



MEMORANDUM

TO: Walla Walla City Council

FROM: Preston Frederickson, Development Services Director

DATE: October 4, 2024

RE: Cottonwood Investors, LLC – Development Agreement
PDA-21-0001, SEP-21-0026

I received emails from Council member Scribner seeking answers to several questions relating to the Development Agreement proposal as well as a request to supplement the record. The request to supplement the record was received while the written record was still open, as interested parties had until 5:00 pm on September 27, 2024 to make submissions to the record. This memorandum seeks to answer submitted questions and supplements the record. Pursuant to Walla Walla Municipal Code Section 20.36.080(F) the submission of the additional information into the record is necessary for the City Council to make a decision. Attached to this memo are copies of these emails.

Responses:

Council member Scribner requested that data and information on the local housing market be included in the record and suggested that the housing market data that is regularly sent to council members by local realtor Jack Conley should be included in the record. Council member Scribner forwarded to me an email from Mr. Conley and asked that the attached document titled: Walla Walla Valley Real Estate Summary, dated August 2024 and prepared by Windermere Real Estate be included in the record. This document is attached to this Memorandum and will be included in the proposal record.

The following paragraphs relate to specific questions and city staff's answers. Some of the questions are rephrased or grouped together for ease of reading and response:

1. *How is "affordable housing" defined?*

Answer: "Affordable housing" is defined in the Walla Walla Municipal Code as having the same meaning as defined in RCW 36.70A.030. (See WWMC 20.06.030.A)

RCW 36.70A.030(5) provided the following definition:

"Affordable housing" means, unless the context clearly indicates otherwise, residential housing whose monthly costs, including utilities other than telephone, do not exceed thirty percent of the monthly income of a household whose income is:

(a) For rental housing, 60 percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development; or

(b) For owner-occupied housing, 80 percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development.

2. What is the Median Family Income for Walla Walla County?

Answer: Below is a screenshot from the huduser.gov website indicating the Fiscal Year 2024 Income Limits Summary which shows the Median Family Income for Walla Walla County and Income Limit (% of median family income) and associated adjustments based on family size. The median family income (four-person family) is \$90,200.

FY 2024 Income Limit Area	Median Family Income Click for More Detail	FY 2024 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Walla Walla, WA MSA	\$90,200	Very Low (50%) Income Limits (\$) Click for More Detail	31,600	36,100	40,600	45,100	48,750	52,350	55,950	59,550
		Extremely Low Income Limits (\$)* Click for More Detail	18,950	21,650	25,820	31,200	36,580	41,960	47,340	52,720
		Low (80%) Income Limits (\$) Click for More Detail	50,550	57,750	64,950	72,150	77,950	83,700	89,500	95,250

NOTE: **Walla Walla County** is part of the **Walla Walla, WA MSA**, so all information presented here applies to all of the Walla Walla, WA MSA.

The **Walla Walla, WA MSA** contains the following areas: Walla Walla County, WA;

HUDUSER,

https://www.huduser.gov/portal/datasets/il/il2024/2024summary.odn?STATES=53.0&IN PUTNAME=METRO47460M47460*5307199999%2BWalla+Walla+County&stalist=&st name=Washington&wherefrom=%24wherefrom%24&statefp=53&year=2024&ne_flag=

[&selection_type=county&incpath=%24incpath%24&data=2024&SubmitButton=View+County+Calculations](#). Accessed 10/4/2024.

3. *What will the houses to be built in the development cost/be listed for? I've heard several numbers, from \$450,000 to \$750,000.*

Answer: The developer has shared with staff that the homes will be offered at market rate. No specific lot/home cost listing/marketing amount was provided. Term of the proposed development agreement is 20 years (plus a 5 year extension). The development agreement does not specify when that preliminary plat application must be submitted to the City. Lots may not be sold, nor homes built, until final plat recording. The price of market rate homes would inherently be different at year 5 of the development agreement and year 20.

4. *If using the sale price of \$450,000, and assuming a down payment of \$50,000 what would the monthly payment be on a 30-year mortgage on a \$400,000 at 6%?*

Answer: Using a mortgage calculator found online at: mortgagecalculator.org, the month home loan payment would be \$2,398.20.

5. *Staff sent at least three letters to Cottonwood Investors asking for more info or updated analysis regarding the PBS TIA: Dec 22, 2021; Sept 14, 2022; and March 31, 2023. The last letter to you from PBS that I find in the material we have received is dated June 8, 2022. Have you received any since? If so, please provide by making them part of the official record.*

Answer: All application materials, supplemental submissions, public comments, and correspondence related to the proposal are available to the City Council and the public by going to the following web link. [Cottonwood Investors, LLC – Development Agreement and Project Materials](#).

The City of Walla Walla sent three letters to Cottonwood Investors, LLC requesting clarification and or additional information to support its application. These three letters dated December 22, 2021, September 14, 2022, and March 31, 2023 are part of the record and included in the folder titled: "E - City of Walla Walla letters to Cottonwood Investors, LLC".

