

A POLICY GUIDE

Land Supply: *A Critical Issue for Housing*

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Land Supply:
A Critical Issue for Housing in Washington State

The purpose of this policy guide is to provide a concise and comprehensive overview of the land supply issue for real estate professionals and others concerned with the continuing escalation of housing costs and accompanying reduction of housing choices for consumers in our state. Under the state Growth Management Act (GMA), the adequacy of suitable land for urban development in many communities has been and remains a major and controversial issue, with critical implications for housing affordability and design options, as well as the location of population growth in both urban and rural areas.

This subject is timely as housing costs in many areas are continuing to rapidly exceed the incomes of most people, and all counties and cities subject to the GMA are required to update their plans and regulations over the next few years. Many local governments have already begun; thus there are real opportunities now for people concerned about housing and employment issues to participate, and find solutions for these problems in their communities.

Moreover, most observers will agree that private and public sector efforts for economic vitality are also being seriously hampered by land supply problems in many urban and rural areas, and generally for the same reasons.

Table of Contents

Executive Summary	4
I. Introduction	6
A. Land Supply and Growth Management	6
B. The Importance of Land Supply in Housing Costs and Choices	7
C. Housing Costs Have Risen Significantly	8
D. The Relationship of GMA Programs to Increased Housing Costs	10
E. GMA Requirements Relevant to Land Supply	10
F. Population Projections and Land Supply	11
G. Periodic Updates of Local Planning Programs	12
H. The Buildable Lands Program	12
II. Land Supply Factors	13
A. Regulation	13
B. Infrastructure Access	14
C. Infrastructure Land Needs	14
D. Availability	15
E. Market Forces	15
III. Planning Process	17
A. Periodic Reviews of GMA Planning Programs	17
B. Role of Office of Community Development	19
C. Population Projections	19
D. The Buildable Lands Program: Monitoring and Accountability	20
IV. Actions to Take	23
A. How Citizens Can Be Effectively Involved	23
B. Probable Participants	24
C. Solutions to Land Supply Deficiencies	24
D. Criteria for Success on Land Supply	26
Appendix A: Glossary	27
Appendix B: List of GMA Counties	32
Appendix C: Sources	33
Appendix D: GMA Goals	35

Executive Summary

Land supply has become a critical and timely issue for the people of Washington State in general, and for the housing industry and real estate profession in particular, for two major reasons.

First, a lack of suitable land is the primary cause of the drastic increases in housing costs and lack of design choices in most of our growing urban communities. Much of this shortage has been caused by unbalanced implementation of the Growth Management Act (GMA) by local governments. This state mandated planning and regulatory program begun in 1990 applies to 29 of our 39 counties, and all of their incorporated cities.

This same land supply problem is also a central factor in declining incomes and fewer job opportunities in many parts of our state. In addition, many government agencies and non-profit service groups, including subsidized housing, are having serious difficulties in finding sites for their programs.

Second, beginning now and over the next few years, all GMA counties and cities must review and evaluate, i.e. update, their GMA mandated planning programs. The purpose is to ensure that they comply with the act's many requirements and are meeting its 13 goals, including achieving affordable housing and urban densities in cities. These programs include three basic elements: a multi-element comprehensive plan, development regulations and, very important for land supply, a capital facilities plan.

This current update process provides an excellent opportunity for those concerned about these housing and economic issues; now is the time to find out how your local jurisdictions are meeting this requisite, and how to mitigate shortages of suitable urban land in your community.

In the context of growth management, land supply means the amount of land within a community that is suitable for new or more intense development, mainly urban density housing, business and industry. Smart Growth is a label being used nation-wide today for state and local planning programs which attempt to balance resource land and environmental protection with more compact, efficient and attractive urban growth.

Under Washington State's law, land supply within each GMA county and its cities must be adequate to provide space for the population growth projected by the state for each county over a specific planning period. This affirmative duty to accommodate growth between such counties and their cities is one of the law's clearest and strongest principles. However, this obligation has been frequently ignored or played down by some local governments; others have used and will use the GMA to stifle or slow growth.

The GMA requires that local governments aim for and maintain a rational balance among all 13 topics of its broad goals; many cities and counties have over-emphasized environmental protection goals while neglecting others, such as affordable housing and economic vitality (see Appendix D).

In our state, and in others practicing Smart Growth, housing costs have outstripped the incomes of many in growing urban areas over the past 10 to 20 years; at the same time, design options for consumers have declined, even though they were and are asking for more choices.

According to many recent reports, the cost of housing in most of Washington's urban communities rapidly and dramatically increased while GMA was being implemented in the 1990's, particularly for low and medium income households and first-time buyers. These costs have escalated at higher rates in GMA jurisdictions than other areas, and made housing less affordable for many.

These unsatisfactory trends have been accompanied by rising prices for finished sites and raw land, low inventories of lots and homes, and a state-wide decline in home ownership compared to renting. Moreover, a person's quality of life includes choices in housing, which have decreased in many areas.

There are many factors in the cost of and design of housing, as well as economic well being, whether in our state or around the country. Some are national in scope while others are driven more by regional and even local considerations; land supply is in the latter group.

Suitable land is a primary component of the supply side of the housing and employment equations, and is in fact the only one that state and local governments can affect to any significant extent; this is because they have primary authority over the two most important considerations in urban land supply: provision of basic infrastructure and regulation of land use. It is the combination of these two realities that makes state and local planning so important on housing and job issues.

In an analysis of land supply, there are five major factors or types of constraints which determine suitability for urban growth: government regulation; provision of basic infrastructure needed for housing or business; land acquired for infrastructure by public and quasi-public agencies; availability of buildable parcels to developers; and market forces, ie market responses which deter higher density development.

Excessive and cumbersome land use rules, together with inadequate planning and construction of basic urban services, through their significant constraining effect on suitable land over the past 25 years, are the primary reasons why housing costs and selection, along with economic vitality, have been so adversely affected in our state. In the past decade, under GMA, this pattern has only gotten worse, through additional and often onerous restrictions on both private development and public projects, and more complex, subjective and slower permit processes.

As counties and their cities work together to complete the updates, parties who are concerned about these issues need to be involved in constructive ways from beginning to end. Where housing costs and choices, and economic opportunities, are at issue, discussions of land supply will occur. There will no doubt be a wide range of responses from staff, citizens, and officials.

There is a wide array of positive and already tested solutions, most both environmentally and economically sound. Some participants will support tight UGA boundaries, hoping to thereby force infilling and prevent sprawl. Others will favor ample supplies of suitable land as necessary to strengthen competition in lots and raw land, relying more on infrastructure costs and impact fees, together with incentives, for the same goals.

Criteria for success on the land supply issue include: sufficient finished lots and raw, suitable land, on the market during the entire planning period so that competition can work; housing prices do not increase primarily due to governmental restrictions on land; and housing design choices increase so that consumers are readily able to find housing that fits both their needs and budget.

I. Introduction

Prior to Washington State's adoption of growth management in 1990, there had been little serious discussion or concern about land supply in city and county planning programs, the housing industry, or in the business community at large. However, during the 1970s and 1980s, the amount and complexity of land use regulation, as well as opposition to development in general in many locales, steadily increased. Feasible sites for urban density housing or business were becoming more and more difficult to find in most growing communities.

In this pre-GMA period, if more land was needed for urban development, one could usually obtain the approvals, which might include a rezone or annexation. Most requests were approved, often with costly on-site conditions required; however, off-site *infrastructure** requirements or costs were generally not too demanding. There were few regulatory limits on where urban growth could go.

All that changed with passage of the GMA. Under its rules and requirements, land for new homes and business was suddenly much more tightly constricted in quantity, quality, and time than ever before in most urban communities. This major constriction on development occurred at the same time demand for housing was increasing in Central Puget Sound and a few other areas due to significant job growth.

A. Land Supply and Growth Management

In the context of growth management and this paper, land supply means the quantity of undeveloped land, including *under-utilized* and *partially used* land that is both *suitable* and *available* for urban development in a given jurisdiction within a specific *planning period*. (See the definition of *land suitable for development* and related terms in the Glossary.) It's important to note that land supply includes more than just "raw" or undeveloped acreage. It also includes current inventories of finished, i.e. fully serviced, vacant lots and sites, which are readily available for construction of housing and business at urban densities.

In our state, virtually all new urban development must be contained within an *Urban Growth Area* (UGA), a growth management concept borrowed from a few other states. The GMA planning period was originally set for 20 years, beginning with adoption of the first generation of its required planning programs, i.e. local *comprehensive plans* together with the required *development regulations* and *capital facilities* programs.

The complex array of GMA rules and requirements, partly summarized below, apply to 29 of Washington's 39 counties, along with all incorporated cities within them. Those counties contain about 95 percent of the state's population, about two-thirds of its area, and the vast majority of its urbanized communities. 15 of the GMA counties are in western Washington, and 14 are on the east side (See Appendix B for a list). Our state's version of growth management is essentially based on local planning and regulation to state standards, coordinated within and by each county, and with limited state oversight.

Although the primary concern of this paper is the crucial relationship between the lack of suitable land and housing costs and choices in urban areas, the same shortages of buildable land which negatively affect housing also have an adverse impact on the ability of the private sector to provide new or

continued employment in both urban and rural areas. Furthermore, even public and quasi-public agencies are often unduly hampered due to the same issues.

