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Council Meeting Date: September 21, 2006

Agenda Item: III

**GROWTH MANAGEMENT PLANNING COUNCIL AGENDA ITEM
KING COUNTY, WASHINGTON**

<p>AGENDA TITLE: Response to comments about 2007 Buildable Lands Report Methodology PRESENTED BY: Michael Hubner, Suburban Cities Association and Chandler Felt, King County</p>
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EXECUTIVE SUMMARY

In 2002, King County and the cities collaborated to prepare the first Buildable Lands Evaluation Report, and briefed the GMPC during 2001 and 2002. The second five-year Buildable Lands Report is due to be completed by September 2007. Staff of all King County jurisdictions are currently measuring achieved densities of development during the years 2001 through 2005, and measuring Urban land supply and capacity as of 2006. This item will provide a briefing on potential changes to the scope of the 2007 Buildable Lands Report and on methodological questions which have arisen since publication of the 2002 Report.

DISCUSSION

Washington's Growth Management Act (GMA) requires King County and its cities to implement a review and evaluation program (see RCW 36.70A.215). The goals of what has been termed the Buildable Lands Program include 1) determining whether "urban densities" are being achieved within Urban Growth Areas (UGAs), 2) measuring the degree of consistency between comprehensive plans and actual development, and 3) addressing any inconsistencies through follow-up measures to be adopted by local jurisdictions.

Staff briefed the Growth Management Planning Council (GMPC) at its April 2006 meeting on the work program for the next Buildable Lands Report (BLR) due in September 2007. The 2007 BLR will contain data and analysis of development activity for the years 2001-2005 as well as land supply and capacity as of 2006. The report will evaluate the sufficiency of capacity in each jurisdiction and in the UGA to accommodate 22-year household and job growth targets.

The state Department of Community, Trade, and Economic Development (CTED) released Buildable Lands Program Guidelines in 2000. King County and its cities subsequently developed a countywide technical framework and methodology for carrying out the Buildable Lands data collection, analysis, and evaluation. The coordinated approach to Buildable Lands includes templates, definitions, assumptions, and factors for common use that ensure consistency and comparability in findings while allowing for local flexibility to adjust the methodology to fit local conditions. In preparation for the 2007 BLR, a countywide Buildable Lands staff team is considering updates and revisions to the methodology.

Subsequent to the April briefing, Councilmember Dunn, a member of GMPC, submitted comments via letter dated May 10 to County Executive Ron Sims, GMPC Chair. Executive Sims has requested that the

countywide staff team look into several concerns raised by Councilmember Dunn and report back to the Council at its September 2006 meeting. Staff response to each of these concerns is addressed below.

Expanding scope of Buildable Lands analysis to include Rural Area

The primary purpose of the Buildable Lands Report is to determine whether King County and its cities are achieving urban densities and have capacity *within Urban Growth Areas* (RCW 36.70A.215). The King County Countywide Planning Policies (CPPs) emphasize the importance of ensuring that King County's UGA should have sufficient capacity to accommodate the county's forecasted population and job growth and adopted growth targets. The 2002 Buildable Lands Report accomplished these purposes; the 2007 Report will do the same. However, in addition to the Urban areas, there is value in providing some information for areas outside the UGA, both for residential and employment-based activities. The 2002 Report met GMA requirements by including data on 5 years of residential permits in Rural areas. Staff recommends continuing this work in the 2007 Report.

In addition, we propose to include limited measurement and analysis of land supply acreage and land capacity information to assist those doing analysis of both commercial and residential trends / land use potential in Rural King County. While not required (since sufficient capacity for growth is not an issue there), it may be useful to have both land supply and land capacity information for such economic development purposes as the Rural Economic Strategy. It may also prove helpful in analyzing the relationship between Urban and Rural growth trends.

Should we include transportation concurrency and sewer availability in the Buildable Lands analysis?

The King County Comprehensive Plan and CPPs designated the Urban Growth Area on the basis of current and projected sewer and transportation availability. Over the 20-year time horizon of those plans, it is assumed that infrastructure will become available to serve new growth within the UGA. Both transportation and sewer construction operate on a shorter time frame such as a 6-year CIP during which services may not be available in specific locations. The focus of Buildable Lands is on the CPPs and Comprehensive Plan's 20-year time horizon during which it is reasonable to assume that short-term obstacles to infrastructure development will be resolved. Consistent with CTED guidelines, the 2002 Buildable Lands Report did address infrastructure as it pertained to land needed for future rights-of-way and public purposes, such as stormwater facilities. The Buildable Lands Report, however, is not the appropriate vehicle to address infrastructure timing issues: its focus is on land and on long term capacity to accommodate growth.

There are several locations in the county where current infrastructure deficits have held up new development. However, this fact is not inconsistent with the Buildable Lands analysis. Transportation concurrency is an issue primarily in Rural unincorporated King County, where concurrency rules have delayed some new developments. Insufficient sewerage and water availability have limited development in a few jurisdictions. In preparing the 2002 Buildable Lands Report, some cities have worked in temporary infrastructure deficits into their Buildable Lands analysis and density calculations.

Should we expand the "market factor" to include development feasibility?

