

A POLICY GUIDE

Planning for Growth: *Importance of Accurate Growth Projections*

presented by
WASHINGTON ASSOCIATION OF REALTORS®

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FOREWORD

This policy guide was prepared by Jack Petrie with financial assistance from the Washington Association of REALTORS®. This paper is intended to address policy issues regarding growth projections under the Washington Growth Management Act.

The state Office of Financial Management (OFM) provides 20-year population forecasts, expressed in a range from high to low, on a county-by-county basis. Each county must consult with its cities and allocates the projected population projection among the county and cities. Local comprehensive plans must be based on the OFM population projections. It should be noted that once counties and cities change the population projections in their comprehensive plans, it must review and, if needed, update its urban growth areas and densities to accommodate the projected growth.

The REALTORS® legislative priority, SB 5602, passed during the 2003 legislative session, requires that counties and cities shall ensure that adoption of and amendments to their comprehensive plans and/or development regulations provide sufficient capacity of land suitable for development within their jurisdictions to accommodate their allocated housing and employment growth, as adopted in the applicable countywide planning policies and consistent with the twenty-year population forecast from the office of financial management.

Every community in the state is in the process of determining which growth target they will prepare for. Therefore, it is important to be involved in your county's process to incorporate the projected growth forecasts. Further, you will want to urge your county to plan for the more accurate population forecast, as this is what will drive the need for buildable land capacity needed to accommodate projected growth. If the plan calls for lower growth than actually occurs, your community will be unprepared for the consequences of growth. If you plan for more growth than actually occurs, than your community will be prepared when it comes. Further, as this paper and worksheet show, inaccurate planning for projected growth will, in fact, cause sprawl – the very issue the Growth Management Act aims to avoid.

This paper is not intended as legal advice for any particular client or any particular circumstance. Anyone seeking advice on the Growth Management Act should contact a qualified attorney.

TOO LOW PROJECTIONS = INCREASED SPRAWL

ABSTRACT:

As cities and counties reappraise strategies adopted in the 1990s to comply with requirements imposed on them by the Washington State GMA (Growth Management Act), some citizens are pressuring decision-makers to adopt very low population growth projections for use in the process. Generally intended to be a strategy aimed at slowing growth and reducing sprawl, adoption of too low projections has the unintended consequence of actually increasing sprawl substantially. Because the bedrock upon which the GMA is built is sprawl reduction, and because projections of future population growth are the foundation for planning efforts designed to implement the Act, deliberately adopting unrealistically low or high projections of future growth can be seen as a fundamental violation of, at the least, the spirit and intent of the Act. The likely impact of under or overestimating potential future populations can be easily calculated for presentation to decision-makers. In brief, compared to accurate projections of future growth, too low projections can be shown to create very large amounts of sprawl. Too high projections create low levels of sprawl. Accurate projections allow for growth management objectives to be met without unnecessary sprawl.

WASHINGTON'S GROWTH MANAGEMENT ACT:

Washington's Growth Management Act (GMA) was the State's premier environmental, social, and economic legislation in the 1990s. Its entire purpose was to establish a set of commonly accepted goals for "...the conservation and wise use of our lands." The state's environment, the economy, and the high quality of life enjoyed by the people of the state were to be preserved and enhanced through a cooperative and comprehensive planning effort involving all of the state's citizens, governments, and private entities.

THE GMA IS...

...an effort to manage population growth in the State of Washington in a way that accommodates that growth while providing for reduced sprawl, environmental protection, and enhancement of the economy. The economy was to be a special focus in regions of the state that have faced economic challenge in the past.

THE GMA IS NOT...

An effort to either reduce or encourage population growth in the state. The Act contains 13 goals, none of which deal with controlling population growth; All of which deal with managing, in a positive way, the impact of population growth on the environment, the economy, and the quality of life enjoyed by the people of the State of Washington.

CONTROLLING SPRAWL IS THE UNDERLYING FOCUS OF THE GMA:

The state's legislature put forward 13 goals local governments were to look to in planning for future growth through the comprehensive planning process. While the goals were not prioritized, it is, and has been, clear that controlling sprawl by encouraging development in urban areas is the keystone of the Act. The Central Puget Sound Growth Management Hearings Board, one of three established by the GMA has addressed the matter saying,

"Since the GMA's initial adoption in 1990, one of its bedrock principles has been to direct urban development into urban growth areas and to protect the rural area from sprawl . . . While the 1997 rural amendments make accommodation for infill,

development or redevelopment” of “existing” areas of “more intensive rural development,” such a pattern of such growth must be “minimized” and “contained” within a “logical outer boundary.” This cautionary and restrictive language evidences a continuing legislative intent to protect rural areas from low-density sprawl.” [Burrow, 9318, FDO, at 18.]