The City of Walla Walla letter dated December 22, 2021 was responded to by PBS by letter dated June 8, 2022. This letter and its attached documents are part of the record and included in the folder titled: "F - 20220624 Response Materials from Cottonwood Investors, LLC". The response letter pdf is titled: "66263-000_Cottonwood-TIA-Update-Ltr_signed"

The City of Walla Walla letter dated September 14, 2022 was responded to by PBS Engineering by letter dated February 8, 2023. This letter and its attached documents are part of the record and included in the folder titled: "G - 202302-8 Additional Transportation Information & response from Cottonwood Investors". The response letter pdf is titled: "66263-000_Cottonwood_Transp-Response-Letter_signed"

The City of Walla Walla letter dated March 31, 2023 was responded to by PBS Engineering by letter dated August 21, 2023. This letter and its attached documents are part of the record at included in the folder titled" "H – 20230905 Additional Response material from Cottonwood Investors". The response letter pdf document is titled: "66263-000_Cottonwood-Response2-Ltr_sign"

6. For the purpose of calculating the developer's proportionate share, who calculated the cost of the intersections (2nd/Tietan, Howard/2nd, Abbott/Fern, and Cottonwood/Howard/Reser/Prospect Point) and the bridge crossing at Russell Creek? Were WW city engineers consulted re the estimated costs?

Answer: Representing Cottonwood Investors, LLC, PBS Engineering prepared the cost calculations for the above listed intersections/projects. These preliminary estimates were reviewed by City Engineering staff and the City traffic engineering consultant DKS Associates, who re-directed PBS to adjust the estimate amounts to factor in other costs not addressed in the original PBS estimates, such as contingencies, right of way acquisition costs, and inflation costs for materials.

When revised cost estimates were proposed, City staff felt the new cost estimates accurately reflected the anticipated costs of such improvements. Cost estimates were made in 2023 dollars.

The development agreement provides that traffic mitigation capital contributions related to the cost impacts to those intersections/projects would be inflated at a 4% compounding rate until paid to the City. This practice of adding an inflation rate to costs of improvement estimates is consistent with the methodology the City uses for other developments that require capital contributions.

For context, the City Council approved the Iron Gates Estates preliminary plat on December 22, 2023, by Resolution 2023-130. This proposed 33 lot subdivision followed the same methodology of Traffic Analysis as was conducted for the Cottonwood Development Agreement proposal, requiring both on-site and off-site traffic mitigation. That preliminary plat approval required a capital contribution of \$ \$77,618 (2022 dollars) for the developments proportionate share of off-site traffic impacts. This mitigation measure also included a compounding inflation rate increase. Prior to final plat, this capital contribution must be paid to the City. When received, these funds, and the Cottonwood capital contribution mitigation funds, may be combined to address the most

preferred traffic improvements needed in this area. This same methodology would be used for any future proposed development within this Cottonwood Road area.

7. *At the hearing on Monday, the 23rd, Ki [Bealey, Public Works Director] said something about the cost of upgrading Cottonwood to be 7 to 8 million. Whatever the number, what is the estimate, how was it determined, and, most important, what portion (from where to where) of Cottonwood is involved?*

Answer: The estimated cost of \$5M-\$7M to improve Cottonwood Road from the current end of sidewalks to the southern end of the Table Rock subdivision (~2,450 feet) is a very high-level/rough cost estimate. The City does not have a conceptual design or detailed cost estimate for the project. It is a rounded, ballpark estimate based on an estimated cost of \$2k-\$3k per foot.

8. *I may have missed it in the many pages of PBS TIA stuff, but what is the estimated number of vehicle trips per day to and from the development when the build-out is completed?*

Answer: As shown below, Table 4 (page 12) of the Cottonwood Subdivision Traffic Impact Analysis (TIA), prepared by PBS Engineering, dated July 30, 2021 shows the anticipated weekday trips generated from the development at full buildout (phase 5) to be 2389 average weekday trips, including 180 trips in the AM peak hour (7:00-9:00 AM) and 242 trips in the PM peak hour (4:45-5:45 PM). These numbers reflect the vehicle trips both from and to the development. This TIA is a part of the record and included in the folder titled "A – Cottonwood Investors LLC – Original Application Materials". The TIA pdf document is titled: "PDA-21-0001 - -6_Traffic Impact Analysis". The below Table 4 also shows the anticipated trips generated at each phase of development.

Table 4. ITE Trip Generation

Phases	Phases 1 and 2		Phases 3, 4, and 5		Total, All Phases	
Land Use (ITE Code)	Single-Family Dwelling (210)					
Independent Variable	Dwelling Units					
Size	99		148		247	
Average Weekday Trips (ADT)	958		1,431		2,389	
Peak Hour Trips	AM	PM	AM	PM	AM	PM
In	18	61	27	91	45	152
Out	54	36	81	54	135	90
Total Trips	72	97	108	145	180	242

9. *Re vehicles trips, do we have any counts on Cottonwood, just south of the Cottonwood/Howard/Reser intersection? If so, when taken, what are they, and how will they go up if the development is approved and on full build-out?*

Answer: Because the Cottonwood project was originally being proposed during the early COVID shutdowns, traffic volumes at that time were not representative of normal conditions. Before analysis was conducted, it was agreed to utilize the 2019 counts PBS had performed for the earlier (pre-COVID) Hayden Homes Cottonwood development proposal, and factor in typical historic traffic increases, as well as accounting for other in-process developments in the area. These same intersections were re-counted and re-analyzed in 2021, in response to public comments that questioned this methodology. The updated intersection recounts and traffic analysis verified PBS' earlier TIA as being conservative. These results are described in PBS' letter dated December 23, 2021. This PBS letter is a part of the record and included in the folder titled "A – Cottonwood Investors LLC – Original Application Materials". The letter pdf document is titled: "Supplemental-Traffic-Information-letter_signed".

The traffic analysis was based on traffic volumes observed at key intersections during the highest traffic periods of the day (morning and evening) - referred to as peak-hour traffic volumes. Traffic counts were made at the 6 intersections listed on page 4 of the July 30, 2021 TIA.

