A POLICY GUIDE

Infrastructure Funding:

Investing in Your Community
through the Capital Budget

presented by
WASHINGTON REALTORS®

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Executive Summary

Requirements of the Washington State Growth Management Act result in an affirmative duty for local governments to ensure new development would be served by adequate public facilities at the time it is ready for occupancy. Mechanisms for fulfilling the duty to accommodate growth are contained within the law in the form of inventorying and planning for the infrastructure needed and identifying the revenues needed to pay for them.

Local governments who fail to adequately perform the planning requirements contained in the law and/or fail to utilize the funding tools available to pay for the projects needed, will fail to fulfill their duty to accommodate growth and achieve their vision for their future.

The Capital Facilities Element, Transportation Element, transportation and capital facilities project lists and capital budget are essential yet frequently underused mechanisms for achieving a vision for the future. Capital Facilities plans must contain five components; 1) a complete inventory of existing facilities, their capacities and condition, 2) an inventory of facilities needed to accommodate forecasted growth and to achieve a vision for the future, 3) locations of future capital facilities, 4) a financing plan to fund capital facilities needed to accommodate growth and the vision, 5) a requirement to reassess the land use plan, if funding is not available to achieve the vision.

Achieving a community's vision requires going above and beyond the basic requirements of the law. It requires strategic planning and investment in the basic infrastructure necessary to make that vision a reality. It requires difficult decisions and choices be made with honest and consistent input from the local citizens. Ultimately, each infrastructure project funded in the capital budget must implement the community's comprehensive plan by addressing an identified deficiency and/or increasing capacity to accommodate forecasted growth as outlined by the Capital Facilities, Transportation and Land Use elements.

Failure to adequately utilize these planning tools and available funding tools will result in high housing prices, a stagnant economy, increased public facilities costs, and unplanned growth resulting in urban sprawl.

With careful attention to our capital facilities planning process and asking how our infrastructure investments bring us closer to achieving our vision for the future, local governments can better meet their duty to accommodate the growth coming their way.

Overcoming the Challenges and Achieving the Promise of the Growth Management Act

When the Legislature passed the Growth Management Act (GMA) in 1990, local governments were mandated to overcome three major challenges in order to achieve 13 statewide planning goals. Local governments were directed to overcome these challenges through comprehensive planning and implement that planning through policies and development regulations. The major challenges GMA mandates local governments to accomplish are:

1. Protect critical and natural resource areas
2. Focus new growth into designated urban growth areas
3. Ensure new development would be served by adequate public facilities

It is by far easier for governments to prohibit activities than to encourage them. Due to the regulatory control afforded local governments much work has been done in meeting the first two challenges than overcoming the third. Using zoning and development regulations, growth can be directed into urban growth areas and our critical areas and natural resource lands can be protected or the impacts on them due to development can be minimized. However, overcoming the third challenge and realizing the promise inherent in that challenge; that directing growth to areas already serviced by public facilities is less costly, has proven to be more difficult.

The third challenge is expressed in GMA as one of the 13 planning goals. RCW 36.70A.020(12), or goal 12, states, "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."

Failure to provide adequate public facilities for new development can put a GMA county or city at risk of noncompliance and possibly a mandatory revision to its land use assumptions and planning. For development projects, the lack of adequate and timely public facilities risks permit denial or substantial costs in providing the facilities privately. For property owners and voters, accommodating growth without providing public facility improvements means degradation of service levels.

The most recognizable result of this failure is congested roads and sprawl as development pushes out to areas where providing the most basic infrastructure is less expensive and development is only allowed at low densities. Within urban areas, new or expanded commercial and industrial development cannot be accommodated due to aging and undersized infrastructure affecting economic development goals of a community. Finally, home prices rise rapidly due to inadequate supply of land suitable for new housing development.

The purpose of this paper is to outline how the mechanisms mandated by GMA should be used to help local communities better achieve the promise of building better communities by ensuring public facilities are adequately planned and funded. Using a more strategic approach to capital facilities planning can put the basic building blocks (ie: transportation, water, sewer services) in place creating a framework and building an adequate tax base that will provide revenues needed to add to the building blocks (ie: parks, recreation, environmental rehab, great civic centers and public spaces).

