

DATE: January 29, 2019
TO: Clark County Council
CC: Jose Alvarez, Clark County
FROM: Bob Parker, Becky Hewitt, and Margaret Raimann, ECONorthwest
SUBJECT: Clark County Buildable Lands Issue Summary

Introduction

Clark County contracted with ECONorthwest and AHBL to assist in identifying and addressing needed updates to the County's Buildable Lands Methodology and prepare the 2021 Buildable Lands Report in collaboration with the Clark County Buildable Lands Team, a Buildable Lands Project Advisory Committee (BLPAC) and other key stakeholders.

Issue Paper 1, prepared by Clark County staff and included as Attachment A, describes the Buildable Lands Program regulatory requirements and Clark County Buildable Lands Program history. In brief, the program requires that Clark County (along with other urban counties) estimate the capacity for residential and employment development in each city's urban growth area (UGA) and monitor actual development patterns in comparison to past projections. Recent updates to the program require the County to account for additional factors that can affect development potential, including environmental regulations, infrastructure gaps, and market factors. The recent updates also place greater emphasis on justifying certain assumptions. This update to the County's methodology and report focuses on addressing these recent updates along with ensuring that the assumptions used to estimate capacity align with observed development patterns.

The goal of the process is to ensure that the County's methodology is consistent with state law (including recent legislative changes); reasonably accurate in estimating land capacity for each Urban Growth Area; and supported by the available evidence and a broad base of stakeholders.

The purpose of this memo is to provide an overview of the issues identified by staff, the consultant team, and the BLPAC and outline how we propose to engage and work with the BLPAC to develop recommendations related to these issues.

Role of the BLPAC & Proposed Scope of Work

The BLPAC will review research and analysis provided by the consultant team and County staff related to each of the identified issues and make recommendations for whether and what refinements to the County's buildable lands methodology are needed to address the issue. The BLPAC will work towards consensus to the greatest degree possible in making their recommendations to the Council.

Issue Summary

In brief, the issues identified for discussion with the PAC and potential refinements include:

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1. **Land Classifications:** The way land is classified as vacant, underutilized, built, etc. determines whether it is assumed to have potential for development in the buildable lands model.
 2. **Accounting for Redevelopment:** The County’s model does not include an assumption for redevelopment on land classified as built; however, redevelopment is occurring in some urban areas (e.g., Vancouver City Center).
 3. **Modeling Mixed-Use Areas:** The County’s methodology classifies lands into residential, commercial, and industrial based on comprehensive plan designations. Vacant and underutilized land in mixed use areas is assumed to generate a mix of residential and commercial capacity. Some commercial zones allow residential development (e.g., Vancouver City Center) but are not identified as mixed use.
 4. **Infrastructure Gaps:** The new Buildable Lands legislation requires that counties must consider infrastructure gaps—including transportation, water, sewer, and stormwater—in identifying land suitable for development and reaching target densities on those lands.
 5. **Market Factor:** The new legislation requires counties to analyze, justify, and apply an appropriate market supply factor when identifying land suitable for development. Clark County may need to refine or further justify current market factor assumptions.
 6. **Capacity on Rural Lands:** Consider clarifications or refinements, if needed, to the approach to estimating capacity on land outside Urban Growth Areas.
 7. **Infrastructure Set-Asides:** Consider whether refinements are needed to the County’s current assumptions for the amount of land that will be dedicated to streets, stormwater facilities, etc. to better align with observed development and/or changing regulations.
 8. **Population Capacity:** Consider whether refinements are needed to the County’s current assumptions for residential density to better align with observed development and/or changing regulations.
 9. **Employment Density:** The current methodology uses densities based on observed development using data from the Washington Employment Security Department (ESD); however, ESD no longer provides access to this data, making it difficult to validate projections or adjust over time.
 10. **Data Collection Methods:** Clark County currently uses building permits for reporting in the Buildable Lands Report, but also uses County Assessor’s data for annual monitoring. Staff recommends changing to assessor’s data for both purposes.

Proposed Meeting Topics and Dates

The BLPAC will meet a total of eight times. The first introductory meeting was held in early December to provide the BLPAC with an opportunity for input on the list of issues for consideration. The proposed meeting topics and tentative meeting dates are listed below. (These are subject to change.)