Existing 2021 peak hour (re-count) volumes for each of the 6 intersections is shown on Figure 4 of PBS' December 23, 2021 letter. Extrapolating the data for Cottonwood Road shows 291 current total trips in the AM peak hour and 221 current total trips in the PM peak hour. These numbers reflect the vehicle trips both northbound and southbound on Cottonwood.

10. *Re the comments about how much the development will generate in property tax, re our 2023-24 budget, how much (as a percentage) of the total general fund revenue is from property tax? How much, combined, from enterprise fund administrative fees and what I call their excise tax?*

Answer: According to the City Finance department, property tax revenue for the 2023-2024 budget, was 15.9% of the GF revenue budget. Administrative Charge Back to Utility and Internal Service Funds is 14.08% of the GF revenue budget, and Internal Utility Excise Tax is 15.4% of the GF revenue budget.

11. *[C]ouncil has discussed and approved, have we not, a Hayden Homes development, north of Rose and east of Myra. How many houses/units planned there?*

Answer: The Avery Estates subdivision final plat was approved by the Walla Walla City Council on February 10, 2021, by Resolution 2021-17. The subdivision consists of 59

lots and 71 dwelling units. The final plat was recorded on August 8, 2022. The subdivision has been fully built out. It is the City staff's understanding that all these lots/dwelling units are commonly owned and managed as rental properties.

12. *The Housing Authority is planning to build a number of affordable units also north or Rose and east of Myra, correct? How many units, when will they be built?*

Answer: The Walla Walla Housing Authority plans to build a 50-unit multi-family apartment project located on Woodland Avenue. The Walla Walla Housing Authority represented in Department of Commerce Grant application materials that 13 of the units will be available to households at 30% Area Median Income (AMI), 25 units will be available to households at 40% AMI, and 12 units available to households at 60% AMI. The City of Walla Walla issued building permits for this project in August, 2024.

13. *We have also talked about and maybe approved commercial and residential development immediately south of Mill Creek and east of Myra. How many houses/units planned for that development?*

Answer: Konen Properties, LLC has applied for a Development Agreement to develop the Mill District Urban Planned Community. The City Council has yet to approve this proposal.

The project consists of approximately 42.7 acres of land generally located east of Myra Road and North of the terminus of Avery and Offner streets. The project includes: approximately 37.6 acres for up to 218, single family, or condominium residential units and approximately 2 acres for a commercial convenience and fueling facility and 2.74 acres for open space and multi-use paths.

Konen Properties, LLC concurrently applied for preliminary plat approval for 119 single family residential lots consistent with the Urban Planned Community Development Agreement Proposal. It is anticipated that the Urban Planned Community Development Agreement and the concurrently applied for preliminary plat proposal will go before the Hearing Examiner within the next few months for public hearing, who will forward a recommendation to the City Council for final decision. This land use matter will likely come before the City Council in early 2025.

From: [Tom Scribner](#)
To: [Preston Frederickson](#)
Cc: [Elizabeth Chamberlain](#); [Rick Eskil](#); [Jeff Robinson](#)
Subject: Cottonwood development
Date: Thursday, September 26, 2024 3:15:22 PM

Preston,

Several requests for info to supplement the record and questions re the Cottonwood development. First, my requests for info for the record.

We heard much about a housing crisis, got some anecdotal stories, and were told we needed more houses, but not much if any hard data re the housing situation in WW. I think we should be provided with some data re what is going on and has gone on in our local housing market. Every month or quarter Jack Conley, a local realtor, sends to all council members info/data/charts about the WW market. I will forward to you after this email his most recent email that has, I think, some valuable data. I ask that you consider inserting that into the record or data of a similar type.

Second, we heard much about “affordable housing.” How is that defined? I request info or a description of what affording housing is or how it is calculated. I think Lydia at CDBG could provide some helpful info on this important issue.

Third, you sent at least three letters to Cottonwood Investors asking for more info or updated analysis regarding the PBS TIA: Dec 22, 2021; Sept 14, 2022; and March 31, 2023. The last letter to you from PBS that I find in the material we have received is dated June 8, 2022. Have you received any since? If so, please provide by making them part of the official record.

Fourth, a question and request: what is the median WW family income and please provide data dealing with and showing this info. Again, Lydia could probably help.

Now for my questions (and maybe another request or two for info).

1. What will the houses to be build in the development cost/be listed for? I have heard several numbers, from \$450,000 to \$750,000.
2. Going with the lower sale price, and assuming a down payment of \$50,000, what would the monthly payment be on a 30-year mortgage on a \$400,000 loan at 6%?
3. For the purpose of calculating the developer’s proportionate share, who calculated the cost of the intersections (2nd/Tietan, Howard/2nd, Abbott/Fern, and Cottonwood/Howard/Reser/Prospect Point) and the bridge crossing at Russell Creek? Were WW city engineers consulted re the estimated costs?
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enterprise fund administrative fees and what I call their excise tax?

Many thanks.

Tom Scribner

Sent from my iPad

***** SPECIAL PUBLIC DISCLOSURE NOTICE TO RECIPIENT(S): Information contained in any communication to or from the City of Walla Walla, including attachments, may be subject to the disclosure requirements of Washington's Public Records Act, Ch. 42.56 RCW.

From: [Tom Scribner](#)
To: [Preston Frederickson](#)
Cc: [Elizabeth Chamberlain](#); [Rick Eskil](#); [Jeff Robinson](#)
Subject: Fwd: The newest number from our Valley
Date: Thursday, September 26, 2024 6:56:56 PM
Attachments: [WW Monthly Charts August 2024.pdf](#)

Preston,

This is the email from Jack Conley that I referenced in my earlier email with requests and questions. As for questions/requests for info, several more.