**words italicized are defined in the Glossary, Appendix B*

B. The Importance of Land Supply in Housing Costs and Choices

The relationship between rapidly increasing housing costs together with decreasing choices in location and design vis-à-vis the lack of suitable land supply in many growing urban communities is a classic example of supply versus demand.

When there is continuing strong demand for housing at one or more price levels in a given market area, and the supply of homes or finished lots for such housing is markedly constrained for any reason, the price for those lots will rise, along with the cost of all housing in those price ranges. Moreover, if the supply of raw land suitable for urban growth is also limited, its price will rise too; this same pattern applies to rents. These generalizations are true regardless of location.

Why should Washington residents be concerned about land supply? First, home sale prices and rents have rapidly increased in most GMA counties during the decade following adoption and implementation of state growth management rules and local planning programs. Second, a large part of these increases are due to particular GMA requirements that have severely constrained land supply in urban areas; this effect has been compounded by state and local government's failure to provide adequate basic infrastructure to meet the state's own growth forecasts.

In general, the major variables that affect market values and choices in housing operate on either a nation-wide scale, or on a regional or local one. They include both supply and demand components, and the extent to which any level of government can control them varies greatly. Some are strongly affected by government; others are driven more by the private sector.

National factors include marketplace decisions such as material and labor costs, along with interest rates; these can be or are strongly influenced by federal government policies and actions, such as import restrictions and Federal Reserve Board decisions. Other nationwide elements are uniform building codes, and the fairly recent entry of the federals into local land use decisions, such as enforcing arbitrary wetland rules in areas unrelated to traditional federal interests, and endangered species restrictions on land and water uses.

There are 5 additional, yet very important factors that are decidedly more locally or regionally driven, particularly for the urban housing marketplace: 1) consumer demand for housing related to family size, income levels, etc; 2) population and employment trends and composition; 3) density of existing urban areas; 4) physical constraints, e.g. steep slopes, water bodies; and 5) the amount of *land suitable for development* after political and economic constraints, such as regulation and infrastructure, are taken into account. These variables are discussed in more detail in Parts II and III.

There can be little argument over the reality that state and local governments have little if any control over the nation-wide variables cited above, and not much more over most of the regional/local ones. Furthermore, under our laws, government in general does not have much power over the demand side elements, particularly population trends, movement of people and consumer preferences.

On the supply side, only one factor is controlled primarily by state and municipal jurisdictions: suitable land. Yes, private land owners do have rights and can impact decision making, but today their role is definitely secondary compared to the government. This premise is especially true in states such as ours that have enacted complex and restrictive growth management programs.

The second key consideration in Washington is that, even though the state adopts the basic rules on how to do land use planning and regulation, and providing infrastructure, local governments have the dominant role in adopting plans and rules, and approving permits, as well as construction and operation of most public facilities. The state does take the lead in many important related fields, such as regional transportation, water resources and air quality, and also re-distributes tax funds for infrastructure. The federal government does play a part in these matters, but it is rather minor in most instances.

It is for these two reasons in combination that local and state government decisions are absolutely critical for housing and employment issues. As stated, the quantity of land suitable for urban development is the only one of the major elements in housing costs that they can impact in a significant way.

In addition, under our federal and state constitutions, the state has the lion's share of political power over how land will be zoned and serviced for urban growth, including financing of infrastructure; however, it shares this dominance with its counties and cities, along with special purpose districts. This means that decisions in this area by the state and local levels, through this joint mode, carry much more weight than those of federal or private entities.

C. Housing Costs Have Risen Significantly

Many observers from inside and outside the real estate profession and building industry have said we have a housing crisis in Washington State. This conclusion is based on the documented trend of rapidly climbing housing costs over the past ten years in many parts of our state, combined with slower, or even stagnant income growth.

Over the past few years, there have been no shortage of news media and professional articles on how these trends are making it much more difficult for moderate and low income households to own a home, or even rent one, including condos or other alternatives to single family detached residences. The problem has come into such sharp focus that some environmental groups, including 1000 Friends of Washington, admit that housing affordability needs attention.

An Associated Press article in May 2002 stated that according to the 2000 Census, median home values, new and used, increased by 38 percent in the state since 1990, while median household incomes rose only by 13 percent. The article also quoted Dr. Richard Morrill, University of Washington Professor Emeritus, Geography, as believing GMA restrictions were "by far the number one reason" for the price escalation.

Major problems with housing costs are evident under GMA planning within several categories: 1) rapid increases in home and building lot prices; 2) less affordability for first- time buyers; 3) low inventories of homes and lots in rapidly growing areas; and 4) home ownership rates declining in our state despite the recent opposite national trend. Although little statistical evidence of the related loss of

choices of design in housing is available, most professionals acknowledge it as a problem, and attribute it to over-regulation.

In “Washington State’s Housing Market: A Supply/ Demand Assessment,” November 2001, by the Washington Center for Real Estate Research (WCRER) at Washington State University, the “Housing Market Snapshot” table covers a full year through the third quarter, 2001. In 17 of the state’s 39 counties, median resale prices increased by more than 5 percent during the one year; 13 were among the 29 GMA counties, with increases ranging from 5.2 to 16.5 percent. Only four of this GMA group experienced reductions. The remaining 12 non-GMA counties had increases of less than 5 percent.

This report, in its “Median Home Prices-Time Trends” table, states that between 1995 and 2000, prices increased by about 25 percent. That’s an average of 5 percent per year for the 15 GMA counties in western Washington, and 16 percent for all 29 GMA counties. Home prices in the 10 non-GMA counties increased by only 8.6 percent.

The report’s “First Time Buyer Affordability Index” (FTBAI) table states that 16 of all 39 counties had indices under 80; the index must be over 100 to be favorable for buyers. 14 of the 16 were GMA counties, ranging from a low of 53.7 all the way to 79.1. Of this group, eight were between 80 and 90. Only six GMA counties were over 90. Also, of the 29 GMA counties, 13 have price increases over this one-year period exceeding 5 percent, and FTBAIs of less than 90. These counties include 56 percent of the state’s population; 9 are on the west side, and four on the east. Also included are two of the most populous counties: King and Snohomish.

Another study by WCRER, “Urban Growth Areas and Lot Price: Clark County” 1997, documented that residential lot prices in Clark County’s UGAs increased from an average of \$43,282 by 38.7 percent, or over \$15,000 per lot. This occurred after their final boundaries were imposed in 1994.

The recent Reason Public Policy Institute (RPPI) report on Growth Management programs in Washington and two other states, based on data from the National Association of Home Builders (NAHB), states that housing affordability in Washington State fell by 7.4 percent between 1991 and 2000, while it improved for the entire nation significantly.

This report also shows increases of over 65 percent in median home prices in Washington’s metro areas over the past decade, compared to almost 40 percent nationwide, based on National Association of REALTORS® (NAR) data. These metro areas now contain 73 percent of our state’s population. Also, homeownership rates in Washington have fallen to among the lowest in the country during our GMA era, while they have risen nationally. Among the nation’s 75 largest metro areas, the Seattle area has fallen from 22nd to 47th in rank.

Lot and home inventories are insufficient in most of the state’s growing urban areas in the lower and medium price ranges. For example, in Policy Brief 5, Growth Management Effects on Real Estate, 2001, part of their Growth in Perspective series, the Washington Research Council quotes Glenn Crellin of WCRER: While a “6-month supply [of homes] describes a fairly balanced market,” King County has “a scant 1.8 month supply of homes under \$80,000,” and “only a 3.6-month supply for all price ranges... indicative of continued price increases.”

Also in King County, housing targets were not met under GMA planning. Production in the County's 45 cities lagged by about 8,000 units between 1992 and 1996, after adoption of UGAs, according to "King County's Housing Supply Crisis," 1997, Seattle-King County Association of REALTORS®.

D. The Relationship of GMA Programs to Housing Costs and Choices

While part of this price escalation and decline in choices can be attributed to rapid population and job growth over the past 15 years, at least two major trends have combined in many of our urban areas during the GMA period to aggravate existing shortages of finished building sites, and of the raw land from which such sites are created. These patterns have been observed not only in our state, but also in other *Smart Growth* and highly regulated states.

Furthermore, these problems are not new; housing industry leaders coined the term *affordable housing* in the early 1980s, when a new generation of land use and environmental rules began to dramatically impact land supply and home prices across the nation. Over the past 30 years, our state, and local governments in response to state options and mandates, have made land use regulations more complicated, all-inclusive, costly, time consuming and uncertain.

Many of these additional rules were necessary, but many believe that, taken as a whole, this trend has gone way too far. Some have called this the "octopus effect:" if wetlands or impact fees don't kill the project, then storm water, NIMBYism or endangered species might!

Even before the GMA added new requirements, many people believed our state was already laboring under one of the most complex, onerous, and subjective regulatory environments in the nation. It is now widely held that the state and local GMA programs seriously aggravated the already problematic land supply issue. Adding substantive UGA and Critical Area restrictions on top of zoning and shorelines dramatically reduced the amount of buildable land in most of our metropolitan areas and other growing communities. An already convoluted permit process became slower and more arbitrary due to the regulatory overload, and anti-growth activism in many quarters.

The second major cause of our land supply problems is the unwillingness or inability of the state and many local governments to keep pace with the needs for new and expanded infrastructure, particularly arterial roads and major water and sewer mains on the edges of urbanized areas. This is another pattern that goes back over 25 years, and is evidenced by the ever worsening traffic congestion in the Seattle-Metro area, and by the lack of municipal sewer and/or water services in many other urban areas.

