



## WASHINGTON ASSOCIATION OF REALTORS®

Government Affairs - Issue Paper

### *Useful Tips for Quality Growth*

REALTORS® are committed to pursuing reasonable and market-driven growth strategies that will meet the state's housing needs, expand home-ownership opportunities, help revitalize communities, build attractive and livable neighborhoods, and allow for continued economic prosperity. Smart Growth can provide a vision for strong communities, a vibrant economy, and a healthy environment. Comprehensive planning should provide the fundamental building blocks to effectively accommodate residential and commercial growth, and provide coordinated land-use development regulations and procedures. However, excessive regulations on growth can distort real estate markets and threaten the American dream of homeownership. When growth stops, the local inventory of homes falls dramatically and prices rise. Policies restricting growth will also slow the economy and discourage retailers and employers from investing in higher salaries and new jobs for the community.

**Benefits of Sustainable Growth:** A healthy economy plays a vital role in assuring vibrant communities for living and working. Sustainable growth brings new opportunities and an improved quality of life by increasing jobs, tax base, purchasing power, diversity, availability of goods and services, and offering community revitalization and improvement. An increased tax base is crucial to government's ability to deliver necessary public services, new amenities for neighborhoods, and maintain infrastructure to serve the needs of the community. *Commercial and residential growth plays a key role in the economic vitality and quality of life of our communities. Through effective planning, local governments can often set the stage to encourage sustainable growth.*

**Barriers to Sustainable Growth:** Local and regional economics, market demand, suitable land, adequacy of infrastructure, the cost of land and construction, availability of capital and financing, and the surrounding quality of life are each important factors which will determine whether development will occur. Sustainable growth is hampered – and often stopped – by many barriers. Inadequate provisions for infrastructure, such as roads, water, and sewer necessary to accommodate growth will often cause development to be unfeasible. Governments often take actions that discourage development necessary to sustain growth through excessive regulation, government induced costs such as taxes and fees, zoning that serves to limit growth, restricting land availability, and instituting permitting and development review processes that cost developers unnecessary time and expense. Too often, no-growth advocates dominate the local agenda complaining that growth does not pay for itself, or utilizing other critical information to stop growth. It is important that local governments understand the positive contribution growth makes to our communities, and help government adopt measures to encourage sustainable growth.

**Purpose of Planning:** Comprehensive planning is generally designed to coordinate and plan for growth through common goals expressing the public's interest in conservation and wise use of lands to preserve the environment, encourage sustainable economic development, and ensure the health, safety and high quality of life enjoyed by citizens. If done properly, comprehensive planning should provide the fundamental building blocks to effectively accommodate residential and commercial growth, and provide coordinated land-use development regulations and procedures. Growth management laws, if enacted, can be used to effectively combine certainty for development decisions, reasonable environmental protection, long-range planning for cost-effective infrastructure, fiscal impacts, and how it will accommodate sustainable residential and commercial growth.

**Planning Process:** Washington State's Growth Management Act establishes a framework to help communities manage their growth in a comprehensive and coordinated manner by setting out goals to guide local governments in planning to accommodate growth. Implementation occurs primarily at the local level through countywide planning policies, comprehensive plans, development regulations, capital budgets and other funding programs. Each county-wide planning policy must address policies that promote contiguous and orderly development with urban services, provide transportation facilities and strategies, consider the need for affordable housing, and encourage economic development.

To establish a land-use planning process as a basis for decisions on actions related to use of land and to assure an adequate factual base for decisions, every county and city must adopt a comprehensive plan that includes a land use element, housing element, capital facilities plan element, utilities element, and transportation element, along with designations of critical areas and natural resource lands. The land use element must designate the distribution, location, and the extent of land uses, where appropriate, for agriculture, timber production, housing, commerce, industry, recreation, open spaces, general aviation airports, public utilities and facilities. The land use element must include population densities, building intensities, and estimates of future population growth.

Each county and city must adopt development regulations that are consistent with and implement its comprehensive plan. Development regulations are the controls placed on development or land use activities by a county or city, including: zoning ordinances, building codes, critical areas ordinances, shoreline master programs, official controls (regulating building permits, height, size, set-backs, etc.), planned unit development ordinances, platting and subdivision ordinances, and binding site plan ordinances. Each local government must establish an integrated and consolidated permit review process that provides for the review and approval in a timely and predictable manner. Each local government is encouraged to adopt provisions to expedite review for project permits when they are consistent with adopted development regulations and within the capacity of infrastructure systems.

**Growth Management Techniques:** Planners and growth management advocates will utilize several techniques to manage growth. Depending upon how these techniques are implemented, they could be used to stop growth – or to effectively accommodate growth while balancing competing interests for the efficient use of land and other resources. *Therefore, it is important to recognize the consequences for each of these techniques*, and provide constructive suggestions to ensure projected growth will be accommodated, and provisions are made to ensure the availability of affordable housing and sufficient land is available for sustained economic vitality.

*Planning:* The vision for how a community will change overtime is implemented through comprehensive planning, zoning and development regulations. *However*, implementing regulations may protect environmentally sensitive lands and open space, but restrict land use and property rights.

*Concurrency:* Jurisdictions may pass ordinances that prohibit development if it causes the service levels of public facilities to decline below adopted standards. *However*, such measures often result in moratoriums on growth, rather than ensuring infrastructure is in place to accommodate growth.

*Urban Growth/Service Areas:* In order to contain urban growth, boundaries are drawn to protect rural areas while directing growth to urban areas by promoting compact development patterns efficiently served by public services and facilities. *However*, by restricting the land supply, land prices increase dramatically in the urban areas, while restricting land use and property rights in rural areas.