Capital Facilities Plan – the Implementing Arm of a Community's Vision for Growth

We frequently look at zoning and development regulations as the implementing tools of a comprehensive plan. These regulatory mechanisms are important for directing growth by outlining what can and cannot be built in certain areas of a community. However, allowing a certain type of development at specified intensities does not ensure that development will become a reality. For instance, in the early 1990's one jurisdiction in the state designated an unincorporated area characterized by relatively urban growth as an urban growth area (UGA). A UGA designation permits more intense development within its boundaries than in the rural areas outside the boundary. Unfortunately, no significant public facilities were planned for that area to support the development patterns envisioned in its comprehensive plan. Without supporting infrastructure, the area has continued to develop in a rural pattern, frustrating the goal of creating a regional economic center for that portion of the county. The population base in the rural areas surrounding that UGA has exploded while the population within the boundaries has remained stagnant. The burgeoning population is forced to travel outside the county for commercial services, taking their precious sales tax dollars with them.

Had a strategic and realistic Capital Facilities Plan (CFP) for that UGA accompanied the economic development goals and land use element commitments, i.e. the zoning map and development regulations, the area would be closer to making the vision outlined in the plan a reality.

Two factors can prevent local governments from adequately utilizing the CFP to implement their comprehensive plans; necessity to direct immediate attention to existing infrastructure deficiencies and, lack of strategic planning. A third and very practical factor for smaller communities is not enough expertise or money to hire the expertise.

Before addressing these factors an explanation of how capital facilities planning is guided by the GMA needs to be outlined.

Capital Facilities Planning Under the Growth Management Act

At the core of the GMA is the comprehensive plan, mandatory for all jurisdictions subject to GMA planning. All GMA comprehensive plans must be consistent in at least three ways: 1) between each city and its county plans and policies, 2) between a jurisdiction's plan and its development regulations and capital facilities plan, and 3) among the elements of each jurisdiction's plans.[1] All comprehensive plans must include at least a land use, housing, capital facilities, utilities, economic development, parks and recreation and transportation element and a shoreline master program. County plans must also include a rural element.[2]

GMA comprehensive plans and their supporting development regulations, capital facilities, and transportation elements must accommodate an allocated share of population growth within designated UGAs. Population growth is allocated by County government to UGAs in consultation with the corresponding city government. Total population growth to be allocated must be within a high, medium or low range as forecasted by the Washington State Office of Financial Management. Within the UGAs, a provision known as "tiering" directs future growth first to areas of the UGA that have existing public facility and service capacities to serve new development. The next areas are those that will be served by a combination of existing and new public facilities and services. Development in the first two tiers is generally known as "in-fill" development which promises to make more efficient use of land and public infrastructure dollars. The third area is the remaining portions of the UGAs that will require new public facilities and services that are to be provided either by public or private sources.[3]

Public facilities are defined as streets, roads, highways, sidewalks, street and road lighting systems, parks and recreational facilities and schools. Public services include fire protection and suppression, law enforcement, public health, education, recreation, environmental protection, and other governmental services.[4]

Planning to Meet the Need

In their 1993 guidance document on developing CFP's[5], The Washington State Department of Community Trade and Economic Development (CTED) suggested the traditional approaches used by communities for developing their capital improvement programs were no longer appropriate given the mandates of the GMA. These traditional approaches are the needs driven and revenue driven approaches.

The needs driven approach starts by listing all capital facility needs of the community given the adopted levels of service standards and the existing and future development patterns laid out in the land use element, then determining how they would be funded. This approach can lead to no more than developing a "wish list" that has a high likelihood of exceeding the ability of the local government to pay for the projects. If the local government can not pay for the facilities needed to achieve the level of service

[1] RCW 36.70A.040, .070, .100
[2] RCW 36.70A
[3] RCW 36.70A.110(3)
[4] RCW 36.70A.020(12) and .030(13)
[5] Making your Comprehensive Plan a Reality: A Capital Facilities Plan Preparation Guide, State of Washington Department of Community Development Growth Management Division, June 1993.

standards they adopted, it must reduce the level of service, reduce costs, or modify the land use element.

The revenue driven approach, also called financially constrained, begins by first determining the local government's financial capacity. A list of capital projects is then developed that does not exceed the available revenue. The revenue driven approach can limit the local government to projects that either provide a lower level of service than the community desires, or the community runs the risk of having a land use element that does not adequately accommodate their growth forecasts.