THE CONSEQUENCES OF SPRAWL:

The CPS Hearings Board has also discussed the negative impacts of sprawl on the environment, the economy, and on the quality of life saying:

“[T]here are at least eight major negative consequences of sprawl: (1) it needlessly destroys the economic, environmental and aesthetic value of resource lands; (2) it creates an inefficient land use pattern that is very expensive to serve with public funds; (3) it blurs local government roles, fueling competition, redundancy and conflict among those governments; (4) it threatens economic viability by diffusing rather than focusing needed public infrastructure investments; (5) it abandons established urban areas where substantial past investments, both public and private, have been made; (6) it encourages insular and parochial local policies that thwart the siting of needed regional facilities and the equitable accommodation of locally unpopular land uses; (7) it destroys the intrinsic visual character of the landscape; and (8) it erodes a sense of community, which, in turn, has dire social consequences. [Bremerton, 5339c, FDO, at 28.]”

THE IMPORTANCE OF ACCURATE PROJECTIONS TO ACHIEVING GMA GOALS FOR REDUCING SPRAWL DUE TO POPULATION GROWTH:

A guidance document provided for planners by the State of Washington, *Issues In Designating Urban Growth Areas*, cites Florida’s Growth Management planners in pointing out that:

“First and foremost, the most effective technique for discouraging urban sprawl is to prepare and plan based on accurate population projections and thorough data and analysis.”

Inaccurate estimates of actual growth lead to sometimes serious consequences for a planning region. Underestimating growth can result in large amounts of sprawl, overloaded infrastructure, loss of affordability, and

a range of other impacts. Overestimating growth can result in overspending on unneeded infrastructure and to the extent that large lots are encouraged by the large supply of land, unnecessary sprawl.

A TOO RESTRICTIVE LAND SUPPLY ALSO LEADS TO SPRAWL:

Under the GMA, projecting for future population growth at levels lower than those that actually occur results in constricted land supplies inside the state's cities. Some believe deliberately constricting land supply will reduce population growth despite evidence to the contrary. Generally, even in closely controlled jurisdictions where intense emphasis has been placed on growth controls, growth is simply redirected to nearby jurisdictions, often in the form of sprawling, low density development. Because most Washington counties have plenty of parcelization and/or parcelization potential outside the UGAs they've established, growth channeled away from one or more cities is simply transplanted to the countryside.

One of the best examples of what happens when land supply is constricted inside of a city, especially the major city in the region, is Boulder, Colorado, a city renowned for its efforts to stop growth in its tracks.

Boulder city's land use controls have been called the most elitist in America. Those controls managed to keep growth in Boulder at 13.6% in the decade of the 1990s while Colorado as a whole grew at a rate of 30.6%!

Only the most sanguine consider Boulder's accomplishment a success however, for Boulder's rejected population has been imposed on nearby towns and unincorporated areas as well as on adjacent counties. In the 1990s, for example, as Boulder city "controlled" its own growth, nearby cities like Longmont, Broomfield, and Lafayette grew at rates of 37.9%, 55.3%, and 59.5% respectively. Other smaller towns and cities grew even faster. Overall, Boulder County grew at almost exactly the rate Colorado as a whole did (29.3% and 30.6% respectively). With Boulder city factored out, growth in Boulder County outside its major city was 38.4% in the decade of the 90s. That's a higher growth rate than any Washington county has experienced over the past decade.

Boulder city itself has not been spared the impacts of growth despite its seeming ability to keep population in check. 45,000 workers commuted into the city each day in 1999, clogging streets and polluting the air to an

unnecessary extent as workers unable to live in the city make their long drive to and from work each day.

In Washington State, the buying and selling of land has been central to the economy for more than a century and a half. The resulting parcelization means that even outside their urban areas most of Washington's counties have thousands, or even tens of thousands, of individual parcels of land available for purchase and the subsequent building of a residence. Even more parcels can be created as landowners take advantage of long established rights to subdivide land.

While the GMA seeks to encourage development within urban areas and discourage development outside those areas it does not seek to remove or alter all previously existing rights to develop outside the cities. The land supply outside Washington's Urban Growth Areas thus become a part of the overall land supply equation in all of Washington's counties. If land supply is restricted within cities, the price of individual lots rises respective to the total land supply available in the county. When the impact fees, taxes, and other exactions cities eagerly adopt in order to fund infrastructure improvements inside the cities are added to the price of land it can quickly become less expensive to build on a rural parcel than it is to build on a lot inside a city's Urban Growth Area.