First, council has discussed and approved, have we not, a Hayden Homes development, north of Rose and east of Myra. How many houses/units planned there?

Second, the Housing Authority is planning to build a number of affordable units also north or Rose and east of Myra, correct? How many units, when will they be built?

Third, we have also talked about and maybe approved commercial and residential development immediately south of Mill Creek and east of Myra. How many houses/units planned for that development?

I request that this information also become part of the public record. Thanks.

Tom Scribner

Sent from my iPad

Begin forwarded message:

From: Jack Conley <jconley@windermere.com>
Date: September 12, 2024 at 12:34:32 PM PDT
To: Tom Scribner <TScribner@wallawallawa.gov>, Rick Eskil <reskil@wallawallawa.gov>, Jeff Robinson <jrobinson@wallawallawa.gov>, Brian Casey <bcasey@wallawallawa.gov>, Steve Moss <SMoss@wallawallawa.gov>, Monte Willis <mwillis@wallawallawa.gov>, Gustavo Reyna <greyna@wallawallawa.gov>
Subject: **The newest number from our Valley**

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

We are finally returning to a balanced market where the inventory is available for qualified buyers and the slightly lower interest rates are helping with affordability. The "affordable housing", if it can be described as 'affordable', being constructed

and occupied close to the infrastructure with services, walking distances to shopping etc. and transportation are assisting as well.

Prices are rising at a reasonable to keep up with inflation and rising taxes.

*** * * * *** SPECIAL PUBLIC DISCLOSURE NOTICE TO RECIPIENT(S): Information contained in any communication to or from the City of Walla Walla, including attachments, may be subject to the disclosure requirements of Washington's Public Records Act, Ch. 42.56 RCW.



August 2024

Walla Walla Valley Real Estate Summary



(509) 525-2151 Windermere Real Estate/Walla Walla

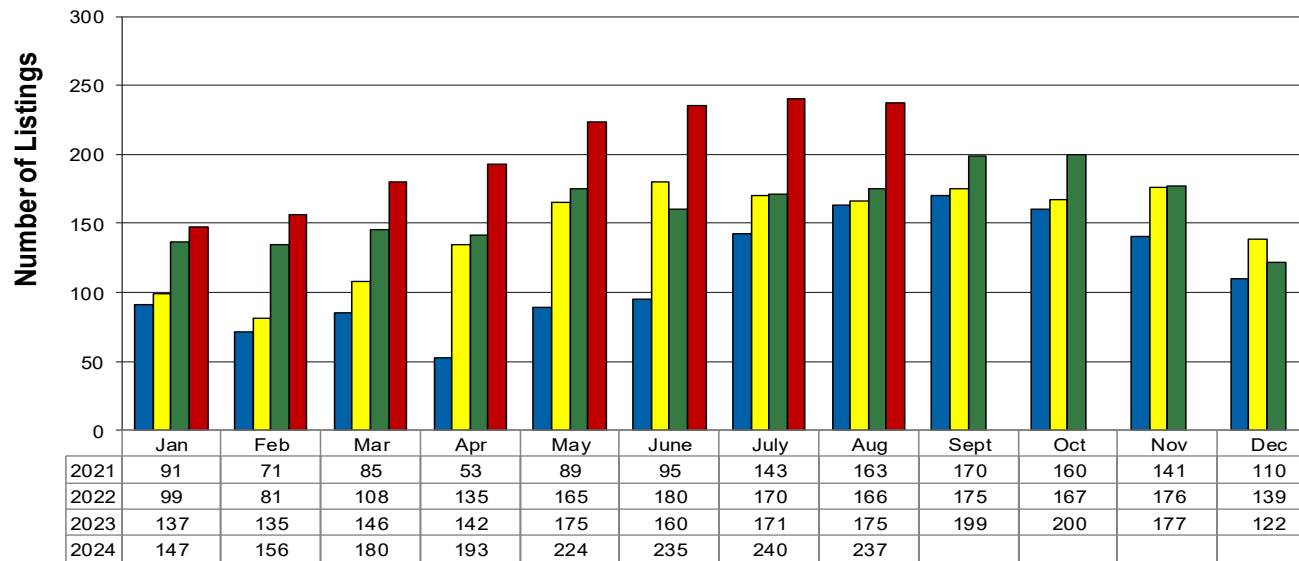
Data is from source deemed reliable, but is not warranted by WWAR members. All information compiled from MLS Statistical Reports. Listing and selling brokers are not responsible for errors in data.