Proposed BLPAC Meeting Dates and Topics

Mtg #	Date	Topics
1	12/6	<ul style="list-style-type: none"> • Project Introduction & Preliminary Issue List (complete)
2	2/21	<ul style="list-style-type: none"> • Identifying Land Suitable for Development: <ul style="list-style-type: none"> ○ Land Classifications ○ Redevelopment ○ Introduction to GMA land uses/Mixed Use
3	3/20	<ul style="list-style-type: none"> • Identifying Land Suitable for Development: <ul style="list-style-type: none"> ○ Follow up on topics from Meeting 2 ○ Market Factor ○ Infrastructure Gaps
4	5/1	<ul style="list-style-type: none"> • Identifying Land Suitable for Development: wrap up & preliminary recommendations
5	6/5	<ul style="list-style-type: none"> • Estimating Land Capacity: <ul style="list-style-type: none"> ○ Population Capacity ○ Employment Capacity ○ Infrastructure Set-Asides ○ Modeling Mixed Use Areas ○ Rural Land Capacity
5	7/10	<ul style="list-style-type: none"> • Estimating Land Capacity: Follow up on topics from Meeting 5
7	8/14	<ul style="list-style-type: none"> • Estimating Land Capacity: wrap up & preliminary recommendations
8	9/18	<ul style="list-style-type: none"> • VBLM results report out • Review draft PAC recommendations summary to Council • Confirm or refine recommendations

Bold indicates where the BLPAC will be asked to make decisions or recommendations.

Following the conclusion of the BLPAC process, staff and the consultant team will bring the BLPAC's recommendations to Council for consideration.

Additional Background and Key Questions on Identified Issues

This section lays out the issues identified to date, beginning with issues that affect the identification of land suitable for development, then issues that affect the assumptions about the development capacity of that land, and finally issues related to reporting methods. This section provides the following information for each issue:

- A summary of current County practice related to the issue (the existing methodology is described in more detail in the document included as Attachment B)
- Key questions for consideration through this update
- A summary of state guidance, drawing on legislation and the recently updated Guidelines
- A summary of how other buildable lands counties are addressing the issue (we have looked to Snohomish, Pierce, and Thurston counties as the most relevant comparators; a more detailed description of their methodologies is included as Attachment C)

Part 1: Identifying Land Suitable for Development

Issue 1: Land Classifications

The way land is classified as vacant, underutilized, built, etc. determines whether it is assumed to have potential for development or not in the buildable lands model. The model treats vacant land as largely developable (except where there are environmental constraints), while “underutilized” land is assumed to generate less development, and “built” land is generally not assumed to redevelop.

The County’s current methodology uses factors including parcel size, building value, and building value per acre of land (relative to other parcels) to determine whether land is vacant, underutilized, or built.¹ The dollar value for the building value threshold was originally set in 1994 and was last updated for inflation in 2000. (Other factors used to exclude non-developable land include tax exempt status, easements and rights-of-way, parks and open space, institutional and state-assessed parcels, and mobile home parks.)

Key Questions

- Are changes to the thresholds and criteria used to classify land as vacant and underutilized warranted based on observed patterns of development and to account for increased property values and inflation since monetary thresholds were established?
- Are the assumptions related to assessed value used to differentiate vacant and underutilized land appropriate for large lots with structures and improvements such as pole barns, manufactured homes, and/or irrigation systems?

State Guidance

Land classifications are not defined within statute or rule, but the guidelines provide suggested conceptual definitions.

***Lands Suitable for Development:** All vacant, partially-utilized, and under-utilized parcels that are (a) designated for commercial, industrial, or residential use; (b) not intended for public use; and (c) not constrained by regulations, including zoning, development, airport overlays, and environmental regulations that prevent development from occurring.*

***Vacant Parcels:** Parcels of land that have no structures or have buildings with little value.*

***Under-utilized Land:** All parcels of land zoned for more intensive use than that which currently occupies the property. For instance, a single-family home on multifamily-zoned land will generally be considered under-utilized. This classification*

¹ See page 5 of the existing methodology document (Attachment B) for details.

also includes redevelopable land, i.e., land on which development has already occurred but on which, due to present or expected market forces, there exists the strong likelihood that existing development will be converted to more intensive uses during the planning period.