Both of these problems exist in many urban areas of western Washington, and in many communities east of the Cascade Range as well. The GMA was supposed to relieve the horrible traffic in the central Puget Sound region, and keep housing affordable statewide! We need to find ways to implement the GMA so it can live up to its promises.

E. GMA Requirements Relevant to Land Supply

Washington's GMA added many new substantive and procedural requirements for local planning programs in the affected local governments. Some of the major items which pertain to land supply are: several mandatory Comprehensive Plan elements, such as housing, capital facilities and land use; *County-wide Planning Policies* (CPPs); new development regulations such as *Urban Growth Areas* (UGAs), *Critical Areas*, and *concurrency*; as well as "consistency." The last concept means that each

city of county planning program must be internally consistent, and that each city program must be consistent with that of its county.

In early 2002, the law was amended to mandate that all GMA jurisdictions, with few exceptions, add an Economic Development Element to their comprehensive plans in order to enhance economic vitality across the state. The subject is closely related to housing, and if implemented effectively, should help cities and counties meet their housing goals. The bill also added a requisite to the already obligatory Housing Element that requires them to specifically “identify the number of housing units necessary to manage [ie, meet] projected growth.” Both these new items are to be completed in the current updates (see RCW 36.70A.020 and .070).

There are many specific examples of how growth management rules can and have seriously reduced the land base available in urban areas for new housing developments, and even “infill” homes. UGA boundaries, if drawn too tightly, and critical area and stream preservation and buffers, will have a negative effect on housing costs and choices.

While concurrency is a good idea in theory, a jurisdiction’s capital facilities plan will adversely impact suitable land inventories if it is inadequate and/or under-funded. If *level of service* standards or impact fees are too high, they too will hamper local government’s obligation to accommodate its projected growth. CPPs have the potential to either facilitate a reasonable response to growth across an entire county, or to allow some cities to intentionally evade their fair share of the growth projected by the state for their county.

In fact, the efforts of many local governments to provide sufficient suitable land within their UGAs to meet population forecasts became one of the most contentious issues across the state in the GMA planning process during the 1990s. Many appeals of local plans on this subject were brought before the new state Growth Management Hearings Boards (GMHBs) by environmental and anti-growth groups.

Given the still strong demand for housing in our state, which is projected to continue in many communities by the state, we should anticipate more controversy over the size and location of UGAs in the updates.

F. Population Projections, Accommodating Growth and Land Supply

Population growth, along with economic vitality, is the demand side of the housing and land supply equation. One very important fact about GMA planning in our state is that the population forecasts to be used by each county and their cities in establishing the size and densities of their UGAs are set by state government.

This feature is a key part of the affirmative duty of each county and its cities to accommodate growth, not block nor discourage it (See RCW 36.70A.110 (2), the 1996 Hensley ruling by the Central Puget Sound Hearings Board, and Perkins Coie cited in Sources).

The law stipulates that these projections are to be made by the Office of Financial Management (OFM), and that local governments must use them in sizing their UGAs for a 20-year period. As part of the mandated “planning update” process, OFM recently issued its 2002 population projection for all counties in the state. This subject is discussed in more detail in Part III.

G. Periodic Updates of Local Planning Programs

Recent amendments to the GMA established deadlines for different groups of counties, and their cities, to review and evaluate their planning programs (see RCW 36.70A.130). The purpose of this process, originally called the “5 year update,” is to ensure that all elements of the local programs are complying with all of the requirements of the GMA. See Part III for more information on this planning process.

Furthermore, the counties and cities are specifically required to evaluate their UGAs at least every ten years from initial adoption. A major purpose of both types of updates is to determine whether there is sufficient suitable land to accommodate their projected growth for the remainder of the original 20-year planning period.

Deciding whether or not to review, and possibly expand, UGAs in this current update could be a major political issue for jurisdictions experiencing strong housing demand and escalating sales prices. However, if they are not meeting their growth targets, they are required to revise density and other regulations within UGAs as needed, in lieu of expanding them. This mandate has created an opportunity for people concerned about housing costs and choices to work for higher densities and more design options in such communities.

H. The Buildable Lands Program

A 1997 amendment to the GMA required that the six most populous counties on the west side complete an additional review and evaluation called the Buildable Lands Program (BLP) by September 1, 2002, and every five years thereafter; it is on a separate schedule from the broader updates discussed above. These counties are identified in Appendix A, per RCW 36.70A.215.

Its purpose is to determine if these counties and each of their cities have been achieving urban densities within their respective UGAs during the first 5 years of the initial 20 year planning period, and also if their UGAs collectively contain enough suitable land to accommodate the applicable population projection by OFM for each county for the remaining approximately 15 years of this period. Jurisdictions that fail to meet either of these tests must adopt reasonable measures, other than adjusting UGAs, to comply with the requirements of the GMA. More detail and discussion of the BLP is in Part III.

Even though this evaluation and monitoring task is being required of only six counties, it is a very important part of the land supply issue in our state at this time for several reasons. First, these counties include the majority of the state’s population and economic activity. Also, many techniques and ideas are being refined and used, which other counties and interested parties may learn from and use to their benefit. Finally, many see it as a “pilot program,” which will eventually be required in some form of all GMA counties experiencing strong growth and escalating housing costs.

II. Land Supply Factors

This part will discuss the five major factors in analyzing whether government planning, regulatory and infrastructure decisions will result in an ample, long-term supply of buildable land in our UGAs. We cannot meet the GMA's mandate to accommodate growth in each urban area without considering all of these variables, and how they will affect the quantity of suitable land and its capacity for growth.

Based on an analysis of several sources and the experience of many real estate professionals, there appear to be five general types of constraints on the supply of land for urban character housing; these same factors also adversely affect land for business and industry. The two that are the most important in our GMA planning process, because they are more subject to government control than the others, are regulation of development and access to adequate infrastructure facilities; the other three include: land required for public and quasi-public infrastructure, availability, and market forces.

This analysis of constraint factors is in general agreement with official sources and others who have written on the subject; there are, however, some differences in emphasis and terminology, which are discussed below.

A. Regulation

The ever-increasing burden of rules on development, combined with drawn out and often arbitrary permit processes, have become the most important constraints on the supply of land for urban, and even rural, development in our state. Over the past 30 years, state and local governments have passed new and expanded rules and requirements on a wide range of subjects, such as zoning, subdivisions, critical areas, shorelines management and environmental quality. Too often, this was done without adequate attention to conflicts among the rules, or their potential for un-intended negative impacts on housing costs and economic vitality.

Some of the more recent additions are on-site storm water treatment, along with protection of wetlands, critical areas and endangered species; these have been driven to a great extent by the federal government. Also, despite recent state legislation on regulatory reform, most developers and business people would agree that the local and state regulatory environment is more subjective, demanding and time-consuming than ever.

In Washington, the most significant regulations affecting land supply for housing are zoning for uses and density, together with *critical areas* with set-asides and excessive buffers, including many small streams and marginal semi-wetlands. Some recent trends are causing additional loss of suitable land, such as the requirement of much larger non-wetland areas in new developments for storm water storage and treatment. Another is the federal Endangered Species listings and related water quality concerns, which are being used by many local and state agencies to demand ever wider buffers along almost all creeks, whether seasonal or not, even in urbanized areas and often without sound scientific justification.

These constraints can be somewhat objectively quantified if the jurisdiction has a sophisticated computerized Geographic Information System (GIS). However, the results will vary greatly between jurisdictions, depending on how restrictive their rules are and how good the data is.

Another less predictable and often irrational constraint in the current regulatory environment is the frequent loss of potential units, or under-utilization of a site, due to vehement opposition to particular projects from neighborhood opponents, or from anti-growth organizations. Even though the project design may be sensitive to both community concerns and the environment, too often government staff and other officials give in to this NIMBY-ism. They will ask the applicant to choose between giving up a significant number of lots or units, or denial of the whole proposal. This kind of short-sighted, “political” decision making is actually contrary to the spirit and letter of the GMA; it’s also a major reason some jurisdictions are not meeting their adopted growth targets, and development pressures are still strong in many rural areas.

B. Infrastructure Accessibility

The basic services required for new urban development has two equally important sides which affect land supply analysis: the availability of basic services and facilities needed to support new urban development; and consumption of significant amounts of developable land for new infrastructure development. Several key related terms, e.g. urban services, public facilities and services, and infrastructure, are defined in the Glossary (Appendix A).

After regulation, the other most significant factor is accessibility of development sites to basic public infrastructure, particularly streets, water and sanitary and storm sewer, which is adequate for its planned density. If such facilities are not already in place, or easily extended, the needed capital facilities must be officially planned for, with a funding commitment in place, so that the services will be available as impacts from the development actually occur. This requirement for all new projects is the *concurrency* doctrine, a key GMA component. The adverse impact of this factor can be hard to quantify over a 5 year or longer period; use of a *market factor* is common. Without adequate infrastructure in place, developers often face moratoriums that prohibit building new homes and offices. Ironically, these moratoriums occur in urban areas targeted for growth, causing growth to go elsewhere. Hence, it would seem that concurrency requirements often run counter to GMA goals to accommodate growth in urban areas.