CTED suggests a scenario driven approach should be taken. This approach recommends two or more scenarios are developed using different assumptions about needs and revenues where needs is defined by levels of service standards. Decision-makers using input from the community then use the scenarios to identify the best combination of level of service and financing mechanisms to determine how the community can best meet their goals and achieve the vision for how they will grow.

In addition to the guidance document, CTED has developed a template local governments can use to help them develop their CFPs.

Show Me the Money!

At this point, all jurisdictions have at least 14-15 years experience with capital facilities planning under GMA. At the very least, they have developed their first capital facilities elements and in many cases have or should have reviewed and updated them according to the seven year review cycle mandated by the GMA. Regardless of how the local government initially or subsequently conducted their capital facilities planning, it is becoming apparent there are significant problems resulting in unrealistic plans that are not implementing their land use elements as envisioned by the communities. Evidence supporting this is the amount of unidentified funding listed in CFPs and Transportation Improvement Plans for identified needs.

Two studies bear this evidence. A 1998 study done by the Washington State Public Works Board reviewed CFP's for the planning period of 1998-2003 for 324 jurisdictions representing 91% of the state's population. The study showed revenue sources for 22% of funding needs were unknown, 12% were unspecified and 4% were reported as unfunded representing a potential dollar gap of $3.05 billion out of a total identified need of $8.11 Billion or 38%. This study was conducted prior to passage of I-695 which capped motor vehicle excise taxes, an important local funding source. It can be assumed this gap has widened significantly.

Washington REALTORS updated the study in 2005[1] using data acknowledged as incomplete due to significant challenges with existing databases. The report estimated

[1] Fruend, B; Luis, M. *Local Government Infrastructure Study.* Washington REALTORS, 2005. http://www.warealtor.org/inf_study.asp.

25% of the funding needed was to come from unspecified funding sources. In total dollars the gap between identified need and identified funding was estimated at $3.99 billion.

Policies contained in CFPs for addressing possible funding shortfalls frequently suggest raising more revenue locally. Revenue raising policies generally note undefined and uncertain revenue sources such as grants, developer contributions, impact fees, voter approved tax increases or politically unpopular fee and tax increases. How realistically can CFPs implement a plan when they contain so much uncertainty?

Given the requirements of the law, what can be done to make the plans more realistic?

Capital Facilities and Transportation Elements

Planning requirements for capital and transportation facilities are listed in the GMA. The Capital Facilities Element or Capital Facilities Plan (CFP) must include:

- an inventory of existing capital facilities owned by public entities showing their locations and capacities. This includes facilities not owned or operated by the planning jurisdiction such as those owned by school, water and sewer districts;
- a forecast of future needs for such facilities based on allocated growth targets and level of service standards adopted by the local government;
- the proposed locations and capacities of expanded or new capital facilities;
- at least a six-year plan that will finance such capital facilities within projected funding capacities and clearly identifies sources of public money for such purposes;
- a requirement to reassess the land use element if probable funding falls short of meeting existing needs and to ensure that the land use element, capital facilities plan element, and financing plan within the capital facilities plan element are coordinated and consistent.[1]

The Transportation Element or Transportation Plan (TP) must implement, and be consistent with the land use element and include the following:

- Land use assumptions based on comprehensive plans, used in estimating travel;
- Facilities and service needs, including:
    - a current inventory of transportation facilities in the jurisdiction, including those owned by the state;
    - level of service standards for all locally owned and state-owned arterial roads and transit routes;
    - forecasts of traffic for at least ten years, based on the land use element to determine the location, timing and capacity needs of future growth; and

[1] RCW 36.70A.070(3)

- identification of state and local system needs to meet current and future needs, including facility improvements currently below adopted standards.
- Specific actions and requirements for bringing into compliance locally owned transportation facilities or services that are below an established level of service standard.
- A financing plan for identified needs, including
    - an analysis of funding needs versus resources available;
    - a multi-year financing plan for the identified needs that can serve as the basis for the six-year transportation improvement program;
    - a discussion of how additional funding will be raised or how land use assumptions will be reassessed if financing plan funding falls short of meeting needs; and
    - demand management strategies and interjurisdictional impacts.[1]

The required components for transportation elements and capital facilities elements are mostly similar:

- inventories and capacities of existing facilities;
- level of service standards;
- an assessment of future need based on forecasted growth and land use assumptions;
- a six year project plan identifying financing available to construct projects;
- reassessment if probable funding falls short.