Partially Utilized Land: *Partially utilized parcels are those occupied by a use but which contain enough land to be further subdivided without rezoning. For instance, a single house on a 10-acre parcel, where urban densities are allowed, may be partially developed.²*

How Addressed in Other Buildable Lands Counties

Pierce County

Pierce identifies vacant land based on Assessor-Treasurer's (ATR) land use descriptions, and separates out parcels assumed to accommodate only one housing unit from those assumed to further subdivide based on parcel size relative to zoning. Underutilized parcels (those with existing development but the ability to accommodate additional housing units or jobs) are identified based on existing structure(s) or land use activity, improvement value, ratio of improvement-to-land value, and ratio of assumed build-out to existing units/jobs. Lots under 3,000 square feet are excluded from the analysis.

Snohomish County

Snohomish County identifies vacant land based on improvement value (under \$2,000), with certain exceptions. Partially used parcels (those with an existing building but where additional development on the parcel is possible without demolition) are based on lot size relative to zoning, building footprint relative to buildable parcel area, and improvement-to-land value ratio.

Thurston County

Thurston County applies a larger number of different residential land classifications, including lots under construction at the time of the land use inventory, empty subdivision lots, larger master-planned communities and known planned projects, vacant single lots that are not part of a larger subdivision (e.g., rural lots), vacant land large enough to subdivide, and partially-used land with an existing structure where the lot is large enough to subdivide. For commercial and industrial land, parcels with existing structures are evaluated based on the ratio of building size to lot size to determine whether they are fully developed or partially used.

Issue 2: Accounting for Redevelopment

The County's VBLM does not include an assumption for redevelopment on land classified as built; the only modeled "redevelopment" is the assumption that much of the land classified as "underutilized" will experience further development. However, 5% of population and employment forecasts are assumed to be accommodated through redevelopment, outside of the

² Department of Commerce, *Buildable Lands Guidelines* (2018), pages 6-7.

VBLMs. In addition, site-specific overrides are made outside of the model based on information provided by local governments.

Key Questions

- How much development has occurred on land classified as built? What are the characteristics of the land classified as built that experienced redevelopment?
- What factors could the County use to project where and how much redevelopment will occur going forward?

State Guidance

As noted above, the guidelines provide discretion for local definitions and approaches to defining which land has additional development potential. Specific to evaluating redevelopment, the guidelines note:

Accounting for changing growth patterns, particularly when defining and calculating land supply, will be one of the most significant changes that many buildable land jurisdictions will face moving forward. Capacity calculations that have traditionally been oriented around greenfield development sites will increasingly need to consider urban dynamics and redevelopment. A shift towards redevelopment has many tangible benefits, but also requires additional market and economic considerations that are more complex than previous assessments...³

The guidelines identify improvement value and improvement-to-land value ratio as two potential indicators of redevelopment potential and suggest looking at achieved densities for past redevelopment or comparable areas to set reasonable expectations for the amount and density of redevelopment.

How Addressed in Other Buildable Lands Counties

Pierce County

Redevelopment is assumed to occur on land classified as underutilized. Existing housing units and jobs that are located on underutilized parcels are assumed to be displaced and subtracted from the capacity so that only the net additional units and jobs are counted.

Snohomish County

In Snohomish County, redevelopable parcels are non-vacant parcels with an existing building that may be demolished and replaced with a new use during the 20-year GMA plan horizon. Identification of buildings as redevelopable begins with the ratio of improvement value to land value, the UGA in which the parcel is located, the zoning or plan designation, and the current use.

³ Department of Commerce, *Buildable Lands Guidelines* (2018), page 23.

Thurston County

Based on market conditions in Thurston County, redevelopable land is only identified in mixed-use, commercial, and industrial zoning districts. Redevelopment is assumed to result in multifamily, commercial, or industrial development. Redevelopment potential is evaluated by comparing building value to land value along with consideration of building area to parcel area.

Issue 3: Modeling Mixed-Use Areas

The buildable lands model classifies lands into three urban land use categories—residential, commercial, and industrial—based on comprehensive plan designations. (Lands designated as parks and open space, public facility, mining lands, or airport within the urban growth areas are excluded from available land calculations.)

The County's existing methodology assumes a portion of the buildable land in mixed use designations will develop as residential, and the other portion will develop as commercial. The split varies by land use designation. Land with a commercial land use is not assumed to generate residential development. However, some areas identified as commercial, especially the Vancouver City Center, have seen a lot of residential development in commercial zones.

Key Questions

- Which commercial zones allow residential development?
- How much residential development has occurred on land classified as commercial where residential uses are allowed?
- Where has this development occurred? Are there certain commercial zones that function more like mixed use areas?
- Are refinements to the methodology warranted to better account for mixed use areas?