C. Infrastructure Land Needs

Regarding the other side of the infrastructure coin, the loss of suitable urban land that must be estimated for needed public and quasi-public facilities and services can be very important. While most agree this is as legitimate and major variable, some have restricted their analysis to publicly owned facilities and privately owned utilities.

However, there is another important element of urban community infrastructure that must not be omitted. These are the services and facilities provided by non-governmental groups that are deemed essential by many people. Examples are facilities of religious and many other non-profit organizations; the latter group includes a wide range of interests and programs from Boys and Girls Clubs to private schools and colleges. This aspect is significant because these organizations as a whole are buying much larger amounts of suitable land in urban areas for new or expanded facilities than in years past.

Some writers, such as Enger, have estimated deductions in the range of 5-30 percent must be made for this variable, depending on the size and character of the community, after deductions have been made for the regulatory factor. The higher values relate to larger, more complex communities. This estimate probably did not include the quasi-public uses discussed above.

D. Availability of Land

This factor is the most difficult to estimate, because the root causes are diverse and can be very subjective; also, it cannot be mapped! In this context, availability is best expressed as a question: Is there enough land suitable for development actually for sale, at a realistic market price and on reasonable terms, in the subject UGA at all times during the planning period? This land must exist in various sized and zoned parcels, be reasonably free from other constraints, and must not be controlled as to price by one or a small group of owners.

Most professionals agree that there will always be a significant amount of otherwise suitable land in most UGAs which is simply “not available” for urban development. Enger said the amount will vary among places, with the adverse impact greater in “low demand” urban growth areas, and lower in “high demand” areas. Even when a large urban area appears fully developed, about 10 percent of the land will be vacant.

E. Market Forces

This factor tends to be the most difficult to estimate, and will vary greatly among locations. It can include at least five sub-components, all primarily representing a market-sensitive response to certain types of economic conditions; some actually exist, while others are perceived.

- a) One common situation, which is, perhaps, the main reason infill is so hard to accomplish is what some have called *parcelization*. This is a pattern of land subdivision and use in older portions of many cities and suburban areas, characterized by one or both of the following features: the land is already subdivided into urban density/size lots, or small acreage tracts; many vacant or partially used parcels do not have feasible access to the required basic urban infrastructure; and/or the infrastructure network is fragmented, or incomplete. In this situation, the costs of upgrading or extending services can often exceed the potential market value of the finished lots, even with services.
- b) Another form of parcelization is sometimes found either combined with the first pattern, or by itself. It is most common where large areas were platted into very small lots, e.g. 25x100 ft. years ago when no infrastructure was required, and very little development has occurred. Typically, ownership of most of the vacant parcels is a “checkerboard” pattern, with people owning one or a few lots, all with differing attitudes and motivation about selling. The BLG alludes to these two factors in its discussion at the end of item No. 2, p 25, and suggests that such ownerships be considered as single lots.
- c) There are numerous cases in urban areas where medium to low-density residentially zoned land is already occupied by a non-conforming business use, e.g. an auto wrecking yard, which is “grandfathered” in. If the business use is profitable, it is not likely that the owner will convert the use to residential, unless the parcel is “up zoned” in density.
- d) Vacant, usable land that would otherwise be attractive to developers is sometimes adjacent to property which appears dilapidated. With new construction costs as high as they are today, not many will want to take the risk of investing perhaps \$125,000 next door to a “fixer,” or worse.
- e) The final type of market force factor, while becoming less common in the GMA era, is the scenario where a builder will not use the full-zoned potential of a site. One reason is that the builder believes the project will yield a more secure or greater financial return by building fewer units on the site, perhaps

through higher value housing, or by being more in harmony with the local development pattern. Also, sometimes the allowed density is simply excessive and unrealistic, when building and parking codes have to be met, and the local market will not support housing which appears to be too dense.

III. The Planning Process

In order to update their GMA planning programs as required, counties and their cities will likely use a version of the generally accepted four-step process typically used around the nation for municipal comprehensive planning. This approach is outlined below, with special emphasis on aspects related to land supply and housing.

In final form, the updates will be a package of amendments to the various components of local government planning programs, which their officials deem necessary to meet the requirements of the GMA. How people concerned about housing costs and choices or with economic issues can get involved on a pro-active basis to help find solutions will be covered in Part IV, “Actions to Take.”

A. Periodic Reviews of GMA Planning Programs

All GMA counties and cities have to complete a review and evaluation, or update, of their original planning programs according to a schedule set forth in RCW 36.70A.130, as amended in 2002. Many have already started, and some may well be finished prior to their deadline. Though specifically not required in this round, some jurisdictions will opt to revise their UGA boundaries now; others will take that issue up within 10 years of initial adoption of their GMA plan, as required.

This planning process will have several phases, with different parts of local and state government involved. Also, the law mandates that there be ample opportunities for interested people and interest groups to participate in the process. Final approval of the updates will require positive action by local elected officials. OCD has a role for review and comment on local programs, but no veto authority. However, they and anyone else can appeal local decisions to the appropriate Growth Management Hearings Board, or challenge them in court, if they have been a participant of record (ie: they provided written or oral testimony at a hearing).

Whether a local government is doing a new planning program, or reviewing and updating an adopted plan, the basic phases are generally identical whether it has to meet GMA standards or not. In simplified terms, this planning process consists of a minimum of four sequential steps: survey, analysis, design and implementation. It will be essential for participants to understand these, keeping in mind that in larger, more complex jurisdictions, two or more phases can be going on simultaneously.

The first stage, survey, consists of gathering and organizing information, and is usually completed by professional staff in the planning and/or building departments. This data can be in many forms, e.g. maps of land use or infrastructure; population and economic data and forecasts; public opinion polls; expressions of adopted public policy; or topical reports by parties inside and outside of government.

For jurisdictions that elect to do a more thorough update, possibly using the new population projections from OFM and considering UGA expansions, or amendments to the County-wide Planning Policies (CPPs), there will also have to be considerable communication and coordination between the county and its city governments. This will start with staff, and eventually include appointed and elected officials, and may have to continue throughout the entire process.

It is an important point that the GMA grants counties the final say on CPPs; for instance, they may override a city's objections on UGA boundaries or density standards outside a city, or on capital facilities issues. This is a power that very few counties have dared to use.

In analysis, the second stage, staff, preferably with involved citizens, identifies real or potential problems, reviews survey data in relationship to issues, and develops ideas as to why problems are occurring. For instance, if median housing costs were rising faster than median incomes, one would identify the root causes, identify potential solutions, and assess their likelihood of success. Drafting or revising a vision statement for the community can be a good opportunity to define what "quality of life" means; for instance, does it include affordable housing and good jobs?

Design, the third step, is typically the most complex, open and contentious, because there will often be many different points of view expressed at public meetings. It consists of drafting and evaluating alternate solutions to the problems and vision needs from the analysis stage, and then formally proposing and publicly discussing the issues and alternate solutions. A draft that does not contain real alternatives (ie: policy choices among competing proposals) is neither a professional nor credible product, and should not be given serious consideration.

Normally, a new draft plan would state overall goals, but in GMA planning, the 13 basic goals are already adopted (see Appendix D). Local programs can add their own, while working out their own balance among the often competing state goals. Of course, the local plan must be consistent with and implement these state goals.

The update proposals will be mainly in the form of revisions to specific policy and regulatory features of the existing GMA program. Staff will present its proposals to advisory bodies, typically a planning commission, and to interested members of the public and interest groups, for discussion and responses.

These activities will take place at informal public meetings, which are optional, and at formal public hearings, which are required. Some people will comment, and may support staff, or offer alternatives. The planning commission's written recommendations, which may include changes in response to testimony, are then formally transmitted to the local legislative body. There is an important distinction between this long range planning process and project approval procedures. This is a legislative process, as opposed to the "quasi-judicial" process for site-specific development applications; informal contact with elected officials is legal, but must be disclosed.

The city or county council, or board of commissioners, will then review the proposal; most will conduct their own hearing, and after considering any testimony, adopt the proposal as is, or revise it. In most cities and charter counties, the mayor or executive must approve it also. At this point, local decision-making and the design phase is over.

At this point, there are appeal and legal challenge options that are beyond the scope of this paper (see OCD's very helpful "A Short Course on Local Planning" for more on appeal options; it will also provide more detail on this grossly oversimplified description of the local planning process).

The fourth and final stage is "where the rubber hits the road." Implementation means local government enforces the adopted development regulations, and equally important, it takes positive steps to carry out the capital facilities plan; this latter component includes the purchase of land for public purposes, as well as construction of basic urban infrastructure.

It is in this “action” phase where local planning programs tend to fail to produce the desired results. The rules can be either too lax or too tough, in substance and/or administration. With capital facilities, it is too often the case that planned infrastructure does not get built on time, or at all.

B. Role of State Office of Community Development (OCD)

As part of its GMA mandated duty to provide technical assistance in planning to local governments, OCD published Technical Bulletin 1.2, “GMA Updates in 2002.” This document summarizes the requirements, and discusses compliance options for cities and counties. It lists 10 issues as the minimum scope of review; five are directly related to urban land supply and housing issues: urban densities and UGAs, critical areas, affordable housing, transportation, and public (ie: capital facilities).

The bulletin recommends three basic steps: 1) review of relevant plans and regulations; 2) analysis of need for revisions; and 3) if necessary, adoption of an appropriate resolution and/or amendments to the planning program. OCD also recommends that local jurisdictions use “common sense factors” in determining the level of review, recognizing that jurisdictions with slow growth and ample land supply do not need to make a major project out of this update.