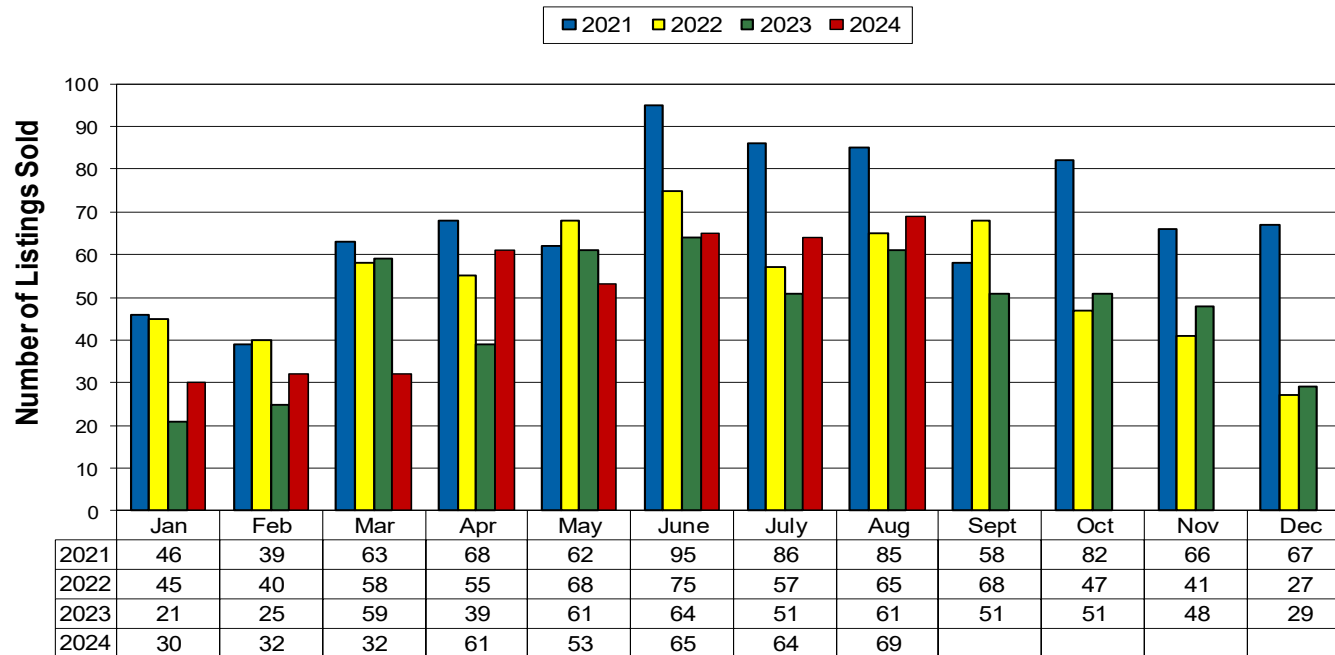
12 Month Residential Inventory Comparison - Single Family Homes