State Guidance

The Guidelines provide a number of options to calculate the residential capacity of mixed-use areas including measuring actual residential densities across the mixed-use area and using those densities to project forward or, alternatively, establishing a commercial-to-residential ratio for mixed-use areas.

How Addressed in Other Buildable Lands Counties

Pierce County

To account for the mixture in both the residential and commercial/industrial capacity analyses, a percentage of a zoning classification's acreage is split between the housing and employment capacity calculations. The split varies by jurisdiction and by zone.

Snohomish County

Snohomish County uses observed residential densities in commercial zones that have generated residential development to predict future residential development in those zones.

Thurston County

Thurston County's model distributes buildable and redevelopable lands into residential and commercial portions, based on a mixed-use factor that varies by zone. The mixed-use factor is developed based on past trends and proposed projects.

Issue 4: Infrastructure Gaps

The new Buildable Lands legislation requires that identification of land suitable for development and redevelopment must take into consideration infrastructure gaps, including but not limited to transportation, water, sewer, and stormwater.

Clark County does not currently have an explicit step in the Buildable Lands methodology to address infrastructure gaps. However, jurisdictions in Clark County apply an Urban Holding (UH) Overlay plan designation to land that has infrastructure limitations on it that must be resolved prior to annexation and/or development. The purpose of the UH Overlay is to protect lands identified within UGAs from premature development when public policy establishes urbanization criteria such as requiring annexation prior to development or where public facilities are inadequate to support development under the urban zoning designation. The Comprehensive Plan identifies criteria that must be met in order to remove the urban holding overlays and authorize the implementation of the underlying urban zone. These are set for each UH Overlay, and are generally tied to funding of specific capital improvements necessary to provide adequate capacity to support urban development. When the critical facilities are "reasonably funded", either through a capital improvement plan (which is generally a six-year plan) or through a development agreement, the overlay can be removed.

Key Questions

- Of the locations that have Urban Holding Overlays, which indicate an infrastructure gap that is unlikely to be resolved during the 20-year forecast period, and which are likely to be resolved such that the area builds out consistent with the intended density?
- Do locations with infrastructure gaps exist that are not designated with the UH Overlay?

State Guidance

As noted above, the new legislation requires that "evaluation and identification of land suitable for development or redevelopment shall include... infrastructure gaps (including but not limited to transportation, water, sewer, and stormwater)."⁴

The Guidelines state that in determining whether there is an infrastructure gap, jurisdictions should consider several factors:

Is there a long-term lack of urban development in the area?

⁴ RCW 36.70A.215(3)(b)(i)

How did the recent comprehensive plan address the needed infrastructure provision, and is that information still valid?

If the infrastructure is anticipated to be provided later in the planning period, is development likely to occur quickly so that planned development is realized within the planning period, or will some of the area remain undeveloped?⁵

How Addressed in Other Buildable Lands Counties

This issue is part of the updated legislation and guidelines; the counties whose methodologies we reviewed are also in the process of adopting updates to comply with these requirements. Pierce County does not specifically address infrastructure gaps in its current methodology. Snohomish County uses lack of sewer availability in some areas to assume that further subdivision will not occur, though homes on existing lots or low-density development on septic are still modeled.

Thurston County comments on potential infrastructure limitations but ultimately does not adjust capacity on this basis, in part because some are noted to have been resolved. Their report also notes: “A recent Central Puget Sound Growth Management Hearings Board case, while not applicable to Thurston County, offers a relevant analysis of the GMA requirements (Kitsap Citizens for Responsible Planning v Kitsap County, Case 06-3-0007, FDO July 26, 2006). In that case, The Central Board ruled that the GMA requires that jurisdictions must plan to develop urban areas in an urban manner, providing urban services to enable it. Thus, urban areas should not include lands that cannot be provided urban services within 20 years.”⁶ This suggests a perspective that areas with infrastructure limitations should perhaps be excluded from the UGA, not just the buildable lands inventory.

Issue 5: Market Factor

The Buildable Lands methodology recognizes that not all developable land will be developed within a given planning period, for a variety of reasons. The new legislation requires counties to analyze, justify, and apply an appropriate market supply factor when identifying land suitable for development.