Another useful OCD publication is “2002 Update: Issues to Consider;” which discusses eighteen issues which counties and cities might want to consider in their review. Not all are GMA requirements however; citizens will want to monitor prioritization of review topics so that the really important ones aren’t lost in the shuffle.

C. Population Projections

Population growth and trends are one of the most important issues in GMA planning for three reasons. First, population growth and change is the primary driver of housing demand and urban growth in general. Population growth is often driven by employment growth.

Furthermore, many private and public leaders are expressing serious concern over recent trends toward a significant “imbalance” between housing and jobs in major urban areas. As jobs are created, there must be a commensurate amount of affordable housing created within a reasonable distance, or many employees will be forced into over-priced or sub-standard housing, or long commutes, adding to road congestion.

Second, and quite important for land supply and housing in Washington State, our GMA requires that the state Office of Financial Management (OFM) adopt population growth forecasts for each county. It is then the obligation of each county and its cities to collaborate in allocating that growth forecast among all of their jurisdictions.

Third, it is a paramount duty of each GMA county, and its cities, to accommodate the growth forecast by the state. Thus, these local governments have a legal obligation to plan, regulate land use, and provide urban facilities and services so as to allow this growth in a manner consistent with all GMA goals and requirements, including affordable housing, environment and economic development.

In January 2002, OFM issued its first new population projection since 1995; it is available on their website. Their forecast is at three levels: low, intermediate and high, for the years 2005, 2010, 2015,

2020 and 2025. For the current round of updates, local governments must select a growth level for the year approximately 15 years from when they initially adopted their GMA plan. For many counties and cities, this will be 2015.

Concerned citizens need to be involved in selecting these values, including household size, which is an extremely important factor in analyzing urban housing demand projections. The smaller the household size, now just barely over two persons in most urban areas, the more land will be needed to accommodate any population growth forecast. There appears to be a significant long-term trend toward smaller households, especially in urban areas. There are several reasons, including an aging population, and more single people and single parent families; this decline is expected to continue over the next 20-30 years. Therefore, in order to plan for a sufficient supply of buildable land to accommodate projected growth, it is wise for the county to plan for the highest potential growth projection and determine the likely household size at the end of the 20-year planning period.

OCD's Technical Bulletin 1.3, "Updates in 2002: Using Population Data" discusses options for GMA counties and their cities in selecting which OFM countywide projections to use. They may retain their current allocations for the remainder of the 20-year planning period, as long as their actual current population is consistent with OFM's 1995 forecast. These jurisdictions would then use the new 2002 projections for their 10-year UGA updates.

Another option would be to use OFM's new projections, which in OCD's view, appears to trigger review and possible revision of a county's UGAs and their densities during this update cycle. Some believe this should be the course for counties whose growth has exceeded the 1995 projections, and/or whose housing costs have increased rapidly and/or significantly.

D. The Buildable Lands Program: Monitoring and Accountability

The origin, timetable, scope, and purpose of the Buildable Lands Program (BLP) for the six largest urban counties were summarized in Part I. Here, the methodology recommended by OCD in the "Buildable Lands Guideline" (BLG), required by the GMA and issued in June 2000, will be outlined and discussed. This is a valuable source on the land supply issue; it provides detailed definitions, procedures and checklists. Its recommended process is complete and covers most of the issues; it illustrates how the land supply and related factors, such as population and housing units, should be used. The related Template prepared by the Suburban Cities Association in King County is also quite helpful.

The first step is that each of the six participating counties, in consultation with all of their cities, must adopt new County-wide Planning Policies (CPPs) that will establish their BLP, including a uniform approach within each county for data gathering and analysis. Then each municipality must collect data on the quantity and quality of their remaining land suitable for development, and on actual residential and business growth and development, in both UGAs and rural areas, during this initial five-year review period (ie: since their GMA plans were adopted). The next step is to analyze the information for each municipality to determine if the urban growth assumptions and adopted targets of each jurisdiction have been met for this period.

Two chapters of the BLG will be helpful to people unfamiliar with land supply jargon and methodology. "General Approach," pp 13-20, is a detailed outline of procedures and the different

kinds of data that must be analyzed in order to fulfill the BLP mandate to monitor and accommodate growth. It also relates this program to the OFM population forecasts cited in Parts I and II.

The following chapter “Evaluation Methodology,” pp 21-30, recommends a rational way to evaluate the status of buildable lands for this and succeeding five-year review periods in three parts. It describes how to use the data listed in the previous chapter to compare urban land needs, or demand, with urban land supply. This is done in order to determine if a jurisdiction’s adopted UGA contains enough land suitable for development to accommodate its projected urban growth for the remainder period under current conditions.

In general, this methodology is valuable, but has its limitations. For example, it requires a considerable amount of quantitative data, and a computerized GIS system with a countywide database is assumed. Also, a lot of effort is required to get to net values. Gross figures, plus a reasonable *market factor*, discussed below, may be sufficient for many counties and cities.

Furthermore, their method does not account for land used for quasi-public infrastructure, and market forces, as described in Part II, and does not mention the term market factor, even though it is used in the GMA, some Hearings Board decisions, and as a “safety factor” in the OCD report “Providing Adequate Urban Area Land Supply,” by SC Enger, which the BLG cites often.

"Part 1-Urban Land Needs" of the BLG contains the formula to estimate the net quantity of land needed to accommodate future urban growth in the remainder period in two multi-part steps. In step one, the key variables include: net housing densities achieved during the review period in the various zones by allowed density; total gross acreage included in new developments in this period; land restricted or dedicated for critical areas, infrastructure, and other “public uses;” and the net acres thus allocated to housing units. Then, one divides the number of new units by the net residential acres to arrive at actual net density achieved per net acre.

In step two, the mission is to determine the net amount of residential land needed to reach applicable growth targets for the remainder period. The main variables include: a) the original 20-year estimates of housing unit needs in UGAs; b) the quantity of new units produced during the review period; c) and the number of additional units needed during the remainder period. By dividing the last value by the average number of units per net acre, as arrived at in step one, the result is the total net acres needed for housing for the remainder period.

Part 2-Urban Land Supply uses a similar process, which is to estimate the net number of acres in UGAs suitable for development, i.e. buildable, within each density designation, or zone. In this approach, the main variables are the gross area with “potential” for urban growth, and a group of four broad classes of constraint factors from this land base for: a) regulatory impacts, e.g. critical areas, zoning restrictions; b) land requirements for all types of infrastructure; c) areas where basic public infrastructure, such as sewer, water and storm sewer, are not likely to be available during the planning period; and d) land which will probably not be available for development in this period. This group corresponds to the first 4 of the 5 factors discussed in Part II of this paper.

A caveat is issued on pp. 25-26 for dealing with a fifth negative factor, which along with item c) above, includes much of the “parcelization” issue discussed in Part II. By deducting the losses from the gross land base, the net quantity of suitable acres is produced. It should be broken down by density categories.

Although the concept of market factor has no official definition in Washington, many professionals have used it to estimate the negative impact on land supply of certain variables that are typically very difficult to quantify objectively, even with a state-of-the-art Geographic Information System (GIS). These would include item c) and d) above: inadequate infrastructure and the availability factor.

With good GIS capability, many jurisdictions can reasonably estimate the impact of zoning and critical area rules, and there are studies on the land requirements for public infrastructure in different sized cities. But for the two other factors cited above, c) and d), there are no known objective methods for periods as long as five years. In effect, the BLG uses a market factor without ever mentioning it, in suggesting that estimates or percentages be used to calculate certain types of deductions from gross land supply.

If the jurisdiction does not have adequate GIS capability, they could use a market factor for all of the factors. One Growth Management Hearings Board decision stated up to a “bright line” market factor of 25 percent would be allowed without challenge; higher values would have to be supported with data (see definition of market factor in the Glossary).

Finally, in **Part 3-Urban Land Needs and Supply Comparison**, one determines if the county, including its cities, has either a surplus or deficit of land suitable for housing in their UGAs for the remainder period. Deducting the net land need, per Part 1, from the net buildable, i.e. suitable land area, per Part 2, for each zoned density category, will yield the answer.

If the answer is a deficiency of buildable land, or if urban densities are not being achieved, in any of the density categories in a UGA, then the jurisdiction is mandated to adopt and implement reasonable measures, other than adjusting UGAs, to comply with the requirements of the GMA (meaning, the locally adopted targets will be met).

Such measures may include amendments to CPPs, Comprehensive Plans, development regulations, as well as the capital facilities program. A more detailed list of potential solutions is in Part IV, “Actions to Take.” Counties and their cities may decide to adjust UGA boundaries, but this is not an option that must be considered. In any event, all GMA counties and their cities are required to evaluate, and ensure, the adequacy of their UGAs vis-à-vis their growth targets within 10 years of initial GMA plan adoption.

IV. Actions to take

Land supply, with its key relationship to housing costs and choices, as well as economic vitality, is a key factor that local governments and private parties can actually have significant influence. For this reason, real estate professionals and others who are concerned should participate in the current round of updates of the GMA planning programs in their county and/or city.

This Part will discuss how concerned parties can have a positive impact on the decisions about land supply as it relates to housing and employment issues, provide a menu of solutions for shortages of suitable land, and finally some criteria for success, which is providing ample land capacity for housing and jobs. The key factors in land supply were analyzed in Part II, and the planning process was outlined in Part III, including a land supply analysis methodology.