■ 2021 ■ 2022 ■ 2023 ■ 2024



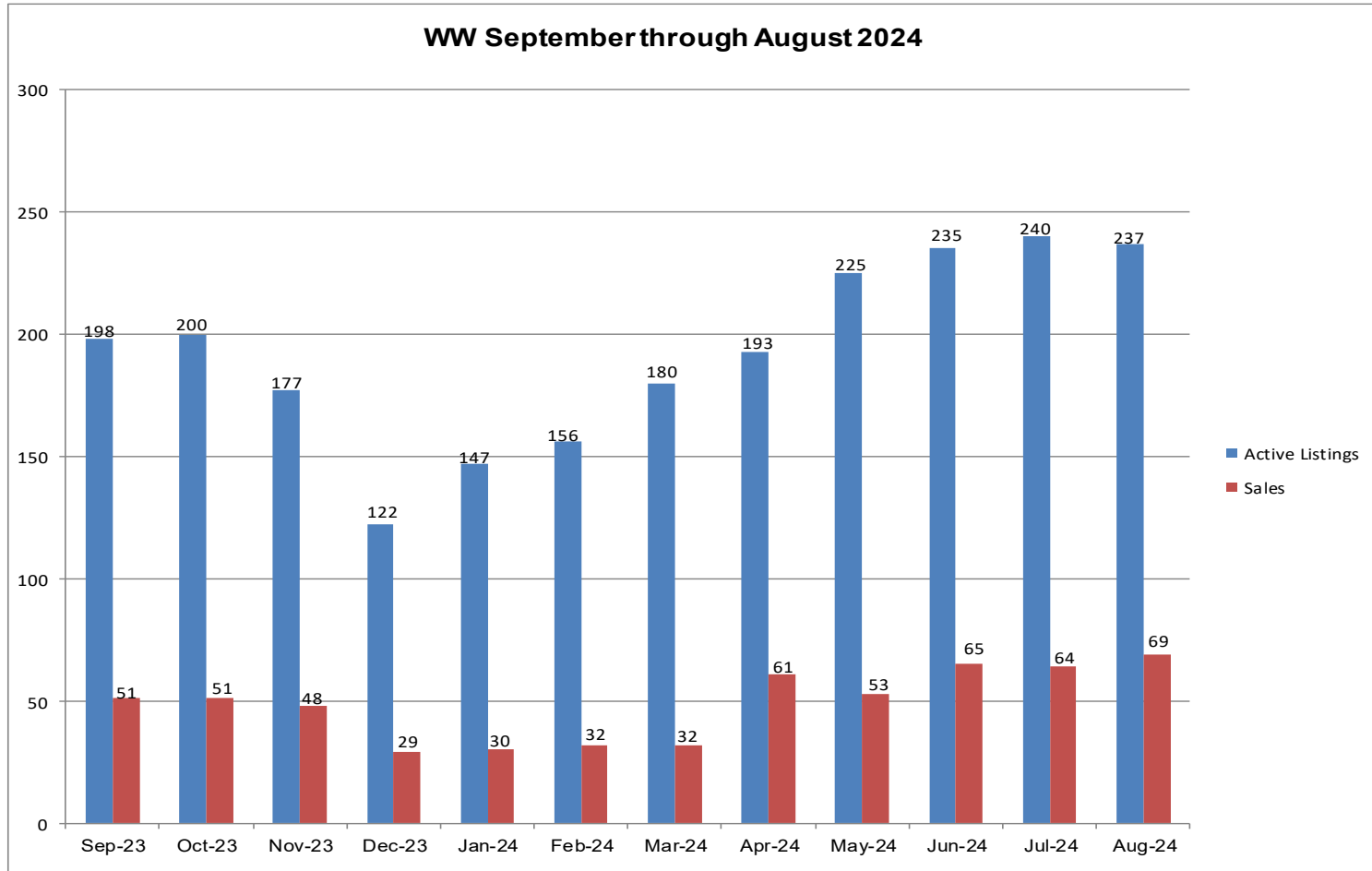


12 Month Residential Closing Comparison - Single Family Homes





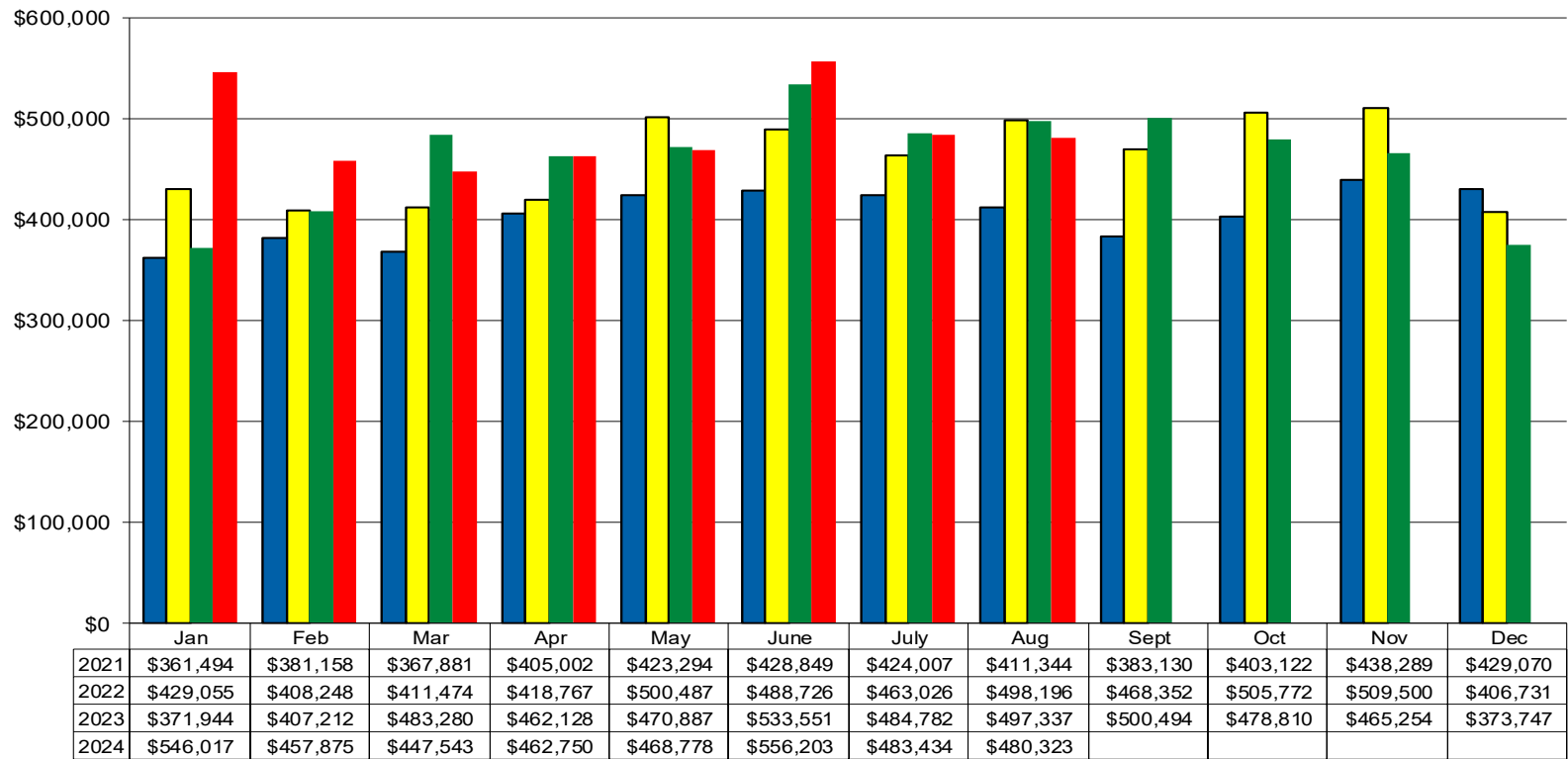
WW September through August 2024