In the current Clark County methodology, there are “never to convert” assumptions that account for the fact that not all developable land will be developed. These effectively are a market supply factor. In addition to deductions for constrained land (e.g., wetlands, flood plains, steep slopes, habitat areas, stream corridors, etc.), the methodology applies never-to-convert factors to vacant and underutilized residential land (10% and 30%, respectively). There is no specific market factor / never-to-convert assumption for commercial or industrial land except on constrained land.⁷

⁵ Department of Commerce, *Buildable Lands Guidelines* (2018), page 32.

⁶ Page 32

⁷ Note that the never-to-convert assumption accounts for a land market factor—that not all available land will be developed. In establishing residential land needs, the conversion from population projections to housing units

In addition to the never-to-convert factors used in the VBLM, Clark County uses a market factor that is applied to the number of acres needed to accommodate new population/employment projections. This demand side equation is estimating the number of acres needed to accommodate new growth, taking into consideration the following assumptions approved by Council: OFM population projection, urban/rural split, persons per household, and infrastructure. The resulting acres are compared to the acres in the VBLM, after the never-to-convert factor is applied to determine whether there is a surplus or deficit of land to accommodate the population projection.

State Guidance

As noted above, the new legislation requires that: *“An evaluation and identification of land suitable for development or redevelopment shall include: Use of a reasonable land market supply factor when evaluating land suitable to accommodate new development or redevelopment of land for residential development and employment activities. The reasonable market supply factor identifies reductions in the amount of land suitable for development and redevelopment.”* It defers to the later guidance (the updated Guidebook) to establish appropriate methodology.

The Guidebook provides the following additional guidance:

Passage of ESSSB-5254 in 2017 indicates a need to elaborate on Market Supply Factor determination by Buildable Lands jurisdictions, with amendment to RCW 36.70A. SB 5254 section 3(1)(d) specifically adding the following considerations for potential guidance on how jurisdictions derive Market Supply Factor deductions:

- 1. Infrastructure costs, including but not limited to transportation, water, sewer, stormwater, and the cost to provide new or upgraded infrastructure if required to serve development.*
- 2. Cost of development.*
- 3. Timelines to permit and develop land.*
- 4. Market availability of land.*
- 5. The nexus between proposed densities, economic conditions needed to achieve those densities, and the impact to housing affordability for home ownership and rental housing.*
- 6. Market demand when evaluating if land is suitable for development or redevelopment.⁸*

needed accounts for housing unit vacancy separately. For commercial and industrial land, the use of observed employment densities (rather than built space) has historically meant that the County did not need to address vacancy in the same way for commercial and industrial development.

⁸ Department of Commerce, *Buildable Lands Guidelines* (2018), Appendix A, page 51.

Key Questions

- What does the data show about the percentage of vacant (and underdeveloped), unconstrained land that has not been developed over a 10- to 20-year period?
- Can we identify patterns or differences in the land that has not developed based on jurisdiction, location, zoning/comprehensive plan designation, or other factors?
- Should the County apply a market factor only to supply or demand, but not both?

How Addressed in Other Buildable Lands Counties

Because the updated legislation and guidelines require counties to do more to justify their market factors, several of the counties we looked at are in the process of making updates to their market factor assumptions.

Pierce County

Currently, Pierce County applies a range of assumptions for “Land Unavailable for Development” that are set by each jurisdiction. Some vary by residential vs. commercial, by zone, and/or land classification. The range of factors applied is summarized below for vacant and underutilized land:

- Vacant land: 0-30%
- Underutilized land: 0-70%

The City of Tacoma uses a “Market Factor” or “Safety Factor” instead of assuming “Land Unavailable for Development”. The methodology notes that comprehensive plan policies limit the “safety factor” or “market factor” to no more than 25% for urban Pierce County. However, this limitation does not appear to apply to the assumptions of land unavailable for development.

Snohomish County

Snohomish County applies a market availability reduction factor of 15% for vacant land and 30% for partially-used and redevelopable land based on a property owner survey conducted in 2005.⁹ It is not applied to parcels with pending development or other clear indications of property owner intent to develop. The methodology notes that the market availability reduction factor “is separate and distinct from the UGA safety factor calculation,” which is intended to “assure adequate availability and choice at all times.”¹⁰ (The safety factor is not documented in the buildable lands methodology.)