With all this data gathering we should have plenty of information. The question is, are we truly gathering the data we need and using it in a manner that does the most good? Meeting the most basic requirements for capital facilities and transportation planning does not mean effective facilities planning is occurring. The overriding question to ask is whether the plans are capable of achieving the land use commitments made in the land use element? If not, then serious and politically unpopular decisions have to be made.

It bears mentioning Growth Management Hearings Boards have stated goal 12[2] of GMA creates a duty above the requirements listed in RCWs covering the capital facilities and transportation elements.[3] Therefore, local governments who argue they have met the requirements of the Act must do so within the context of goal 12 and all other goals listed.

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[1] RCW 36.70A.070(6)

[2] RCW 36.70A.020(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.”

[3] See *McVittie v. Snohomish County*, CPSGMHB No. No. 99-3-0016c, Final Decision and Order (Feb. 9, 2000) for one discussion.

A good CFP will critically and courageously identify the hard decisions that need to be made. This is where and when public participation is most critically needed. Unfortunately, we tend to front load public participation when creating our future land use visions. But just as we vigorously debate the benefits and costs of a 150 foot wetland buffer versus 300 feet, we need to give the same critical debate to our adopted level of service standards, growth forecasts and density assumptions and how much they will cost. Addressing each of the basic requirements individually, we'll see how they can build on each other to answer the question; are the capital facilities and transportation plans capable of achieving the land use commitments made in the land use element?

1. Inventories

Each plan must include an inventory of existing facilities, their location and capacity. The inventory serves as a baseline, a picture of where we are now. Developing the inventory should be a straightforward task. Jurisdictions display this information many different ways providing different levels of usefulness. Probably the least useful presentation buries hard statistics in the narrative. Alternatively, referencing appendices and specific facility plans makes it difficult to get at that information unless they are immediately available and presented in a table.

Facility inventory and capacity statistics should be specific and obvious. They don't tell much unless they show how much of the overall capacity is being used and whether that capacity needs to be increased or the facility needs upgrading. The inventory should also consider the quality of the capital facilities. A basic format would show: facility or service, service area, capacity of facility or service – number of current users = deficiency/surplus, qualitative measurement of facility.

To accurately set an objective baseline, jurisdictions need to establish a "Level of Service" standard (LOS) for each facility and service. Some jurisdictions do not clearly outline what the LOS is for all facilities and services. Many local governments set national standards for that facility or service as the adopted standard. If this is done it is imperative the plan also show the current LOS. Any difference between current levels and adopted levels are deficiencies. Some jurisdictions use current levels of service as their adopted level of service standard, and still others create a range.

Jurisdictions are not required to show deficiencies unless they are imposing impact fees. When imposing impact fees, this information helps build formulas that determine what share of capital improvement costs must be borne by new development as well as safeguards new development from paying for existing deficiencies. Not all capital facilities are eligible for impact fees and not every jurisdiction collects them.[1] Therefore, many times deficiencies are not included.

Despite no requirement to do so, including deficiencies in inventories is essential to help prioritize and strategically invest precious infrastructure dollars. A tremendous amount of

[1] Impact fees may only be imposed to pay for capital facility construction of roads, parks, open space and recreation, schools, fire protection facilities outside a fire protection district. RCW 82.02.090(7).

infrastructure funding is spent to upgrade facilities that have fallen into disrepair due to age or deferred maintenance. Infrastructure spending on upgrades must be balanced and coordinated with capacity building needs outlined in the next requirement.

2. Forecast Future Need

Plans must also forecast capital facilities needed to accommodate projected growth, meet the jurisdiction's housing targets and achieve their economic development goals. Many capital facilities elements have incomplete or sketchy forecasts of future need. Not all public facilities necessary for accommodating growth are owned by the municipal government preparing the plan and future needs for those facilities are not included in the plan. Oftentimes, capital facilities elements reference separate plans specific to a particular facility or service, such as sewer plans or school capital facilities plans without summarizing this important information in the element.