The problem is exacerbated if cities and counties are deliberately forced to plan for populations smaller than those likely to actually occur. Too low projections reduce the land supply set aside for future growth within the Urban Growth Areas but have little impact on the supply already existing without. If the supply of land zoned for denser development inside a UGA is constricted at artificially low levels, those wishing to live in or near a particular area are encouraged to look outside the UGAs for a home site. That site will generally be on a much larger piece of land than will be consumed had the home been built inside the UGA.

CALCULATING THE IMPACT OF POPULATION PROJECTIONS ON SPRAWL:

It is possible to quickly and easily calculate the potential impact sprawl coming as a result of either projecting for too low or too high projections of population will have on any of Washington's counties. The accompanying worksheet accommodates projection ranges proposed for any county. The worksheet can also be used as a stand alone illustration of the impact various population scenarios will have on the potential for sprawl in a county.

A SPRAWL WORKSHEET

To calculate the potential impact various population scenarios will have on sprawl in a particular county it is necessary to accumulate some basic information. That information is generally readily available. Needed are:

- High, medium, and low estimates of future populations provided by the State's Office of Financial Management or, if they've been developed, the projections of future population your county intends to utilize in its planning process. If your Planning Commission or County Council is in the middle of the decision making process obtain the various projections under consideration. Counties are required to plan for populations somewhere between the high and low ranges provided by the OFM. Call County Planning to obtain these figures or, look them up on the OFM website www.ofm.wa.gov.
- Allocations of population to the cities and any unincorporated UGAs in your county. Under the law, counties assign each city in their jurisdiction a population target. Each city must plan to accommodate at least the targeted population over the planning period in question. County Planning officials will have proposed targets readily available. Any population not assigned to the cities is assumed to be destined for the unincorporated portions of the county. Sometimes unincorporated UGAs are given growth targets, sometimes they are not.
- Average household size in your county. County Planning will have this figure readily available. It is usually in the range of 2.3 - 2.5 persons per household. Household size has been declining steadily in the United States for some decades so using average household size in your county today provides a very conservative estimate of the number of households actually likely in your county's future. If you wish, you can factor the declining household size into your calculations but doing that can reduce credibility unless you've done some fairly complicated calculations aimed at discovering what the average household size throughout the planning period might be.
- If possible, some idea of the average number of acres consumed by a residential unit built outside the UGAs of the cities. Unincorporated UGAs can add confusion as they are sometimes platted into smaller lots and sometimes not. For purposes of estimating sprawl, treat them as the county treats them. If they are assigned growth targets, treat them as "cities," if they feature average densities over 3 or so

units to the acre. If not, lump them in with the rest of the unincorporated county.

- If possible, get some idea of the average number of units per acre being planned for within the cities. If those figures are not available, do the following calculations using 4 units per acre within cities and a separate calculation for an average of 1 unit per acre, 1 unit per 2 acres, and 1 unit per 3 acres for land consumption in the unincorporated county outside the UGAs.

CALCULATING THE POTENTIAL FOR SPRAWL DUE TO POORLY CONSIDERED POPULATION PROJECTION SCENARIOS

For purposes of the illustration below assume OFM's midrange forecast is for a 50,000 increase in population in your county between now and 2022. OFM's High forecast is for 70,000 and its Low forecast is for 30,000. On asking County Planning you find that 80% of the new growth is allocated to the cities with 20% remaining to be accommodated in the unincorporated county. Household (H.H.) size in your county is 2.5 persons per household. On average, cities in your county believe development will consume about one acre of land for each six homes built. In the county about two acres per home have been consumed on average since the adoption of the last Comprehensive Plan (the figures in the example are reasonably typical).

IF MIDRANGE PROJECTIONS ARE ADOPTED AND THE PROJECTED GROWTH OCCURS NO UNNECESSARY SPRAWL TAKES PLACE.

To calculate land consumption if projections and actual growth match one another, find out how many households will have to be accommodated in your county's future growth plans. That can be ascertained by dividing the number of new people expected (50,000) by the average household size in your county (2.5 in this example).

50,000 people divided by 2.5 persons per H.H. = 20,000 households

Next, you will need to determine how many households will be planned for in the City's UGAs and how many will be projected to settle in the county. In the example above the county has allocated 80% of the growth to the cities leaving 20% assumed for outside the UGAs. Multiply total households by the percentage assigned to determine the number of households each entity will have to accommodate.

