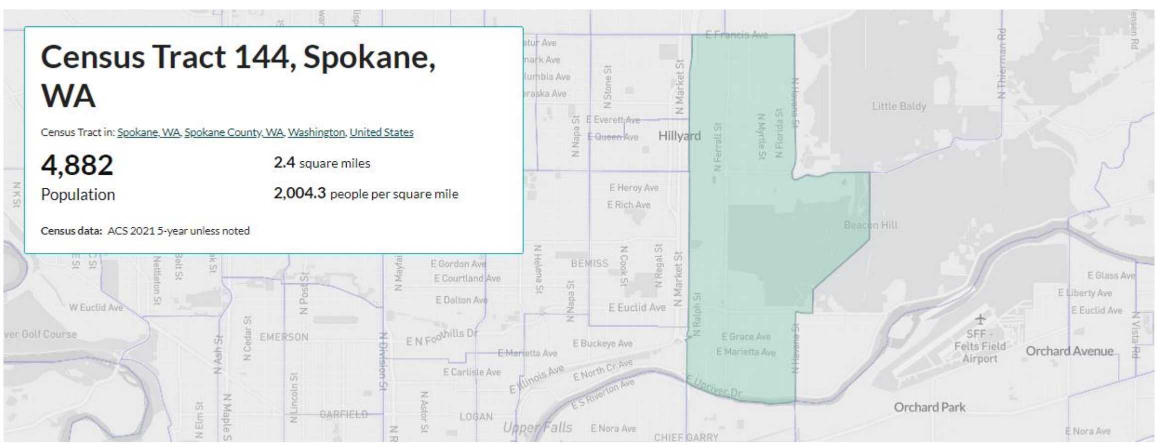
U.S. Census Bureau, Spokane Census Tracts



Census Tract 2.02, Spokane, WA
Census Tract in: Spokane, WA, Spokane County, WA, Washington, United States
1,396
Population
0.2 square miles
5,765.6 people per square mile
Census data: ACS 2021 5-year unless noted
Hillyard
E Wellesley Ave
E Rowan Ave
© Mapbox © OpenStreetMap



Census Tract 16, Spokane, WA
Census Tract in: Spokane, WA, Spokane County, WA, Washington, United States
3,510
Population
0.8 square miles
4,275.7 people per square mile
Census data: ACS 2021 5-year unless noted
Hillyard
Safeway
Bargain Giant
BEMISS
GARLAND DISTRICT
Esmeralda Municipal Golf Course



Census Tract 144, Spokane, WA
Census Tract in: Spokane, WA, Spokane County, WA, Washington, United States
4,882
Population
2.4 square miles
2,004.3 people per square mile
Census data: ACS 2021 5-year unless noted
Hillyard
Little Baldy
Beacon Hill
BEMISS
Orchard Avenue
Orchard Park
SFF - Felts Field Airport
Upper Falls