WASHINGTON ASSOCIATION OF REALTORS®
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Rural Development

Background:

Washington has more than a dozen economic development programs for distressed and rural counties. Rural economic development programs apply to rural counties, defined as those with fewer than 100 people per square mile, and include entire rural counties including their cities and towns, remote rural areas, rural villages, and resource lands. These programs include funding through the Public Works Trust Fund (providing funding for water, sewer, storm-water and solid-waste projects), the Community Economic Revitalization Board (providing loans and grants for buildings and infrastructure to retain and create jobs), and several tax incentives for businesses creating jobs in rural areas. Recently, the legislature authorized rural counties to retain sales taxes for infrastructure aimed at drawing new business and enabling existing companies to expand.

Rural areas under the Growth Management Act (GMA) are those lands that are not incorporated nor designated urban growth areas. Rural development as defined in the GMA may consist of a variety of uses and residential densities, including unincorporated rural towns, villages, hamlets or activity centers RCW 36.70A.030(15).

The land use element of the Comprehensive Plan for each county and city must designate "the proposed general distribution and general location and extent of the uses of land, where appropriate, for agriculture, timber production, housing, commerce, industry, recreation, open spaces, general aviation airports, public utilities, public facilities, and other land uses. The land use element shall 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, 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 county planning under the Growth Management Act must designate urban growth areas sufficient to accommodate the projected population and economic growth expected to occur over the next 20 years. 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.

Counties need to include a Rural Element that protects rural character outside of urban growth boundaries and guides rural development. Counties should develop goals and policies that will preserve traditional rural lifestyles, values, historic character, and aesthetics based on the county’s rural vision and definition of rural character. “Rural character” is defined as the patterns of land use and development that foster traditional rural lifestyle, rural-based economies, and opportunities to both live and work in rural areas.

Rural areas are generally characterized by a balance between the natural environment and human uses with low density residential dwellings, farms, forest, mining areas, outdoor recreation and other open space activities. Commercial uses may be small in scale and provide convenience services to the rural neighborhood. Industrial uses may generally be those dependent on natural resources such as agriculture, timber or minerals. Home-based occupations and industries are allowed throughout the rural area provided they do not adversely affect the surrounding residential uses. Rural development can consist of a variety of uses and residential densities if they are consistent with the preservation of rural character and the requirements of the Rural Element. The GMA provides a number of land use options for economic development in rural areas.

Limited Areas of More Intense Development: Limited areas of more intense development are areas where infill development, expansion, or development of existing commercial and industrial uses can occur in order to retain and expand existing business. RCW 36.70A.070(5)(d) allows counties to "provide for clustering, density transfer, design guidelines, conservation easements, and other innovative techniques that will accommodate appropriate rural densities and uses that are not characterized by urban growth and are consistent with rural character." The development of small-scale recreational or tourist uses that rely on a rural location and setting are generally allowed in the rural area per RCW 36.70A.070(5)(d)(ii). New development of isolated cottage industries and isolated small-scale businesses may be generally allowed in the rural area under RCW 36.70A.070(5)(d)(iii). Overall, the limiting factors for small-scale recreational and tourist uses, isolated cottage industry, isolated small-scale businesses, and expansion of businesses on existing lots are the size and scale and the level of activity generated. Design guidelines must assure compatibility with rural character and minimize visual impact. A key component of visual compatibility for rural commercial and industrial areas is small scale, generally not larger than the rural homes and farms that share the landscape with commercial uses.

New Fully Contained Communities: A new fully contained community is a development proposed for location outside of the initially designated urban growth areas which is characterized by urban densities, uses urban services and meets the criteria of RCW 36.70A.350. A mix of uses must be provided to offer jobs, housing, and services to residents. Counties that have insufficient land available in cities and towns or adjacent to cities and towns may consider creating new fully contained communities.

Master Planned Resorts: Master planned resorts are self-contained, fully integrated planned unit developments, in a setting of significant natural amenities, with a primary focus on the destination resort facilities (RCW 36.70A.360). A master planned resort may include other residential uses to support the on-site recreational nature of the resort.

Major Industrial Developments Outside of Urban Growth Areas: Counties may establish a process for approval of a major industrial development outside of the UGA for a specific business. A major industrial development outside of the UGA is a "master planned location for a specific manufacturing, industrial, or commercial business" (RCW 36.70A.365). Major industrial developments must require a parcel of land so large that no suitable parcels are available within the UGA. An inventory of developable land must be conducted finding that land suitable to site major industrial development is unavailable within the UGA.