A. How Citizens Can Be Effectively Involved

The first step is to find out if your county or city is now doing a comprehensive plan update, and if not, when? Inquire at the local planning office; ask for a written work program or scope of work, timeline, etc. Obtain copies of the currently adopted comprehensive plan, including the capital facilities and housing elements, and major implementing ordinances. These may be available on-line.

Find out when and where there will be opportunities for providing input. These updates will take place on different timetables among the county and its cities. Ask if any recent proposals, reports or other information sources are available on housing and lot costs, vacant land, income and population for the community; find out if any additional reports are anticipated. Assess which documents will be the most significant in land supply analysis.

Planning today has become quite legalistic and technical; the paper trail and vocabulary are extremely important. This is the first, or survey stage; people need to participate effectively throughout all stages to be most effective. As in any other public planning process, there are several phases, levels of authority and spheres of influence (see Part III).

People need to understand the basic process, and then carefully assess the decision-making structure and opportunities for input in their own areas. There are many ways in which private parties can influence the outcomes. The focal point of responsibility changes as the process moves forward, from one level or agency of government to another.

Next, analyze the key documents, and discuss their information and key points with others who share your concerns. Some key issues to look at are: population projections, now and when the plans were first adopted; approaches for tracking urban development activity in the UGAs during the years after plan adoption, i.e. monitoring; staff's method for estimating current urban land needs and determining if the remaining suitable land is sufficient to accommodate projected growth at appropriate densities (see the Buildable Lands discussion in Part III).

At this stage, it is wise to share useful information, and express concerns and ideas informally and positively, with planning staff and other interest groups; seek to build rapport wherever possible. Many people are concerned over housing cost and choice issues.

As the process moves from analysis into the preliminary design phase, people must be vigilant. This is often where important choices between competing alternatives are made, long before the matter gets to public hearings, or to the elected officials where the final decisions are made. If there are advisory committees on your issue, your group needs to have effective representation at every meeting.

When testifying at a hearing, orally summarizing a concise letter submitted to policy-makers is much more effective than an oral statement alone, especially when supported by clear and relevant tables, graphs, maps, etc. These are all exhibits, and each item must be clearly labeled as to source, subject and date. Citizens need to be sure their comments are being officially entered into the record; provide copies for each member of the hearing panel, and one for staff and the clerk of the commission or council.

B. Probable Participants on Housing and Land Supply Issues

Citizen participation is one of the GMA's 13 goals. Government officials have an affirmative duty to give adequate notice of opportunities for public involvement, and to solicit comments from affected interest groups. Many individuals and interest groups will play key roles in this update process; the number and diversity will depend on the size and complexity of the area and its growth rate.

On land supply, some will support tight UGA boundaries, hoping to force more *infilling* in already built up areas, and in so doing theoretically prevent sprawl; others will oppose boundaries which they perceive as too restrictive, believing that an ample supply of truly developable land will maintain, even restore in some cases, market competition in the raw land and finished lot market, and help keep housing prices from increasing due to regulation only.

In some cases, opposing viewpoints may agree that UGA boundaries are acceptable, but other rules need revision, such as density and design restrictions or infrastructure standards. Some believe that UGA boundaries can be expansive because the substantial costs that developers already have to pay for their share of off-site infrastructure are an adequate deterrent to the "leap frog" form of sprawl.

C. Solutions to Land Supply Deficiencies

If the review and evaluation indicates the city or county is not achieving sufficient housing density within its UGAs to accommodate its projected growth over the remainder of the planning period, then the local governments are required to adopt changes as needed to ensure that growth targets will be met.

There is a wide range of potential remedies for a land supply deficiency. Many are listed in the Washington Research Council's "Growth in Perspective" series, especially Nos. 5, 6 and 8, and in OCD's Buildable Lands Guidelines. There are many other publications with more detail on these ideas, including the excellent Quality of Life publications by the Washington Association of REALTORS®.

The following section simply lists many of the more practical and effective solutions by category; they are mainly changes in regulations or in capital facilities programs, because these are the only land supply factors that local and state government has effective control over.

1. Regulations:

a) General options:

- 1) Review all density and bulk requirements, e.g. setbacks, height limits, along with critical area buffers; reduce or eliminate unnecessary restrictions that hamper achieving urban densities in UGAs without clear benefits to the community or environment;
- 2) Expand UGA boundaries into areas where infrastructure can be reasonably provided, and environmental conditions are conducive to urban development;
- 3) Provide economic incentives to the private sector, e.g. density bonuses, design flexibility, fast track permitting, and publicly funded infrastructure, to achieve community goals, such as open space, recreation facilities, infill, rehabilitation of neighborhoods or old buildings, low income housing;
- 4) Allow higher densities and/or heights in some residential areas; in some cases with development rights transferred from resource or other sensitive or critical area lands;
- 5) Promote or subsidize downtown/commercial area revitalization, e.g. allow mixed housing/commercial uses in buildings, relaxed parking standards;
- 6) Sell surplus government land for private housing; or trade for private land severely impacted by critical area restrictions;
- 7) Reduce impact fees; make utility hookup fees commensurate with different levels of usage, e.g. lower fees for a studio apartment compared to a four bedroom home.

b) Land division options:

- 1) Allow nine lot short plats in counties, as authorized by the 2002 legislature;
- 2) Allow innovations, e.g. lot clustering, zero lot line, in more residential zones;
- 3) Adopt minimum density standards, and/or maximum lot sizes, in some zones;
- 4) Allow smaller lots, particularly in areas targeted for infill or where infrastructure costs are high.

c. Housing design options:

- 1) Allow a wider range of designs, such as town homes, in some single-family zones at comparable densities;
- 2) Allow accessory dwelling units, attached or detached, in most single-family zones;
- 3) Allow co-housing in some single-family zones at comparable densities;

d. Permit Process:

- 1) Expedite the permit processes, especially for subdivisions and multi-unit residences;
- 2) Reduce subjectivity when rules are not clear; provide expedited variance and/or appeals process;

2. Infrastructure

- a. Place a higher priority on capital facility investments that do the most to facilitate urban density development within UGAs, including infilling;
- b. Reduce the amount of suitable land in UGAs consumed for public infrastructure, and/or provide for multiple use of such lands whenever possible;
- c. Adopt *Low Impact Development* (LID) standards whenever reasonable, e.g., bio-swales and infiltration trenches and rain gardens as alternatives to huge fenced detention ponds, and narrower streets;

D. What Are the Criteria for Success on Land Supply?

The benchmarks for an adequate supply of suitable land for urban density housing and business in a county's UGAs are essentially the opposites of the symptoms of problems. Also, one should not be so much concerned with numbers of acres, but rather capacity for a certain number (ie: target) of housing units of various sizes, designs and price levels. Of course, capacity must be based on a particular zoned density.

First, there should be a sufficient inventory of finished lots on the market in each general density category and price range, so that there is no upward pressure on prices due to lack of inventory. Or, there must be a sufficient number of finished lots on the market, in the appropriate density categories, to provide/satisfy the historic annual demand (the average of the past five years) for the average length of time it takes a developer, from the day preliminary approval is granted by the appropriate jurisdiction, to construct a complete first phase of a long plat division of 20 or more lots in the community, and obtain final approval, i.e. record the plat.

Second, there must be sufficient and suitable raw land on the market in the UGAs, i.e., to provide for enough lots in the appropriate density categories to satisfy the historic annual demand (the average of the past five years) for the average length of time it takes an applicant to obtain preliminary approval of a long plat of at least 20 lots, from the day a letter of substantial completeness is issued on the application by the appropriate jurisdiction.

Third, there must be a sufficient number of tracts of raw land on the market, in the various density categories and owned by competing sellers, so that no one owner, or small number of owners, is able to unduly influence the market value of such land to their advantage.

In conclusion, when these three conditions are present in a growing urban community, there will not be a land supply problem that artificially raises the cost of housing and restricts choices for consumers.

Appendix A: Glossary

Adequate Public Facilities: capital facilities which have the capacity to serve additional development without decreasing levels of service below minimums established by local government (after OCD; WAC 365-195-210).

Availability: in the narrow context of analyzing land supply, one of several factors which is often significant in constraining urban growth on otherwise buildable land. It means that a parcel suitable for development is available at a realistic market price and terms to prospective purchasers, or lessees, who would develop the site at or near its allowed density, pursuant to current zoning.

Available Public Facilities: capital facilities and/or public services which are in place, or for which a financial commitment is in place to provide the facilities or services within a specified time (after OCD; WAC 365-195-210).

***Affordable Housing:** a residence that is rented or owned by a person or household whose total monthly housing costs, including basic utilities such as water, sewer, garbage, electricity and/or natural gas (but not telephone or TV cable), do not exceed 30 percent of their gross monthly income.

Buildable Lands: see Lands Suitable for Development

***Capital Facilities Plan:** a required element of a GMA comprehensive plan, consisting of an inventory of public facilities, a forecast of future needs, a plan for new or expanded facilities with a funding component, all coordinated and consistent with the Land Use Plan (after RCW 36.70A.070 (3)).

***Comprehensive Plan:** the general statement of policy on growth and environmental quality for a county or city, including goals, policies and objectives in a text, together with maps of the land use plan and other required and optional elements (after RCW 36.70A.030 (4)).