20,000 households X .80 = 16,000 H.H. to be accommodated by the cities

20,000 H.H. X .20 = 4000 households likely to settle in the county

Last, determine how much land will be required to accommodate the projected populations in the cities and the unincorporated county outside the UGAs respectively.

In the cities and their UGAs, Planning has projected that an average density of six units per acre of land zoned for residential uses will be achieved. Because 16,000 new households are expected, 2,667 acres of land zoned for

residential uses will be required to accommodate projected growth.
16,000 H.H. divided by 6 units to the acre = 2,667 acres consumed

In the unincorporated county outside the UGAs planners believe 4,000 new households will be accommodated. Average land consumption in recent years has been 2 acres per H.H. so 8,000 acres will be consumed in the county as the new growth outside the more intensively settled UGAs is accommodated. 4,000 households times two acres per H.H. consumption = 8,000 acres of consumption.

All this means that if 50,000 people arrive and are planned for, a baseline total of 8,000 acres of unincorporated county land and 2,667 acres of land inside the city's UGAs will be consumed to accommodate them.

IF PLANNING PROJECTIONS ARE TOO HIGH - OFM HIGH PROJECTIONS ARE PLANNED FOR BUT ONLY MIDRANGE POPULATION OCCURS - SOME SPRAWL MAY OCCUR:

Assume a county plans for an OFM high range of 70,000 people but only 50,000 people actually arrive. Using the same process above:

70,000 divided by 2.5 persons per H.H. = 28,000 H.H. planned for...

28,000 H.H. X .8 = 22,400 H. H. to be planned for in the cities leaving 5,600 H.H. assumed for the counties.

At 6 units per acre the cities will set aside 3,733 acres to accommodate the projected new growth (22,400 H.H. divided by 6 units per acre).

Because only 50,000 people actually arrived and we already know from our baseline calculation that only 2,667 acres are actually needed to accommodate them, the UGAs will have been oversized by 1,066 acres. This can be considered to be sprawl over the baseline scenario due to projecting for too much growth.

No sprawl over baseline (mid-range) occurs in the county as no additional population actually arrives. 8,000 acres are still consumed.

NOTE: The calculated sprawl in this case will be the maximum sprawl caused over and above baseline. The calculation may overstate actual sprawl. If an overabundance of land is supplied and the cities are willing to service the land, prices may fall, encouraging more people to live in the cities rather than consume land in the county. Every household choosing to live in the

city as a result, consumes only 1/6th acre of land rather than the two acres consumed had the choice been to move to the county. On the other hand, unnecessary sprawl occurs if an oversupply of available land lowers prices and encourages larger lot sizes. In the main, however, the oversupply of land provided if projections are higher than actual populations simply remains in the inventory until needed by populations arriving in years beyond the current planning horizons - the need for future expansion of the UGA is reduced.

IF PLANNING PROJECTIONS ARE TOO LOW - OFM LOW PROJECTIONS ARE ADOPTED BUT MIDRANGE GROWTH OCCURS - SUBSTANTIAL SPRAWL TAKES PLACE COMPARED TO ANY OTHER SCENARIO:

In this scenario the county plans for 30,000 people but midrange levels of growth (50,000 people) occur. Using the calculation process outlined above:

30,000 people = 12,000 Households

12,000 H.H. = 9,600 H.H. to be planned for in the cities with 2,400 H.H. assumed to be destined for the unincorporated county outside the UGAs.

At 6 units per acre, the cities will plan for 1,600 acres of consumption.

In actual fact, 50,000 people (20,000 households) move to the county during the planning period.

Because the cities have only planned for land and services to accommodate 9,600 of these households, 10,400 households need to be accommodated elsewhere in the county.

Because we know each household in the county typically consumes 2 acres of land, 20,800 acres of county land will be consumed by the 10,400 households unable to settle in the cities due to under planning for land supply and services.

Total consumption of 22,400 acres will occur.

COMPARING THE SCENARIOS:

If projections and actual growth are equal	10,667 acres are consumed
If projections are at 140% of actual growth	11,733 acres are consumed
If projections are at 60% of actual growth	22,400 acres are consumed

CONCLUSIONS

While all kinds of speculation can be brought into play when discussing projections of future growth it is clear that, in general, accurately estimated projections of future population growth provide planners the best potential for controlling sprawl in a county. Overestimating future population growth may or may not lead to some unnecessary sprawl. Underestimating future population growth certainly assures large amounts of sprawl.