Thurston County

Thurston County calculates excess capacity relative to demand, and notes that: “Supply should exceed demand (percent excess) by a reasonable market factor in order to account for land that is not available for development during the planning horizon. The rule of thumb is a county-wide market factor between 10% and 25% is considered reasonable. Smaller jurisdictions tend to

⁹ Page 30

¹⁰ Page 29

have higher market factors due to the statistical difficulties in estimating supply versus demand for small areas.”¹¹

The methodology also states that: “New market factors are anticipated to be developed for the 2021 Buildable Lands Report and will be consistent with updated program guidance from the Washington State Department of Commerce.”¹² They note that they will consider an additional “margin for small town and cities to recognize greater fluctuation in their growth rates and potential access to sewer,”¹³ and note that while varying levels of impact fees may impact development potential, the capacity projections are based on past trends, which generally reflect those impact fees.

Issue 6: Capacity on Rural Lands

Development capacity on rural lands is accounted for outside the VBLM, through a separate calculation of vacant and undersized lots. These rural lots are assumed to accommodate housing consistent with the minimum lot size of their rural zones. No employment capacity is assumed from rural areas.

State Guidance

RCW 36.70A.215 requires buildable lands counties to consider and collect data on both urban and rural uses:

Sec. 2 (2)(a): The review and evaluation program shall: Encompass land uses and activities both within and outside of urban growth areas and provide for annual collection of data on urban and rural land uses, development, zoning and development standards, environmental regulations including but not limited to critical areas, stormwater, shoreline, and tree retention; and capital facilities to determine the quantity and type of land suitable for development, both for residential and employment-based activities;

However, there is no additional guidance about how best to estimate capacity outside UGAs.

Key Questions

- How well has development in rural areas aligned with assumptions of development capacity in those areas? Are any refinements to assumptions needed to better reflect observed development patterns?

¹¹ Page 38

¹² Page 30

¹³ Page 31

How Addressed in Other Buildable Lands Counties

In Thurston County, the report includes a calculation of the urban/rural development split by year,¹⁴ and notes that rural densities are applied to gross land area based on the zoning.¹⁵ However, there does not appear to be a calculation of capacity on rural lands.

Snohomish County does not look at areas outside of UGAs.

Thurston County includes rural capacity along with urban, using vacant single lots and rural zoning to determine subdivision potential.

Part 2: Issues Related to Estimating Land Capacity

Issue 7: Infrastructure Set-Asides

Infrastructure, including land dedicated to stormwater management, is deducted as one of the factors to adjust from gross to net acres. The County's current assumption (27.7%) was set in 2007. In the 2015 Buildable Lands Report, the County found an average of 26.8% of residential land was converted to infrastructure between January 1, 2007 and December 31, 2014. Some developers have noted that recent changes to stormwater requirements tend to require more land be dedicated to stormwater management. A more recent analysis of land dedicated to infrastructure through the subdivision process found an average of 27.8% of the land within residential plats dedicated to infrastructure since 1997. This analysis showed that the average percentage of land dedicated to infrastructure has increased in several of the past few years; however, the data can be "noisy" when looking at a single year and show year-to-year variability.¹⁶ Further analysis is needed to confirm whether the new regulations are having an impact.

Key Questions

- Which, if any, recent changes to stormwater regulations (or other environmental protections) in Clark County jurisdictions may have an impact on infrastructure set-asides or development capacity? How do these regulations vary by jurisdiction?
- Are refinements to assumptions for infrastructure set-asides for subdivisions warranted to account for these changes?
 - Have infrastructure set-asides changed, on average, for new subdivisions since any new rules that may have impacted these set-asides went into effect?
 - Have any changes resulted in differences in gross density, or have smaller lots and higher net densities compensated for any increase in land dedicated to stormwater?

¹⁴ Page 243

¹⁵ Page 135

¹⁶ Plats included are limited to long plats with at least 6 lots inside a UGA. See Clark County's "Story Map" for details:
<https://clarkcountywa.maps.arcgis.com/apps/MapSeries/index.html?appid=15f4b47d8936415bb456602429dfb404>.

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- Do the set-asides vary consistently by jurisdiction, soil type, zoning/comprehensive plan designation or other measurable factors?

State Guidance

The updates to RCW 36.70A.215 include the following requirement:

Sec. 2(3)(b)(i): An evaluation and identification of land suitable for development or redevelopment shall include: A review and evaluation of ... environmental regulations (such as tree retention, stormwater, or critical area regulations) impacting development; and other regulations that could prevent assigned densities from being achieved...

The Guidelines note that in some cases reliance on historical data on achieved density would not provide an accurate basis for forward-looking projections if regulations have changed in ways that impact development potential. For environmental regulations such as stormwater management and tree protection, the impact to development potential may be limited if lot size averaging is allowed. The Guidelines note the importance of evaluating the potential impacts of major policy and regulation changes between evaluation periods that may not be reflected in the historical data.