Industrial Land Banks: The GMA allows certain counties to designate industrial land banks outside of UGA's (RCW 36.70A.367). However, the authority for a county to engage in the process of including or excluding master planned locations terminated on December 31, 1999.

Analysis:

A variety of new tax incentives and other measures have been provided to encourage private investment in rural areas and support continued economic vitality throughout the state. Several rural economic development initiatives would allow economically distressed counties to retain a greater share of the taxes they generate while providing additional incentives for business investment in those areas.

Many of the rural areas of Washington have still not experienced the same economic prosperity as the rest of the state. Rural areas struggle with severe shortages of trained workforce and a lack of land with applicable development regulations available for development for new business sites – and most importantly, a lack of demand for economic development.

The Growth Management Act provides that economic development is to be encouraged in the areas experiencing insufficient economic growth. However, other GMA goals make clear that urban development should be in urban, not rural, areas and that sprawl should be reduced. Counties must balance economic development in rural areas with the need to protect rural character.

Growth management is intended to serve as the integrating framework for community planning and land-use related laws. The act should provide the means to effectively combine certainty for development decisions, reasonable environmental protection, long-range planning for cost-effective infrastructure, and orderly growth and development. 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, rural communities often face a more basic problem: the shortage of funds in many small communities to finance the planning and infrastructure requirements of the Growth Management Act. Overcoming this gap would contribute to "community readiness" for economic development. While counties can provide limited opportunities for economic development in addition to resource-based economic development in rural areas, these opportunities will be limited by the ability to appropriately plan, the availability of infrastructure to support development, and the amount of buildable land available for development while protecting surrounding rural character.

The greatest barrier to expanding existing businesses or attracting new businesses in rural communities is inadequate infrastructure. Transportation, public utilities and telecommunications systems provide support structures essential to the functioning of the economy. Investments in infrastructure are crucial to business expansion. Financing these local public works projects is essential to support economic vitality.

In addition, many businesses will not locate in rural areas because of the inability to provide sufficient land for development due to regulatory requirements, slow and complicated permitting processes, and many land use restrictions. Business simply will not locate in distressed economic rural areas without competitive incentives.

State policy makers must address a number of important issues for economic development to prosper throughout the state, including: quality of life, infrastructure, land available for development, housing, regulatory environment, and tax and fiscal policy issues.

Conclusion:

REALTORS® help sell the benefits and important aspects of each community. Many of our members are involved in community economic development councils, chambers, and other organizations interested in attracting economic development. REALTORS® have experience in highlighting the key selling points of communities, and understand what makes a community attractive to potential commercial and industrial development.

REALTOR® experience has taught us there are four key elements to providing a strong foundation for economic development, and attracting business to Washington State:

- **Enhancing the high quality of life that we enjoy throughout Washington. The low cost of living, the pristine environment, public health and safety, affordable and available housing, and a qualified workforce, balanced by the desire to accommodate economic development, are critical to drawing business to the state.**

- **Ensuring a sufficient amount of buildable land with applicable development regulations, while providing an integrated planning process with coordinated and predictable permitting procedures, will provide important incentives to encourage economic development.**

- **Infrastructure investments are necessary to attract new business. Local jurisdictions need the ability to provide water, sewer and roads to support new business investment.**

- **Tax incentives are an effective method to encourage business to locate in areas, providing the community with economic development and job creation tools.**

Washington's rural communities must have a high quality of life and the capacity to respond to economic development and infrastructure needs quickly, efficiently, and flexibly. Industrial development in rural areas can contribute to the economic diversity of unincorporated areas of the county and provide employment opportunities for the nearby rural population.

To encourage economic development throughout the state, targeted infrastructure investments and tax incentives must be made to provide the transportation and telecommunications infrastructure, water and public utilities necessary to attract business, while ensuring a sufficient amount of buildable land, with applicable development regulations, is available for development.

REALTORS® support proposals that provide local governments with the tools to provide opportunities for economic development. We encourage the legislature to adopt land use, regulatory and tax policies that encourage economic development. We encourage the legislature to streamline the permitting process and review the Growth Management Act for needed revisions to better provide for economic development, such as master planned resorts, land banks for economic development, and restrictions on development outside the urban growth areas.