***Concurrency:** adequate public facilities are available to serve a development either when its impacts occur, or a financial commitment is in place to provide the facilities and services within a specified time (after OCD; WAC 365-195-210).

Critical Areas: the following areas and ecosystems: (a) wetlands; (b) areas with a critical recharging effect on aquifers used for potable water; (c) fish and wildlife habitat conservation areas; (d) frequently flooded areas; and (e) geologically hazardous areas (per RCW 36.70A.030 (5)).

***Development Regulations, or Regulations:** the controls, i.e. ordinances, placed on development and use of land and water areas by a local government, in order to meet GMA requirements in this context, and to implement the policies of its *Comprehensive Plan* in general. These ordinances include, but are not limited to zoning, *critical areas*, shoreline management, subdivision, and land clearing (after RCW 36.70A.030 (7)).

Geographic Information System (GIS): a database system, usually computerized, which can store, manipulate, analyze and display geographically referenced information, including depiction of separate

but coordinated “layers”, for example zoning, streets, utility lines and UGA boundaries in a specific area, boundary lines of parcels, critical areas, slopes, water features, etc.

Growth Target: a number, i.e. value, in an adopted policy statement, e.g. a *Comprehensive Plan*, indicating the type and amount of growth (e.g., people, households, jobs) which a jurisdiction intends to accommodate during the planning period (after OCD, BLP Guidelines).

Housing Affordability Index: measures the ability of a middle-income household to carry the loan payments on a median price home. When the Index value is 100, there is a balance between the buyer’s ability to purchase and the home price. Higher Index values indicate housing is more affordable, and lower values the reverse. Assumptions: 25 percent of gross income is available for principal and interest payment, a 30-year term loan and a 20 percent down payment. For the First Time Buyer Index, the buyer’s income is 70 percent of median household income, home price is 85 percent of the area median, and a 10 percent down payment is assumed (after Washington Center for Real Estate Research (WCRER), Washington State University (WSU)).

Infill: development of isolated vacant or partially used parcels in urban areas that are already mostly developed.

***Infrastructure:** in this context, the essential *public services and facilities*, together with private, i.e. quasi-public services and facilities, which are required to support *urban development*, such as but not limited to streets, sewers, water, storm sewers, other utilities; schools and, parks, recreation facilities and trails. Quasi-public means non-profit uses such as places of worship, private schools and colleges, and some recreation and open space.

Land Supply: see Sufficient Land Supply, Land Suitable for Development

***Land Suitable for Development, or Buildable Lands:** all land, presumably within an UGA, which is either *vacant, partially used, or under-utilized*, and are: a) designated (i.e., planned and zoned) for commercial, industrial or residential use at urban densities; b) not planned for public use; c) not significantly constrained either by *Critical Area* or other *development regulations*, or lack of basic *infrastructure*, to the extent that new construction for permitted uses will not be allowed, or will be infeasible, due to such regulations; and d) actually *available* for urban development at realistic market values and terms to developers (after OCD, Buildable Lands Guidelines (BLG)).

Level of Service (LOS): a minimum standard of capacity of a public facility or service per unit of demand, or other appropriate measure of need, which is established, i.e. adopted by ordinance, by a city or county; for example, the number of cars making trips on a specified road during a specified period of time (after OCD; WAC 365-195-210).

Low Impact Development (LID): alternate, more natural ways to collect and treat storm water, compared to catch basins, enclosed drains and massive artificial ponds and vaults; e.g.: bio-swales, infiltration trenches, and “rain gardens” (planted depressions for infiltration).

***Market Factor, or Land Market Supply Factor:** although this term is used in the GMA and by the GMA Hearings Boards as a legitimate and valuable concept, there appears to be no official definition by state government (see RCW 36.70A.110 (2) and the “Bremerton” and “Achen” decisions, CPSGMHB No. 95-3-0039 and WWGMHB No. 95-2-0067 respectively, as discussed in Perkins

Coie); Enger called this concept a “safety factor” in her 1992 manual for OCD, and usage by OCD, local jurisdictions and other writers varies. Its purpose is to ensure that sufficient *suitable land* is allocated within UGAs to accommodate projected growth, so as to avoid creating artificial shortages and associated price hikes in such land, due mainly to overly restrictive regulations, e.g. UGA boundaries, density limits, and/or to lack of urban services.

This paper defines market factor as an estimate of the negative, ie constraining impact on a city’s or county’s urban land supply or capacity due to one or more of the 5 factors discussed in Part II; it is normally expressed as a percentage, and is based on the best available information. Such an estimate is an alternative to a more objective deduction based on empirical data. Most sources support use of a market factor for at least 3 variables: land used for infrastructure, availability and *market forces*; smaller governments might use one for all factors.

Market Forces: one of 5 major variables in urban land supply analysis; a private sector response to real or perceived economic conditions by private parties which results in lower achieved densities; not identical with *market factor* (see Part II for a detailed discussion)

Parcel: a lot or tract recognized by the local jurisdiction as a “lot of record” for uses permitted by development regulations; for example, a platted lot on which one home could be built, or a platted or unplatted tract which could be either subdivided or developed for a multi-unit residential or business building.

Parcelization: a pattern of land subdivision and use in older portions of many cities, and in older “suburban” areas, typified by one or both of these features: (a) the land is subdivided into urban density-size lots, but the basic infrastructure network is fragmented; many *vacant or partially used parcels* do not have feasible access to one or more of the most basic urban services, e.g. sanitary sewer, water, storm drains, and paved streets; and/or (b) ownership of the vacant or partially used parcels is a “checkerboard” pattern of many people, all with differing attitudes and motivation about selling; moreover, a significant number may live in other parts of the country.

Partially Used Land: all *parcels* which have existing structures, but which contain enough land to be further subdivided, or developed with greater density without a “rezone”. An example would be a 10-acre parcel with one house on it, where urban density zoning would permit platting into several small lots (after OCD, BLP Guidelines).

Planning Commission: an advisory body, appointed by elected officials, which formally reviews all new proposals, and their amendments, related to a local government’s planning program; its recommendations are transmitted to the legislative authority for their final decision.

***Planning Period:** originally the 20-year period following initial adoption of a GMA plan and regulations, or now the remaining portion of that period, e.g. 15 years, or a longer period if such was selected on initial adoption by the jurisdiction (after OCD; WAC 365-195-210).

***Planning Program; GMA Plan:** in this context, the comprehensive plan together with its implementing development regulations and capital facilities programs, which are adopted by a county or city pursuant to the GMA, including both required and optional components, as an internally consistent whole.

Public Facilities: infrastructure including streets, highways, domestic water systems, storm and sanitary sewer systems, parks and recreational facilities, and schools (after GMA, RCW 36.70A.030 (12)).

Public Services: governmental services including but not limited to fire protection, law enforcement, public health, education, recreation, and environmental protection (after GMA, RCW 36.70A.030 (13)).

***Smart Growth:** a current label used nationally for state and municipal planning programs that embody the basic principles of what in Washington State and a few other states is called growth management. The central goals include: prevention of sprawl; preservation of open space, farm and forest lands and critical areas; cost savings in and more efficient use of infrastructure; reduction of commuting distances and traffic congestion; more attractive developments, and lower cost housing with better design and more choices.

Most of the Smart Growth means to achieve these objectives are required or encouraged by our GMA; key concepts include: state standards for planning; UGAs, resource and critical area designations; impact fees for and concurrency in infrastructure; consistency between plan and implementing actions; higher density and more compact and/or mixed urban development, incentives for quality development and a streamlined permit process.

***Sufficient Land Supply:** the amount of land necessary for a local jurisdiction to accommodate its adopted population and employment projections, and related *growth targets*, for the length of the *planning period* required by the GMA. All appropriate factors must be taken into account, including those that will either constrain or facilitate growth (after OCD, BLP Guidelines).

Urban Development, Growth: primarily residential, commercial and industrial uses at urban densities, together with all of the *infrastructure* needed to service these uses. The GMA defines it as activities that “make intensive use of land for...buildings, structures, and impermeable surfaces to such a degree as to be incompatible” with the use of such land for agriculture, forestry, mining or rural uses. “Characterized by urban growth,” means land either having urban growth on it, or located in proximity to such an area as to be “appropriate for urban growth.” (See RCW 36.70A.030 (17)).

Urban Growth Area (s) (UGAs): includes all incorporated cities and unincorporated areas formally designated by a GMA county where *urban growth* shall be encouraged and facilitated with appropriate *development regulations, public services and capital facilities*, at urban *levels of service*. If a County UGA is adjacent to a city, its boundaries and plans, etc must be adopted with the city’s consent. The UGAs in a GMA county are required as a whole to include *sufficient land supply*, in terms of area, allowed density and existing or planned public services, to accommodate its officially projected population and employment growth for the appropriate *planning period* (See RCW 36.70A.110 (1&2)).

Urban Services: public, i.e. governmental infrastructure and services typically provided in cities, and often in built-up areas adjacent to cities, specifically including storm and sanitary sewer systems, domestic water systems, street cleaning services, fire and police protection, public transit, and others normally associated with urban areas (after RCW 36.70A.030 (19)). *Public services and facilities* are also defined by the GMA, and include the above uses, together with “roads, schools, and parks and recreation facilities”; this latter group is needed and located in both urban and rural areas.

