



**BRIEFLY**

The GMA recognizes economic development as one of the Act's thirteen goals. Last month, the Washington Competitiveness Council called on the legislature to require an economic element in the comprehensive plans of governments subject to the Act. The recommendation makes good public policy sense.

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# Economic Development: Growth Management's Missing Link

With the state mired in recession, political and business leaders increasingly recognize that economic vitality must be encouraged. Planning and public policy affect business retention, location, and expansion decisions. Communities that want to manage growth successfully plan for healthy economic development. They consider the relationships between population growth, housing, transportation, job creation, regulation, and infrastructure.

That perspective got a boost last month when the Washington Competitiveness Council called on the legislature to make planning for economic development an essential component of growth management. Specifically, in a section of the Competitiveness Council's report urging policy makers to "meet the goals of the Growth Management Act" the committee recommended that the GMA be amended to include a required economic development element. (The WCC report acknowledged that some local governments would prefer that the element remain voluntary.)

As the Competitiveness Council observed, legislation to accomplish the objective had been proposed in the 2001 legislative session and can be considered this year.

The arguments for requiring that local governments planning under the GMA include an economic development component are compelling. Below, we'll examine the benefits.



**GMA:  
Goals and Promises  
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## Why An Economic Development Element

Governor Gary Locke made the best case for setting specific targets at one of the last WCC meetings. Quoting Henry David Thoreau, Governor Locke reminded the group, "In the long run, men hit only what they aim at."

While the governor was not addressing the recommendation to require an economic development element, the observation applies. (A more current version of the principle is found in a comment widely attributed to Peter Drucker: "Management by objective works if you know the objectives. Ninety percent of the time you don't.") The reason for including an economic element in the comprehensive plan is to assure that local officials, in consultation with their constituents, identify what they want to accomplish with regard to economic vitality.

An example of the legislation cited by the WCC is Senate Bill 6070. The bill adds to the aforementioned required comprehensive plan elements "an economic development element establishing goals, policies, objectives, and provisions for economic growth and vitality." It also expands the development



goal to include business retention, expansion and recruitment, while recognizing regional differences in opportunities for economic growth.

SSB 6070 specifies that the element must include assessments of the economic contributions of business to the region; opportunities for retention, expansion and recruitment; and future capital facilities, land use and housing requirements to serve growth and promote economic vitality. The legislation would let counties allow the expansion of small businesses in rural areas, if such business activity is “compatible in size and scale” with the character of the area. Quantifiable performance measures are also required.

The details of SSB 6070 are less important here than the intent of the proponents. Elevating economic development within the context of the GMA not only makes sense, it is essential to successful implementation of growth management. As a developer who has worked extensively in East King County says, “It’s just like all the other elements. It gives citizens a well-defined process for establishing policy for the city. [In putting together the plan], you hash out all of the issues at one time. Then you have the policy in place.” That allows city officials and citizens to measure proposed actions against the plan to see if they are consistent with adopted policy.

Sue Carlson, Renton’s Economic Development Administrator, observes that when economic policies are incorporated in the plan, there can be no question about the role development plays in the city’s growth management strategies. If such policies aren’t there, she says, “We don’t give decision makers the tools they need to make sometimes controversial decisions.”

## Goals without Definition

The GMA sets out thirteen goals (see PB 01-29, *Washington’s Growth Management Act: Goals and Promises*).

The goal relating to economic development is remarkably expansive: “Encourage economic development throughout the state that is consistent with adopted comprehensive plans, promote economic opportunity for all citizens of the state, especially for unemployed and for disadvantaged persons, and encourage growth in areas experiencing insufficient economic growth, all within the capacities of the state’s natural resources, public services, and public facilities.”

For the goal to have meaning, however, it must be attached to a plan. Specifically, it needs to be incorporated in the comprehensive plan of each community subject to the GMA. As it stands now, the goal is simply rhetoric, drained of content.

The GMA is clearly a work in progress, with few goals subject to consistent quantification and evaluation. Nonetheless, even acknowledging the state’s relatively brief experience with the Act, the implementation thus far supports the conclusion that not all of the thirteen goals are treated equally, and that economic development is clearly subordinate.

When we take an objective seriously, we plan to achieve success. And we measure our performance against the plan. When goals are not specified and policies are not established to support them, positive outcomes are unlikely. Accountability cannot be assigned. Goals are less likely to be met.



Planning, of course, defines the GMA. The law assumes that plans will direct and accommodate growth. For those goals deemed highly important, the Act requires that the comprehensive plans include a “plan, scheme, or design” to promote goal attainment. Hence, the legislation discusses in detail the land use element, housing element, capital facilities plan element, and utilities element each local government must incorporate into the comprehensive plan. Further, counties are required to include a rural element.

All elements are to be consistent with each other and with the overall land use plan. If the process is to work, the articulation of economic goals and objectives is clearly essential. Without it, communities may fail to take into account a critical aspect of planning for future growth. With it, they can adopt appropriate zoning and development regulations, determine what incentives should be offered, and develop the necessary infrastructure for sustainable economic vitality.

### **Local Economic Development Plans in Action**

Some local governments recognize this, and have voluntarily incorporated an economic element into the comprehensive plan. A review of a few of them, from cities of different sizes and economic conditions, reveals that the plans need not be expensive or complex to be useful. In fact, to provide the desired focus and statement of policy intent, clarity and simplicity are important plan characteristics.