These practices put decision makers and the public at a disadvantage when trying to determine whether the capital facilities elements are capable of accommodating projected growth. The land use commitments outlined in the land use element cannot be met without supporting infrastructure in place. It is difficult to make decisions about prioritizing and funding future projects necessary for meeting housing targets and economic development goals without a clear idea of what is needed. Finally, it introduces the possibility that each of the service agencies are planning independent of each other and the long range planning staff developing the comprehensive plans. Without coordinated planning, any efficiencies that could be made are lost.

Determining future need will involve increasing capacity and building new infrastructure as well as addressing existing deficiencies. All should be included in the forecast. The adopted LOS helps quantify the need, which can be translated into costs.

Like the inventory, future need forecasts should be as specific as possible. The land use element generally outlines how much growth is allowed or expected in every area of the jurisdiction; number of homes per acre, allowed commercial and industrial uses, location and acreage of parks, etc. Comparing the inventory with the land assumptions will tell you whether that area has current deficiencies that need addressing as well as future needs to serve the expected growth. It can be difficult or beyond the expertise and capacity of a jurisdiction to get an accurate level of detail for the entire planning area. Using the "tiering" guidance in the GMA, can help focus attention to the areas where growth is supposed to be directed first. Then a jurisdiction can work outward. Another strategy would be to select priority or target areas of the jurisdiction for strategic planning and investment based on market demand, community vision or revenue producing opportunities.

It is important to note capital facilities planning must be for the full 20 year planning period. The needs identified should accurately reflect growth expectations for this time period. Though there will be varying levels of detail for each, project lists should be clearly outlined in the CFE and TE. GMA jurisdictions may defer identified capital improvement projects that will serve growth to any point in the 20 year planning horizon as long as they are eventually included in a 6 year Capital Improvement Plan or Transportation Improvement Plan. The more often projects are deferred to the final six-years of the 20 year plan period, the more improbable will be the adequate and timely funding of all projects listed.

The discretion available to jurisdictions in scheduling and funding public facilities shifts the risk of GMA non-compliance to development projects, resulting in project denial or a requirement the project be funded by the developer. Though not tested by the Growth Management Hearing Boards or by the courts, there exists some legal opinions that any identified need not rectified within the 20 year planning period are then determined to be existing deficiencies. The GMA does not impose a duty or requirement to eliminate or even reduce deficiencies. Instead, GMA jurisdictions are required to provide public facilities necessary to support growth. Therefore, local governments may remain in compliance with GMA even while indefinitely deferring improvements necessary to support growth.

3. Future Locations

Locations for future capital facilities needed to serve growth are to be identified. Many jurisdictions skimp on this requirement alleging the need for flexibility. Oftentimes a specific number of acres needed for future parks is stated with no locations identified. Probable locations are sometimes listed.

Transportation Element requirements lead jurisdictions to be more specific about future locations. This information can help direct consideration of locations for other facilities needed to support growth.

Identifying specific locations for facilities will help develop estimated costs of new facilities since land acquisition will probably be necessary.

Many plans fail to identify locations of future facilities in the unincorporated UGAs, usually the third tier in the growth priority hierarchy. This land tends to be the least expensive in the planning area and can experience rapid development pressures in an environment of skyrocketing land prices. Special attention should be given to these areas, especially if a developer contribution for infrastructure is expected.

4. Financing Plan

A Capital Facilities Element must have at least a six-year plan for meeting capital facilities improvement needs within projected funding capacities and clearly identifies sources of public money for such purposes. In most communities this has translated into documents called the Six-year Transportation Improvement Plan (TIP) for transportation facilities and Six-year Capital Improvement Plan (CIP) for all other capital facilities. The TIP and CIP is a 6 year rolling project list updated every year prior to adoption of local government budgets. Most communities use citizen advisory boards to help prioritize and select projects for inclusion in the TIP. Public input to help select projects listed on CIPs is usually limited to public hearings at the Planning Commission and local legislative level.

GMA specifically directs capital budget decisions be in conformity with its comprehensive plans.[1] Therefore, the annual or bi-annual capital budget of a local government specifically implements the project planning outlined in the 6 year TIPs and CIPs.