Monthly Average Residential Sales Price Single Family Homes

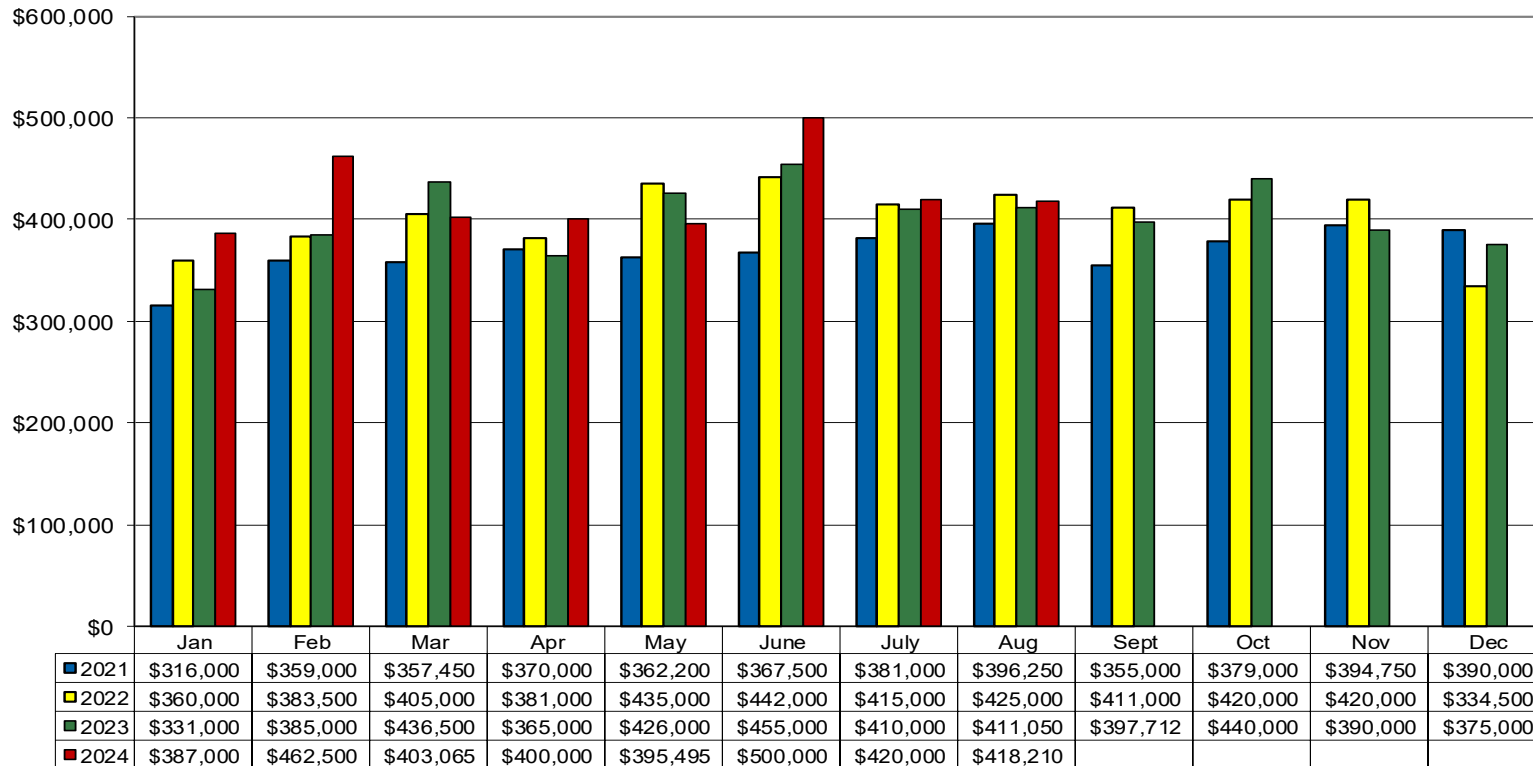
■ 2021 ■ 2022 ■ 2023 ■ 2024





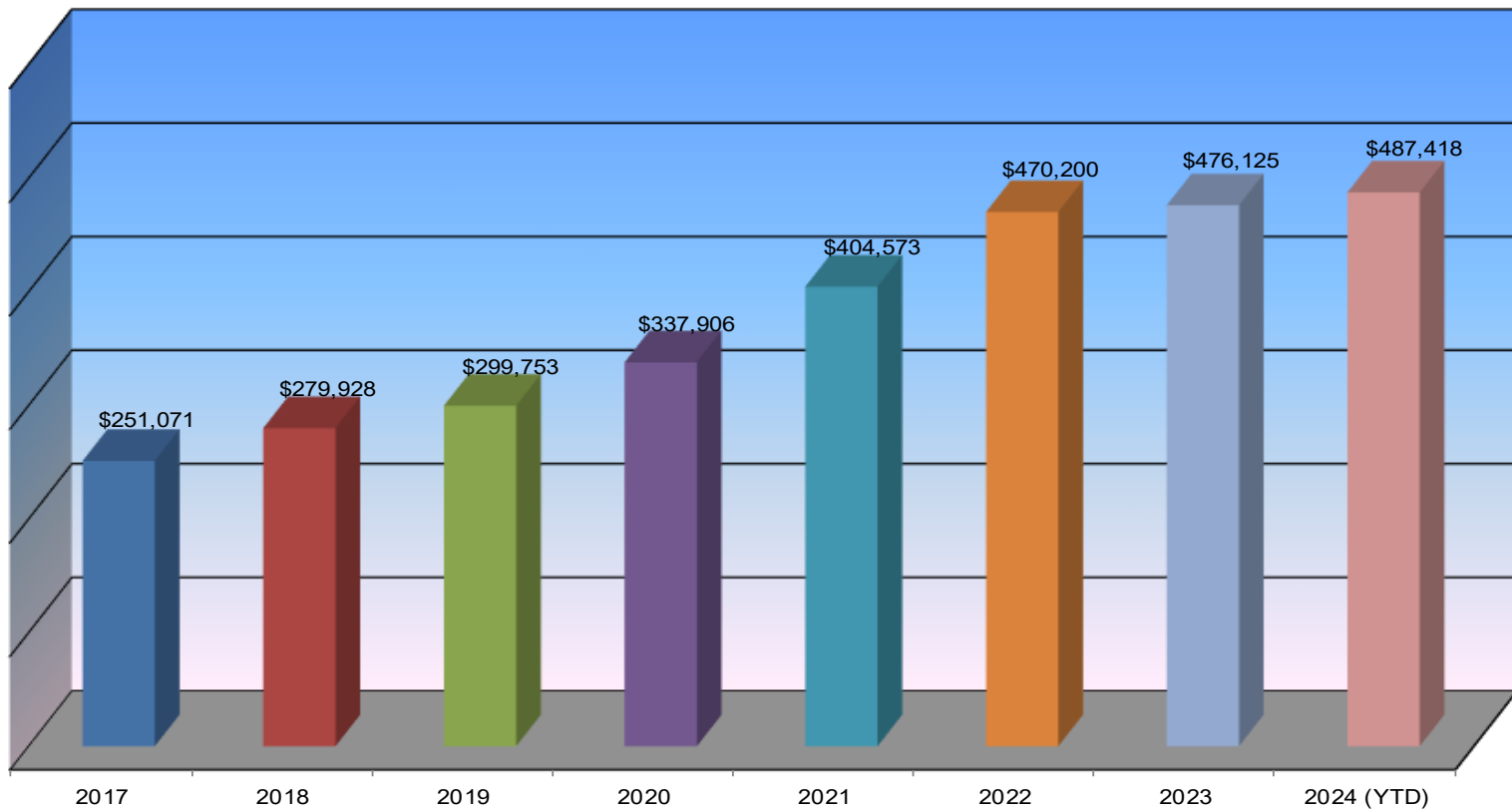
Monthly Median Residential Sales Price Single Family Homes