Under-Utilized Land: all parcels now zoned for more intensive use than the current use or uses. For example, a single family home occupies a parcel zoned for multi-family use, where apartments or condos could be built, either alongside the existing home, or after removal of it. This classification also included re-developable land, where the parcel is already developed, but there is a strong probability that it will be converted to a more intensive use or uses during the *planning period*, due to existing or predictable market forces (after OCD: BLP Guidelines).

Vacant Land: all parcels which have either no structures or development thereon, or such development that is of extremely little monetary value. An example: an old and/or dilapidated shed (after OCD, BLP Guidelines).

Appendix B: List of GMA Counties

Western Washington

1. Clallam
2. Clark*
3. Island
4. Jefferson
5. King*
6. Kitsap*
7. Lewis
8. Mason
9. Pacific
10. Pierce*
11. San Juan
12. Skagit
13. Snohomish*
14. Thurston*
15. Whatcom

Eastern Washington

16. Benton
17. Chelan
18. Columbia
19. Douglas
20. Ferry
21. Franklin
22. Garfield
23. Grant
24. Kittitas
25. Pend Oreille
26. Spokane
27. Stevens
28. Walla Walla
29. Yakima

* = 6 Counties in Buildable Lands Program

Appendix C: Sources

I. GOVERNMENT:

State Office of Community Development (OCD); www.ocd.wa.gov

Short Course on Local Planning; Version 4.1, 1999; 10 chapters

Technical Bulletin 1.2; GMA Updates in 2002: Level of Review and Revision ...under GMA;
5 pp

Technical Bulletin 1.3; Updates in 2002: Using Population Data; 2001; 5 pp

2002 Update; Issues to Consider ... Reviewing Comp. Plans and Development Regulations;
2001; Buildable Lands Program Guidelines; 2000; 46 pp

Comprehensive Plan Checklist; no date; 15 pp

Development Regulations Checklist; no date; 14 pp

GMA Amendments: 1995-2001; 2001; 11 pp

Statutory Deadlines for GMA-related Actions; no date; 1 p

State Puget Sound Water Quality Action Team; www.wa.gov/puget_sound

Low Impact Development Practices; Sound Waves, Fall, 2001, 8 pp

State Office of Financial Management (OFM); www.ofm.wa.gov

2002 GMA Population Projections; 2002; 4 pp

State Legislature; www.leg.wa.gov

Growth Management Act; RCW 36.70A et seq; 2002

State Growth Management Hearings Boards; www.gmboards.wa.gov

Various decisions; e.g. Benaroya, Bremerton, Hensley, Kitsap Citizens, LMI et al.

Key Themes in GMA Case Law...; 2001; JW Tovar, Central Puget Sound GM Hearings Board

Suburban Cities Association of King County:

Template for Local Government Reports and Addendum; July 2001; M Hubner

Reference Guide II: Land Supply Inventory; April 2001; M Hubner

II. PRIVATE:

A. Professional/Trade Associations

National Association of REALTORS®; Chicago IL; www.REALTOR.org

Common Ground/Smart Growth series, e.g. Planning for Growth; 2001; 47 pp

Washington Association of REALTORS®; Olympia WA; www.warealtor.com

Position Statements; *no date*; 30 pp

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Quality of Life: Realtor Tools and Resources...; no date; 10 pp

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Housing in the Community: A Policy Guide; J Spangenberg; 2002

Seattle-King County Association of REALTORS®; Kirkland WA: www.nwrealtor.com
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Calculating Developable Residential Land Supply; PAS Memo; Nov. 2001; 4 pp
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Low Impact Development Center; Ellicott City, MD; www.lowimpactdevelopment.org
Various publications, links

Smart Growth Network; Washington DC; www.smartgrowth.org
Smart Growth Overview, Principles, Issues, et al; links
Getting to Smart Growth; 100 Policies for Implementation; 2001

Urban Land Institute; Washington DC; www.uli.org
Environment and Development—Myth and Fact; 2002
Making Smart Growth Work; 2002
The Practice of Sustainable Development; 2000
Development Regulation and Housing Affordability; I Lowry et al; 1992; 180 pp

B. Higher Education and Research Institutions

Evergreen Freedom Foundation (EFF); Olympia WA
GMA: A Rift Between Intent and Reality; C White; Jan. 2002; 44 pp

Reason Public Policy Institute (RPPI), Los Angeles; www.rppi.org
Smart Growth and Housing Affordability: Evidence From State-wide Planning Laws; SR
Staley and LC Gilroy; Dec., 2001; 50 pp

Washington Center for Real Estate Research (WCRER), College of Business and Economics,
Washington State University; Pullman WA; www.cbe.wsu.edu/wcer
Washington State's Housing Market: A Supply/Demand Assessment; Nov. 2001, 13 pp
Urban Growth Areas and Lot Price: Clark County, Washington; April 1997
Growth Management: A Clark County Housing Affordability Study; 2001

Washington Research Council; Seattle WA; www.researchcouncil.org
Smart Growth and Buildable Land, et al, Growth in Perspective series; 2001
Washington's GMA: Goals and Promises; 2001; 10 pp

C. Professional Firms, Consultants, Writers et al

Perkins Coie law firm, Seattle
The Washington GMA After Ten Years: The Duty to Accommodate Growth; RE McCann and
WT Watterson, 2001; 31 pp

Appendix D: Growth Management Act Goals

RCW 36.70A.020. The following goals are adopted to guide the development and adoption of comprehensive plans and development regulations of those counties and cities that are required or choose to plan under RCW [36.70A.040](#). The following goals are not listed in order of priority and shall be used exclusively for the purpose of guiding the development of comprehensive plans and development regulations:

- (1) **Urban growth.** Encourage development in urban areas where adequate public facilities and services exist or can be provided in an efficient manner.
- (2) **Reduce sprawl.** Reduce the inappropriate conversion of undeveloped land into sprawling, low-density development.
- (3) **Transportation.** Encourage efficient multi-modal transportation systems that are based on regional priorities and coordinated with county and city comprehensive plans.
- (4) **Housing.** Encourage the availability of affordable housing to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock.
- (5) **Economic development.** Encourage economic development throughout the state that is consistent with adopted comprehensive plans, promote economic opportunity for all citizens of this state, especially for unemployed and for disadvantaged persons, promote the retention and expansion of existing businesses and recruitment of new businesses, recognize regional differences impacting economic development opportunities, and encourage growth in areas experiencing insufficient economic growth, all within the capacities of the state's natural resources, public services, and public facilities (revised per 2002 amendment; SSHB 2697).
- (6) **Property rights.** Private property shall not be taken for public use without just compensation having been made. The property rights of landowners shall be protected from arbitrary and discriminatory actions.
- (7) **Permits.** Applications for both state and local government permits should be processed in a timely and fair manner to ensure predictability.
- (8) **Natural resource industries.** Maintain and enhance natural resource-based industries, including productive timber, agricultural, and fisheries industries. Encourage the conservation of productive forest lands and productive agricultural lands, and discourage incompatible uses.
- (9) **Open space and recreation.** ~~Encourage the retention of~~ Retain open space ~~and development of~~ , enhance recreational opportunities, conserve fish and wildlife habitat, increase access to natural resource lands and water, and develop parks and recreation facilities. (revised per 2002 amendment; SSHB 2697)
- (10) **Environment.** Protect the environment and enhance the state's high quality of life, including air and water quality, and the availability of water.
- (11) **Citizen participation and coordination.** Encourage the involvement of citizens in the planning process and ensure coordination between communities and jurisdictions to reconcile conflicts.

(12) **Public facilities and services.** Ensure that those public facilities and services necessary to support development shall be adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards.

(13) **Historic preservation.** Identify and encourage the preservation of lands, sites, and structures that have historical or archaeological significance.

About the Author

Roger Almskaar is an Associate Broker with Coldwell Banker Miller-Arnason in Bellingham, Washington, and concentrates on buyer agency with developers and other businesses on finding and analyzing the regulatory feasibility of sites. He also does land use consulting, technical assistance to attorneys and analytical writing as principal of Roger Almskaar Associates. He has been self-employed as a Realtor and land use consultant in the Whatcom County and northwest Washington area for more than 20 years.

Mr. Almskaar was a Planner for Whatcom County for 10 years; his experience included drafting the original Shoreline Management Program, community plans, and farmland protection; as well as administration of ordinances, such as zoning and subdivision. He also taught credit classes in coastal zone management at Western Washington University.

He grew up in Seattle, obtained a BA in history from the University of Washington in 1969, and taught secondary level history and geography in the public schools briefly. Over the years, Almskaar has attended many seminars on real estate and land use issues; he has also helped organize some, e.g. farmland, and wetlands.

As an active Whatcom County Association of Realtors member and land use professional, Roger is a member of their Government Affairs Committee, and was Chair of their former Land Use Committee for several years. He has also served on several advisory groups, including the Whatcom County Planning Commission, the City of Bellingham's Affordable Housing Task Force, and the Bellingham Chamber of Commerce Industrial Land Supply Work Group.

With the Washington Association of Realtors, he has been a member of land use committees and related work groups, including water and GMA. Almskaar has also been a member of the Planning Association of Washington and the American Planning Association.

He has been active in planning and political issues, and produced/wrote a report entitled: Residential Land in the Bellingham Area: An Analysis of Capacity for the Trillium Corporation in 1992. The methodology was one of the first to employ a computerized GIS.