The 6 year plans are clearly the implementing tool of a comprehensive plan, helping a community achieve its vision for the future. Reviewing the CIP, TIP and Capital Budget together should lead to a clear understanding of how and where the local government is prioritizing their infrastructure dollars to meet commitments made in the land use element. Unless the planning documents are specific and obvious, a reviewer may have difficulty discerning this information. Citizen advisory boards, planning commissions, elected officials and staff should be constantly and consistently asked how each project on the TIP and CIP and each line item on the Capital Budget implements the land use plan. Each of these decision makers should be able to explain how each project either addresses an identified deficiency and/or increases capacity to accommodate forecasted growth as outlined by the Capital Facilities, Transportation and Land Use elements.

Careful questioning at this level of planning and decision making will help ensure consistency is being maintained not only between all the planning documentation but also by the funding decisions that are to be guided by the plans.

A possible fair and realistic answer by any of these decision makers could be that the projects are more immediate needs to maintain compliance with state or federal public health, safety or environmental protection standards, citizen demand or other perceived emergency. Decision makers frequently must perform a delicate balancing act between meeting immediate and future infrastructure needs. The citizenry tends to have a preference that public funds be used for immediate or high profile projects that do little to accommodate housing needs of incoming citizens or attract new economic development opportunities.

Another fair and realistic response to these questions is that identified funding sources limit the type of project that can be funded, specifically grants and loans. Little if any of the criteria used to qualify for state and federal grants and loans include capacity building to accommodate growth. This fact shows a problematic inconsistency between our funding assistance program goals and the statewide goal to accommodate growth at the time it occurs, goal 12 of the GMA.

Herein lies the crux of our infrastructure funding problems. Local governments have a duty to accommodate growth with little financial support from the state to do so. Incrementally, the legislature has attempted to address this conundrum amidst pressures to fund other competing needs of the state. Additional taxing authority has been granted

[1] RCW 36.70A.120

to local jurisdictions with mixed results. Many revenue producing authorizations have not been fully utilized, mostly due to requirements for voter approval. Local governments should be encouraged to review all revenue producing authorities they have available to them. Pronouncements that a vote to raise revenues would fail should be critically questioned.

The 2005 Washington REALTOR study referenced earlier[1] contains an extensive discussion of revenue sources available to local governments and the extent to which they are being utilized. Identifying which available sources are not being used will help illuminate and guide a useful debate about funding availability. To that end, the Washington REALTORS have developed a guide to local government infrastructure revenue sources. The guide lists revenue raising options available to local governments; their advantages and disadvantages as well as regulatory limitations on their implementation and use.

When reviewing a TIP or CIP, careful attention should be paid to the identified funding sources for each project. Earlier, we discussed the problem of unidentified or unspecified funding sources for projects listed in the TIPs and CIPs amounting to 22-25% of the need. There is a strong possibility these estimates are low. A general list of possible funding sources insufficiently implements a plan and provides no reassurance growth will be accommodated at the time of development. If grants or loans are listed questions to ask include; have applications been submitted; can the criteria for eligibility be met; when will granting decisions be made; how will the project be funded if the grant or loan is denied?

There are a number of communities who have successfully utilized the capital facilities elements, transportation elements, TIP, CIP and authorized revenue raising tools to strategically invest infrastructure dollars into targeted areas of the community and therefore achieve their vision for the future. The city of Tacoma revitalized the downtown core creating a vibrant business community with mixed uses, bringing people back into the city to live, work and play. Renton increased their tax base by supporting retail development and the necessary housing to support the commercial areas and regional job growth. The City of Mountlake Terrace created plans for a Town Center using multiple citizen preference surveying methods. The land use planning was coordinated by complimentary multi-model transportation planning, planning for a public plaza to anchor the town center and development regulations that are performance based rather than prescriptive. In order to achieve their vision for the town center, two key strategic planning actions were performed. Capital facilities projects needed to achieve the vision were adopted into the 6 year TIP and CIP and appropriate revenue raising tools were identified and earmarked for these facilities. To incentivize private investment that supports the vision, an area-wide environmental analysis of the impacts of all allowed development was performed allowing individual development projects to avoid having to undergo the analysis separately and thereby streamlining the permitting process.

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[1] Fruend, B; Luis, M. *Local Government Infrastructure Study.* Washington REALTORS, 2005. http://www.warealtor.org/inf_study.asp.

5. Reassessment

The final required component of a Capital Facilities and Transportation element is a requirement to reassess the land use element if probable funding to implement the plans falls short. This reassessment is an action-forcing mandate to help achieve planning goal 12. Goal 12 directs local jurisdictions to ensure existing levels of service not be degraded by demands from new development. The short hand term for this concept is concurrency.