Bellevue adopted a comprehensive plan based on eleven framework goals, one of which was to “pursue a strong and diverse local economy.” The economic element of the plan addressed the role of city government in economic development, Bellevue’s role in the region, and assessing the appropriate mix of development in the city. Specific policies were crafted to implement the vision and guide coordinated efforts with the business community.

The City of Renton got serious about economic development in the early Nineties and incorporated an economic element in its 1995 comprehensive plan. Just two pages long, the plan establishes four objectives, supported by 22 specific policies. Designed to “encourage collaborations between the public and private sectors to ensure the long-term economic health of Renton and its citizens,” the policies address infrastructure improvements, regulatory processes, parking, downtown development, education, and land use. Renton’s efforts were spotlighted by the WCC, which used the city as an example of successful regulatory reform, reducing processing time while preserving environmental protection.

The Grant County economic development element frames the discussion well: “While the natural setting of the County largely determines the parameters within which economic development may occur, virtually every other feature of life is dependent on the area’s economy. ... Gaining consensus for the direction economic development should take enhances economic development efforts.” The document includes an extensive economic profile and sets out eight goals, supported by specific policies and supporting actions. According to Grant County Planner Scott Clark, the economic development is “another card in the deck to try to help” identify and capitalize on growth opportunities, particularly in rural areas.



In its comprehensive plan, the City of Seattle identifies nine goals, from preparing to accommodate between 131,300 and 146,6000 new jobs over the twenty years of the plan to nurturing business clusters with high wages and good growth prospects. The document further sets out policies addressing labor force education, regulation, small and start-up business assistance, and industrial and manufacturing growth. It is a wide-ranging document, reflecting the complexity of the city as the dominant regional employment and trade center.

Facing different economic challenges, the City of Richland incorporated an economic development element in its comprehensive plan that focuses on growth and development. The city acknowledges a past “marked by the dramatic swings of a boom-bust cycle of federal employment,” and intends to “market itself aggressively to new economic development.” The economic element drew on several pieces of existing research – a Tri-Cities “Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis”, a land use capacity and demand assessment, and information on the city’s existing economic conditions. The element includes policies addressing infrastructure requirements, partnerships with other local governments and economic development groups, streamlined regulatory processes, workforce training and marketing.

## Components of the Economic Element

Each of the plans cited above goes well beyond the brief information included here for purposes of illustration. Further, they illustrate the importance of setting clear goals and identifying the policies required to achieve them.

**Clear goal identification.** Plans begin with a statement of goals to be achieved. Typically, the economic element will include goals addressing job creation, identification of land suitable for commercial and industrial development, adequate housing to accommodate an expanding labor force, environmental preservation and enhancement, improving regulatory processes, responding to market conditions, and provision of infrastructure (transportation, sewer, and water).

The goals may also identify benefits to be received by the community, such as increased commercial activity for local businesses, an improved balance between jobs and housing, increased employment opportunities for local residents, and a growing and diversified tax base supporting public services.

**Policies to support goal attainment.** Once goals are established, the planning element can specify policies local officials will pursue to attain the goals. Facilitating development of multi-family housing units, for example, may entail changes in zoning and permitting. Increasing investments in transit and road construction may be required to realize a goal of adequate transportation infrastructure. Acquisition of land for open space may support efforts to create attractive parklands surrounding a new research site. Changes in tax policy or improvements in public safety programs may be necessary to make the community more attractive for business expansion, retention and location.

As well, the policies can reflect the intentions of local officials to collaborate with other governments in promoting regional activities conducive to economic development. Some goals will transcend municipal boundaries, and success will involve multi-jurisdictional efforts. Partnerships with



economic development organizations, chambers of commerce, the real estate and development community, civic and trade groups may also be recognized in the policies adopted in the economic element.

### **Economic Development Is Fundamental**

According to Sue Carlson, incorporating an economic element into the city’s comprehensive plan demonstrated that the city was serious about business development. When facing the inevitable challenges and reviews associated with the GMA, “if we didn’t have an economic element, it wouldn’t be given weight,” she says. The element demonstrates legislative intent, always an important factor in policy review.

Developing an economic development element does not need to be expensive, particularly when contrasted with the costs of drafting and monitoring other elements of the comprehensive plans. Further, the economic benefits to the community that can be realized from a smart development plan can be substantial. The process of crafting the economic element increases public awareness of the role economic growth plays in sustaining public services and improving the community’s quality of life.

Scott Clark says much of the information required to develop the economic element of the Grant County plan was already available or would have been created for other purposes. Overall, the “economic element didn’t add much to the cost.” The plan was adopted in 1999, so there has not been much time for evaluation.

In Renton, what was important was identifying goals and the policies needed to support them. In essence, making it part of the plan elevated the public discussion, generating support for the final product and demonstrating the importance placed on economic vitality.

The short economic element supports a one-page “business plan” for Renton, with economic development the top goal. Activity is measured routinely as part of the budget, and the policies established in the plan are incorporated into every part of city government. The process is interactive, and economic development is not the sole province of a single city department. Annually, progress is measured in budget review and reported to the community in the “state of the city” report.

The GMA rests on the assumption that, with proper planning and preparation, communities can effectively direct and accommodate growth. The five required elements address most of the planning goals (citizen participation is really a process objective). The omission of an economic development objective suggests that encouraging development and promoting economic opportunity are subsidiary goals, perhaps because when the Act was adopted, policy makers assumed the economy would grow without encouragement.

If so, conditions have clearly changed. The recommendation to make an economic development element an essential part of growth management planning is sound, and timely.