How Addressed in Other Buildable Lands Counties

Pierce County

Plat deductions vary by jurisdiction. In addition, acreage for planned public capital facilities is deducted from the total gross residential and commercial/industrial acreage, and a jurisdiction-specific percentage of the net residential acreage is deducted from the available buildable lands to account for non-residential developments allowed by zoning within residential districts, such as churches and day-care centers.

Snohomish County

In Snohomish County, density assumptions are applied to the buildable acres (gross acres minus critical/unbuildable areas and their buffers) rather than net acres after accounting for local streets, etc. However, Snohomish County removes major utility easements (e.g., transmission lines) and specific lands needed for new capital facilities, and includes a 5% reduction for potential public/institutional uses, public facilities, or stormwater facilities whose locations are unknown.

Thurston County

Thurston County assumes jurisdiction-specific set-asides for open space / tree tracts, stormwater facilities, and rights of way for larger, subdividable lots. It does not apply these deductions to smaller subdividable lots, multifamily, or mixed use projects. There is an additional deduction for non-residential uses in residential zoning districts that is highest for subdividable urban land and 0% for mixed use, redevelopment, platted lots, and planned projects.

Issue 8: Population Capacity

Clark County estimates the residential capacity of developable residential land based on a single density (expressed in housing units per net developable acre) for each UGA. These assumptions do not vary by zone / general plan designation. Densities reflect the targets for each UGA; they are based on observed development and comprehensive plan assumptions for each UGA. They are applied to net acres, after accounting for infrastructure set-asides at the UGA and site level and discounting constrained acres.

Most residential zones in the County allow a density range. Single family development tends to achieve near the maximum density, while multifamily development tends to be closer to the lower end of the allowed density range.

State Guidance

RCW 36.70A.215(3)(a) states that “zoned capacity of land alone is not a sufficient standard to deem land suitable for development or redevelopment within the 20-year period.” The Guidelines further state that:

This requirement places an expectation on jurisdictions to not just assume properties will develop to their maximum densities allowed under their zoning designations, but to conduct additional analysis related to how development and redevelopment might occur to support urban capacity findings. ...

With vacant land at lower densities, lot sizes based on zoning may be used to estimate capacity. These calculations generally result in capacity estimates that are near zoned capacity. Estimating future development capacities for higher density development and redevelopment generally requires more analysis since many other factors, such as vertical construction costs, impact whether or not areas zoned for higher densities will develop at the intensities that have been planned.¹⁷

Key Questions

- How do the assumed and allowed density ranges compare to the actual densities realized in each zoning designation?
- Are there other development standards or other factors that impair the assumed or allowed density from occurring?
- Are refinements to the assumed residential densities warranted based on observed densities by zone or comprehensive plan designation?

¹⁷ Department of Commerce, *Buildable Lands Guidelines* (2018), page 33.

How Addressed in Other Buildable Lands Counties

Pierce County

Residential density varies by jurisdiction and zoning district. Jurisdictions establish their density assumptions upon past trends and recent regulatory modifications.

Snohomish County

Snohomish County uses observed residential densities by adopted zoning and plan designations, except where specific planned projects are known.

Thurston County

Thurston County's model includes a residential density estimate for each zoning district. This estimate is developed based on the range of allowable densities, the actual densities being achieved in each zoning district, and calibration against proposed development projects. There are exceptions for known development projects and platted lots. Land is subtracted from partially-used properties to account for retention of the existing home prior to calculating density.

Issue 9: Employment Density

Once the vacant buildable commercial and industrial lands have been identified, the model applies employment density assumptions to the net developable acres to predict how much future employment that land can accommodate. The most recent methodology has one density assumption for commercial land (20 employees per acre) and another one for industrial land (9 employees per acre). The assumptions are the same for all UGAs. The densities have been set based on observed development using spatial data on employment from the Washington Employment Security Department (ESD) that allowed matching of specific employers to tax lots. However, ESD no longer provides access to parcel-specific employment data, leaving Clark County (and all the other Buildable Lands Program counties) without a good data source to validate projections or adjust over time.

Employment density of new development is also reported in the Buildable Lands Report. The most recent analysis uses data from 2006-2014 and relies on data from ESD as well as building permit data to calculate the employment density of new commercial and industrial development for each UGA.