■ 2021 ■ 2022 ■ 2023 ■ 2024





Walla Walla Valley Single Family Residential Homes Average Sales Price



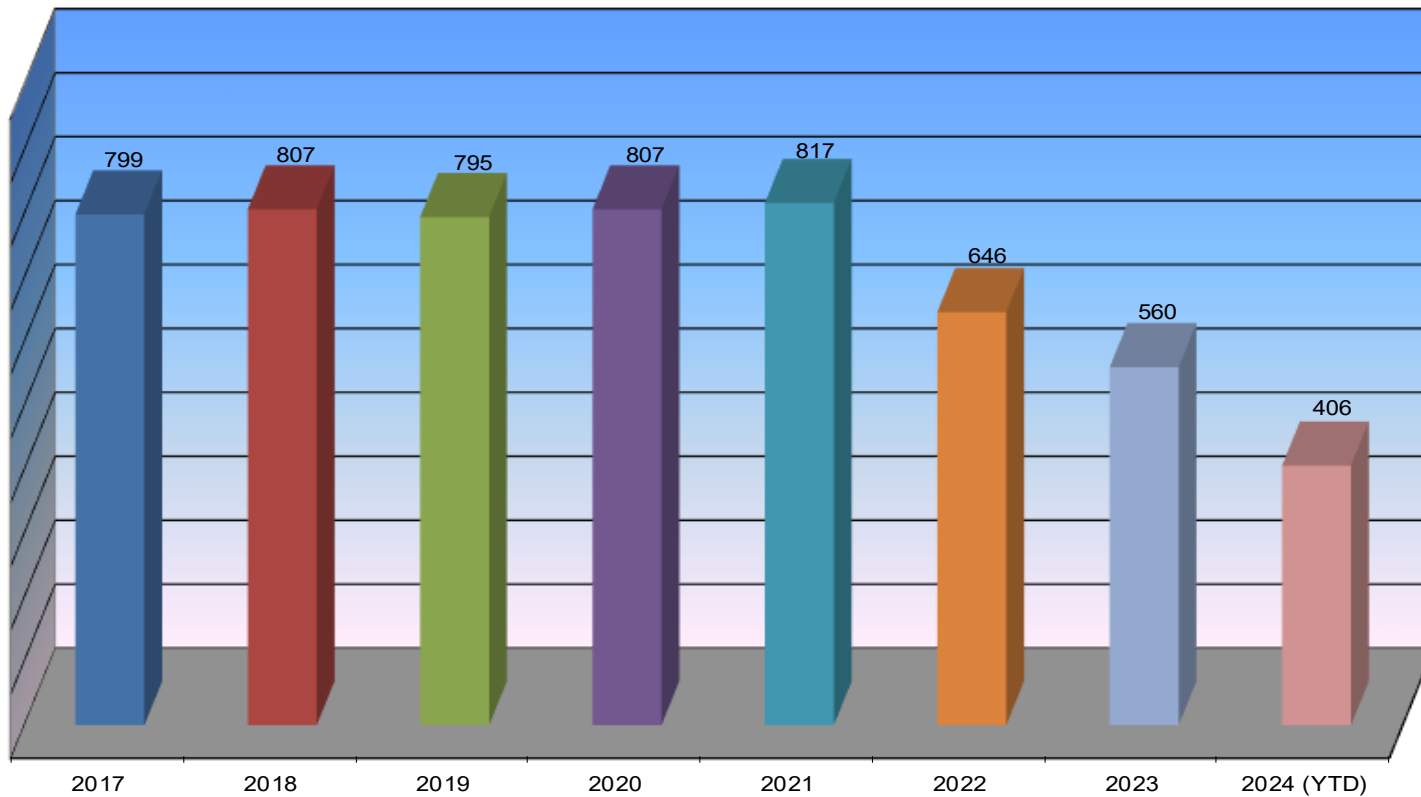
(509) 525-2151 Windermere Real Estate/Walla Walla

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Walla Walla Valley Single Family Residential Homes Number of Sales



(509) 525-2151 Windermere Real Estate/Walla Walla

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