For the 2002 Buildable Lands Report, King County and its cities defined market factor as a deduction of a percentage of the remaining land assumed not to be available for development during the planning period for reasons that include personal use, investment or speculative holding, land banking for future business expansion, and other considerations that serve to hold land off the market. Support for the definition of a market availability factor can be found in GMA (RCW 36.70A.110), state Buildable Lands guidelines, and in recent hearings board decisions (see *S/K Realtors vs. King County*). The market availability factor has ranged generally from 5% to 20%, with redevelopable land discounted more heavily than vacant land.

Staff are currently reviewing the recommended %s, based on current best practice in land capacity analysis as well as on data collected in King County and other Buildable Lands counties.

The King County market availability factor has been used to account for parcels that will likely remain off the market for the entire planning period, no matter how strong the demand. Which of the remaining parcels will actually develop or redevelop with residential or commercial uses is strongly influenced by the location and strength of future demand for housing and commercial space, and on the future costs of land acquisition and development. Comments from the April meeting highlight a number of factors, many of which affect the cost of development, and thus influence short-term market feasibility.

Several of these factors are already addressed by the King County Buildable Lands methodology, including:

- **Slopes**—To the extent steep slopes are regulated by local critical areas ordinances, these areas are generally removed from the land inventory. Topography is also one factor considered in determining assumed future densities.
- **Historic districts**—Areas designated as historic by the City of Seattle are removed from the land inventory.
- **Zoning and comprehensive plan changes**—Each 5-year update of the BLR uses a fresh “snapshot” of land supply in the county and accounts for zoning and plan changes that have occurred since the last evaluation report. The 2007 BLR will report on land supply per zoning as of January 2006. Where further zoning changes are anticipated in the near future, those will also be considered in estimating the capacity for additional housing and jobs.

Several other cost factors fall outside of what is considered in the King County Buildable Lands methodology. They include: **engineering costs, site contamination, code compliance, community opposition to development, project approval uncertainties, parcelization (small parcels), and adjacent uses.**

In the short term, not all vacant and redevelopable parcels are assumed to be market feasible for residential or commercial development. However, a parcel that is not feasible to develop now may become ripe for development within the next 20 years, particularly as market demand grows and spreads into new areas of the county. In addition, King County and its cities have and continue to take actions to improve the market prospects for development to meet their growth targets. These actions include more flexible land use regulations, streamlined project approval processes, incentives for desired development, public investments in infrastructure and amenities, and public education and involvement toward implementation of local comprehensive plans.

A final cost factor mentioned is the **higher cost of redevelopment vs. vacant land development.** Vacant land does indeed out-compete underutilized land for building activity in some Urban areas. In the short term, remaining vacant land in the UGA plays an important role in accommodating new growth. Over time, as the supply of vacant land shrinks through new development, the economics will shift to favor redevelopment in areas of the county where it hasn't yet occurred.

Addressing the status of our affordable housing policies and targets

Affordable housing is an issue of vital importance to King County jurisdictions, but housing prices are beyond the scope of Buildable Lands. The King County Benchmarks program already monitors housing prices, affordability and achievement of targets by King County jurisdictions. The Buildable Lands Report demonstrates that we have sufficient capacity for a full range of housing types and densities.

Availability of buildable land suitable for different housing types

The 2007 Buildable Lands Report will include an estimate of the capacity for additional housing units in each city and unincorporated area of the UGA. The Buildable Lands analysis produces a great deal of detail on housing development by type, residential land supply by plan and zoning designation, and housing capacity by density range and type (including capacity for **multifamily units**). Sufficiency of the total housing capacity is evaluated by comparing capacity with remaining household growth targets, which are not differentiated by housing type. Meeting demand for housing by type for all economic segments of the community is thus not evaluated in the BLR, but has been addressed in the housing element of local updated comprehensive plans.

GMA (see RCW 36.70A.070) refers to local responsibility to accommodate several additional housing types, including **government-assisted housing, manufactured housing, clustered housing, group homes, and foster care facilities**. Because these types of housing can be built in many different locations, including a wide range of residential and mixed-use zoning districts, the Buildable Lands data generally are not useful for estimating how well local governments are providing capacity for them. Such an assessment, considering local needs and conditions, market forces, funding sources, and regulations, is more properly included in the housing element of local comprehensive plans.

Finally, as noted in the previous section, provision of **housing for low-income families** falls outside the scope of the Buildable Lands evaluation. King County and its cities have adopted affordable housing targets, achievement of which is monitored annually through the King County Benchmark Reports.

STAFF RECOMMENDATION

Staff do not propose any significant revisions to the Buildable Lands methodology at this time. Within the scope of the current Buildable Lands data collection and analysis framework, staff recommend the following actions:

- Continue to monitor the amount, type, location, and density of new development within the UGA
- Include limited rural area land capacity data and analysis in the Buildable Lands Report (BLR), so we have countywide information
- Continue to monitor housing affordability through Benchmarks
- King County and SCA will work with local staff on the land supply and capacity analysis to identify site conditions that preclude development over the course of the long-range GMA planning period
- Follow up the 2007 BLR with further research and analysis that 1) provides more detail on development trends and patterns in the county and 2) highlights challenges and effective measures for achieving targeted development on identified vacant and redevelopable lands in the short term.