Impact fees: Government incurs costs of providing public facilities in order to accommodate growth. To help pay for the facilities, government may assess impact fees on new development. *However*, impact fees create large carrying costs that are added to the price of the building. Research shows that impact fees increase the cost of the house by two-to-four times the amount of the fee, locking many prospective homebuyers out of the market.

Transfer of Development Rights: TDR programs are established in order to preserve land in specified areas, while providing density bonuses to accommodate the same projected population growth using less land by allowing property owners to sell the development rights to their land. *However*, the development community has indicated that density bonuses often go unused, potentially causing a loss of land available for future development. Further, the program for increasing density must specify “receiving” zones where the community has previously agreed to accept higher densities (usually, additional amenities are offered to offset the additional growth). Finally, if land capacity in the targeted area can support higher densities, why not zone it that way from the outset?

Water availability: The availability of water necessary to accommodate new development is critical. *However*, when new water rights or the ability to transfer water rights from a current user to a proposed development is not made available, government regulation will inhibit the ability to serve development, causing proposed projects to be delayed indefinitely or stopped altogether.

Public Land Designation: Planning for land used for public facilities, open space and environmentally sensitive areas is necessary to effectively serve a community. *However*, land designation for public purposes will reduce buildable land, which further strains the lack of available land for development.

Implementing Regulations: Comprehensive plans require implementing regulations, review and approval processes. *However*, these implementing regulations often slow the development process and add costs to new development.

**Utilizing Elements of Growth Management:** By understanding comprehensive planning and the planning process, real estate interests can influence decisions to support sustainable growth. Among the goals of growth management, planning should provide for sufficient buildable land capacity, economic development, affordable housing, and adequate infrastructure. ***By incorporating specific goals into each planning element, the real estate community can ensure implementing regulations will accommodate sustainable growth.***

Land Use: A major barrier to development of land in urban areas are high land costs, overwhelming development regulations and complicated decision making processes. It is important to ensure buildable land capacity sufficient to accommodate the projected population and economic growth will be available for development in a competitive market, while ensuring affordable housing choices for all economic segments of the population. Accurate buildable land inventories, market analyses and preferences, and availability of sufficient land capacity is critical to planning for the accommodation of growth. Public lands, open space, recreational lands, critical areas, and land restricted by other development conditions should be excluded from the computations of buildable land to accommodate for population projections, employment, and housing. Development regulations must promote adequate densities, and provide flexible performance standards which emphasize outcomes, while ensuring certainty and predictability for the developer. Development regulations should avoid duplication and redundancy and should be consistent with state and federal regulations.

*Economic Development:* Economic development is necessary to provide job opportunities, expand economic vitality, increase public revenues and enhance the quality of life. Land use decisions should take into account a vision of the economy for the future. Through an economic strategy based on market analyses that identifies current inventory, resources and needs, a community can set the stage for sustainable economic growth by planning and implementing proper zoning and development regulations, and providing the incentives, infrastructure and amenities necessary to attract economic development. Without proper planning, many local governments will fail to plan for and attract increased economic opportunities for its community. Therefore, comprehensive plans must include an economic development element that plans for and allows development in order to promote a diversified and healthy economy.

*Housing:* Comprehensive plans should include a housing element that ensures the availability of a variety of affordable housing choices for all economic segments of the population. Communities must plan for the number of residential units necessary to accommodate projected employment growth. Economic growth drives both the demand for workers and the corresponding demand for housing. Plans must be made to ensure a balance between jobs and housing necessary to meet the demand of a growing workforce. If the demand for housing is not accommodated within the community where the jobs are located, workers move to neighboring areas and commute to their jobs. The job-creating community that does not keep pace with the demand for housing creates a market dynamic that forces sharp increases in housing prices and a corresponding increase in traffic congestion – which, if not corrected, will strangle the community’s potential for sustained economic vitality.

*Infrastructure:* Roads, water and sewer systems provide the backbone to the quality of life in our communities, and the framework for future growth and economic development. Sufficient funding of roads, water and sewer systems is an essential investment to attract economic development for sustainable growth of communities. Planning and constructing infrastructure in a timely manner to keep pace with the current and future demand for housing and commercial development is a necessity. Infrastructure project priorities must be set through the capital facilities plan, and the utilities and transportation elements of each comprehensive plan. Tax revenues collected from growth related projects (infrastructure, home construction, and economic development) should be dedicated specifically to finance infrastructure necessary to accommodate growth.

*Performance Measures:* Comprehensive plan elements, such as housing and economic development, should include specified, definable goals. Performance measures should be established to gauge how jurisdictions are accommodating growth, and if each jurisdiction is achieving its goals. Establishing performance measures will provide a process to ensure accountability in planning through baseline indicators that track the achievement of desired goals (such as housing units built to accommodate projected growth) and enforcement measures to ensure jurisdictions are accommodating growth.

*Review Process:* Comprehensive plans and development regulations should continually monitor land supply and densities to ensure sufficient land (with applicable development regulations) is available for development to accommodate growth. The review and evaluation program should annually collect data to determine the quantity of buildable land available for residential and employment-based activities. A clear process is necessary to adjust urban growth boundaries as necessary to ensure sufficient buildable land is provided to accommodate growth projections. Further, an effective process will be needed to allocate and re-allocate projected growth on a continual basis. For instance, when buildable land is re-designated as a critical or sensitive area, or otherwise determined not available for development, growth must still be accommodated; therefore, provisions are necessary to ensure re-allocation of projected population targets to surrounding areas.