Key Questions

- What other data sources are available to measure actual employment densities and changes in Clark County?
- What other data sources (not necessarily specific to Clark County) are available to inform or update employment density assumptions?
- Is any of the available information robust enough and different enough from past trends to warrant an update to the density assumptions used in the model?

State Guidance

The employment density survey provides data that support assumptions used to determine land needed for employment uses. Statutory guidance requires that the county determine land need and employment capacity based on the actual/achieved density of development and the actual amount of land developed for commercial and industrial uses within the UGA since the last periodic evaluation or last update of a comprehensive plan.¹⁸

The 2018 *Buildable Lands Guidelines* provide concise direction on the process and distill the requirements into two questions:

- How much land was actually developed for commercial and industrial uses within the UGA since the last comprehensive plan was adopted or the last evaluation completed?
- Based on this and other relevant information, how much land would be needed for commercial and industrial development during the remainder of the 20-year comprehensive planning period?

Thus, while the guidelines provide direction on how to address commercial and industrial development, they are not proscriptive and provide considerable local discretion with respect to methods. Because the focus of this research is on employment density, we do not address other aspects of the methods related to commercial and industrial land.

How Addressed in Other Buildable Lands Counties

Pierce County

Pierce County uses gross employees per acre based on 2010 survey data from the Traffic Division of Pierce County Public Works and Utilities Department.

Snohomish County

The Snohomish County methodology uses observed floor area ratio (FAR) and assumptions about square footage of building space per employee by employment category to translate into estimates of employees per buildable acre.

Thurston County

Thurston County uses a single average of employees per 1,000 square feet of commercial building space and an average FAR for commercial and industrial buildings. The methodology notes higher employment densities in some locations than others.

Part 3: Issues Related to Reporting

Issue 10: Data Collection Methods

Clark County currently uses building permits for reporting in the Buildable Lands Report, but also uses County Assessor's data for annual monitoring. Staff has found the assessor's data to

¹⁸ RCW 3670A.215(3)

be easier to work with. Changing to a different data source (e.g., assessor's data) must be done as part of a formal update of the methodology.

One addition to the updated Guidelines is that reasonable measures be considered where affordable housing goals and policies for a county or city are not being met. This issue was determined to be more appropriate to consider as part of establishing Reasonable Measures for dealing with inconsistencies between planned capacity at varying densities and the extent to which such planned capacity may not be economically delivered; however, County staff would like to track the cost of new housing as part of its on-going monitoring and reporting. An additional benefit of changing to assessor's data is that it includes information about the market value of housing, which could allow the County to track the cost/value of new housing over time as an index of housing affordability.

Key Questions

- What are the strengths and weaknesses of using assessor's data to measure and monitor development relative to use of building permit data?
- How could the County best use assessor's data to track housing costs and affordability over time?

State Guidance

Data collection is required under statute:

Sec. 2 (2)(a): The review and evaluation program shall: Encompass land uses and activities both within and outside of urban growth areas and provide for annual collection of data on urban and rural land uses, development, zoning and development standards, environmental regulations including but not limited to critical areas, stormwater, shoreline, and tree retention; and capital facilities to determine the quantity and type of land suitable for development, both for residential and employment-based activities;

The Guidelines additionally note that:

Jurisdictions should design and implement appropriate data collection systems to collect data on development activities both inside and outside UGAs. This should include data items that address the annual volume of residential and employment-based development. The information may be derived from plat records, building permits, certificates of occupancy, GIS data submitted as part of subdivision approval, and any other relevant data source.¹⁹

In other words, data collection on development is required, but there is discretion for the County to choose an appropriate data source.

¹⁹ Department of Commerce, *Buildable Lands Guidelines* (2018), page 18.

How Addressed in Other Buildable Lands Counties

Pierce County

Jurisdictions in Pierce County are required to submit three data sets on an annual basis: residential building permits, residential platting activity, and commercial building permits.

Snohomish County

The Buildable Lands Report does not specify the source of data used to create the development history database that informs the analysis.

Thurston County

Thurston County collects building permits and residential projects in the pipeline from the cities and tribes, approved subdivisions from the auditor's office, and building and land valuations from the assessor's office.

Attachments

- Attachment A. Issue Paper 1 from County staff
- Attachment B. Existing Clark County Vacant Buildable Lands Model Methodology
- Attachment C. Description of Snohomish, Pierce, and Thurston County approaches to identified issues