Actions required by local governments for maintaining concurrency when new development is proposed for public facilities other than transportation include: 1) fund additional facility improvements that would avoid degradation of service standards, 2) reduce the level of service standards for the affected public facility, or 3) reassess its land use element, possibly including the amount or location of development permitted. Other options include revising technical assumptions or methods concerning new technology to produce the same facilities for less cost or strategies to reduce demand on the facilities. [1]

To ensure transportation concurrency, all GMA jurisdictions must adopt ordinances that prohibit development approval if the development causes the level of service on a locally owned transportation facility to decline below the adopted level of service standards, unless transportation improvement or strategies to accommodate the impacts of the development are provided concurrent with the development. [2] "Concurrent with the development" means the improvements or strategies are in place or are financially committed within six years.

Realistically the action taken by a local government if a development proposal risks decreasing level of service standards is to either deny the proposal a permit or require the developer pay for improvements that would mitigate its part in reducing LOS.

What triggers a reassessment of a land use element? The law states a reassessment is required if funding falls short of meeting existing needs. A number of factors help local governments avoid making reassessments. Local governments are given wide discretion in setting level of service standards. Many CFPs lack information about existing deficiencies. Deficiencies can be indefinitely deferred to any point within the 20 year planning horizon.

Policies that guide the timing, triggers and processes for reassessment are required and essential. These reassessments serve as a reality check and can force local governments to admit, within their comprehensive plans, the capacity they have for accommodating forecasted growth within their taxing capacities and the political environment under which they operate.

There are difficult decisions that would have to be made during the course of a reassessment. A reassessment would highlight politically difficult decisions about potential tax increases, possible down zoning or reduction of LOS to levels not supported

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[1] Strategies for ensuring concurrency are guided by relevant Growth Management Hearing Board decisions and not contained in law.

[2] RCW 36.70A.070(6)(b)

by the populace. Indeed, a reassessment would promote a necessary and vigorous debate. Public participation requirements under GMA would ensure it is a public debate.

Careful attention should be made to ensure public participation is not front loaded avoiding the opportunity for the public to weigh in on the realistic choices that need to be made.

It is highly likely the result of a public debate would be strategic planning and investment in critical infrastructure needs in specific parts of the community at the expense of others. These strategic investments can be supported by value-added taxing authority such as tax increment financing or tax incentives to help promote private investment while building the tax base of the community.

Local governments can further support strategic investment by conducting any required environmental review upfront under the planned action authorization provided under the State Environment Policy Act.[1] Sometimes called a Programmatic Environmental Impact Statement, the planned action would be an area wide environmental impact analysis that considers all future land use allowances within a certain area. By conducting upfront environmental analysis, development proposals can be streamlined as long as they are within the parameters considered by the planned action. Any private mitigation requirements would be predictable and quantifiable. All these factors can stimulate the private investment necessary to build a strong, sustainable and predictable tax base useful for addressing the next strategic area.[2]

Conclusion

The time is ripe to look critically at how our local governments are using the mechanisms of the GMA to make their comprehensive plans a reality. A key tool to implementing comprehensive plans and accommodating growth is providing the building blocks for any community – the infrastructure and amenities that make for an attractive community.

Failure to effectively utilize this critical tool will lead to infrastructure not adequate to accommodate projected growth, higher housing costs, inability to attract economic development that would broaden and increase the tax base, degradation of service standards, sprawl and inefficient use of and high cost for public facilities and services. The consequence of failure means the promises of GMA may not be realized.

Funding challenges threaten our ability to accommodate growth. Limited resources call for strategic use of those resources. Planning for and funding infrastructure in strategic areas targeted for growth will encourage appropriate and desired development. Strategic infrastructure investments will pay off in increased private investment which in turn increases tax revenues needed to pay for other government services such as schools,

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[1] RCW 43.21(C).031

[2] See City of Mountlake Terrace Ordinance 2457, Sept.4, 2007 for an example of a Planned Action Ordinance.

parks and public safety. Local governments must strike a balance between paying for maintenance, adding capacity and correcting deficiencies.

We have wrestled with the challenges long enough to proactively face them in a strategic manner that can build the great communities we all want.