



## BRIEFLY

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# Smart Growth and Buildable Land

Washington's Growth Management Act directs local communities to establish areas where growth is encouraged and supported with adequate facilities. At the same time, it encourages designating other areas for rural uses and resource protection. More compact urban development, the theory goes, will help to preserve and protect sensitive land and other environmental resources and allow urban services to be built and delivered more efficiently.

Drawing the urban growth boundary is not an easy act. Sufficient buildable land must be included within the urban area to accommodate future growth. If too little land is included, restricting supply, the price of land and housing will shoot up, prompting legal challenges and political pressure to extend the urban growth boundaries. On the other hand, many believe that designating too much urban area can defeat the purpose of the growth boundary.

In this brief, we discuss buildable land, as it is defined by the Growth Management Act (GMA), explain the challenge of knowing how much is available in any given urban area, and consider the constraints to developing these lands. We discuss how local governments are determining the land they have available for development and what measures they are taking to increase their inventory of buildable land.

## Defining "buildable land"

In Washington, local cities and counties are designating urban growth areas (UGAs) to include "areas and densities sufficient to accommodate the county's expected growth for the succeeding 20 years" (GMA, Section 12, RCW 36.70A.120). To provide for this growth, local communities need a clear understanding of what land is realistically available and suitable for development.

According to the state's Community, Trade and Economic Development department (CTED), buildable lands are, "All vacant, partially-used, and under-utilized parcels that are: (a) designated for commercial, industrial, or residential use; (b) not intended for public use; and (c) not constrained by critical areas in a way that limits development potential and makes new construction on a parcel unfeasible." CTED goes on to define these parcels:

- Vacant land is land with no structures or with building improvements valued at less than \$500.
- Partially-used parcels are properties with uses that are consistent with zoning, but which contain enough land to be further subdivided without rezoning. A single house on a ten-acre parcel, where urban densities are allowed, is partially developed, for example.
- An under-utilized parcel is an improved property that is zoned for more intensive use. For instance, a single-family home on multifamily-zoned land is under-utilized.



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Even though these categories exist and a specific property may qualify under the definitions, it may not necessarily be suitable for future development. Wetlands, steep slopes, and polluted sites can potentially limit use and development of individual properties, as can the unavailability or limited capacity of the public infrastructure (sewer, water, roads, etc.). The supply of available land may also be limited by economic factors, such as the market feasibility of developing on specific sites, or by the property owner's desire to withhold the land from the market. An additional factor to be considered in evaluating the adequacy of land capacity is the trend toward smaller household sizes, increasing the number of housing units required to serve the population over the twenty-year planning horizon.

In addition, many, if not most, communities in Washington are multi-minded about development, even "smart growth"-type development: Developers say that getting permits for Smart Growth projects is complicated and time-consuming, with standards differing from community to community. This drives up the costs of new development, exerts an upward pressure on the prices for existing housing, and reduces the availability of affordable housing. Often, local zoning and development regulations don't even allow for smart growth development. Local governments say they don't have enough information or staff to provide timely reviews and decisions. Environmental organizations complain that the cumulative effects of projects are not considered when permits are issued. Neighborhood groups oppose projects saying they generate too much traffic or otherwise diminish their quality of life.

For all these reasons determining whether these lands can realistically be developed or redeveloped is a challenge local jurisdictions have yet to meet.

### **On the horizon**

But even with current program and political constraints, some innovative developments are being approved. And, a wider range of housing choices is demonstrating how the land available may be used more efficiently.

In Renton, Washington, for example, downtown officials are promoting redevelopment of the downtown commercial core. Metropolitan Place is the first of several combined-use projects planned in King County. The new, privately owned building will include some of the components of the county's six-year Transit Development Plan. A 150-space park-and-ride will be developed with retail space and 90 mixed-income apartments built above, all across from a transit hub. The developer, Don Dally says that combining transit, affordable housing and business opportunities into one project is simply good land use.

Eakin/Youngentob Associates from the Washington, D.C. metropolitan area have built high-quality infill town house projects on sites previously ignored. The company's Courthouse Hill project in Arlington, Virginia won the Urban Land Institute's 1998 Award for Excellence for small-scale residential development. Town-homes of the 1970's and 1980's have given way to upscale courtyard and city homes, which rival and often exceed the size and cost of single-family detached homes.



## Constraints and collaboration

No one denies that Smart Growth can be challenging. (For a more detailed discussion on Smart Growth, see ePB #5 entitled *Growth Management Effects on Real Estate* by the Washington Research Council.) In some cases, communities are answering this challenge by banding together to balance the concerns of the developers, local governments, environmental organizations, and neighborhood groups in order to accomplish Smart Growth goals. And state legislatures are acting to sort various state regulatory barriers, removing inconsistencies and contradictions and rationalizing the various timelines.

In Washington, for example, permits are subject to the Growth Management Act, the State Environmental Policy Act, and the Shoreline Management Act, each with a different focus, process, and set of time requirements. In 1995, the legislature adopted regulatory reform aimed at combining these laws to make them more streamlined and predictable. Since then, a number of communities have taken advantage of this reform to speed up permit processes.

The city of Renton, Washington took advantage of the reform in the fall of 1998 with a “rapid review” of a mixed-use office/residential redevelopment by SECO Development, Inc. For development of an area along the shores of Lake Washington known as Southport, SECO Development needed a decision on land use and environmental review within nine months in order to secure financing and exercise an option to purchase the site. The city was able to complete its review by combining growth management and environmental requirements, and by designating its planned actions under the State Environmental Policy (SEPA). During an intensive six-month review process, the Renton City Council changed the comprehensive plan designation for the site from Industrial to Center Office Residential, amended the zoning code, and adopted a planned action ordinance. The city prepared a combined comprehensive plan and supplemental environmental impact statement (EIS) to cover all of the actions. The city’s efforts cut off six months of the approval process. Eliminating the multiple project environmental reviews, future hearing examiner reviews, and potential appeals also reduced processing time.

Tacoma, Washington has a growth management monitoring system to carry out its comprehensive plan, including an ordinance that spells out how growth impacts will be managed for 13 city services. The city also encourages dense urban development by providing greater flexibility in height and bulk regulations.

## Local efforts to monitor buildable lands

Ten years into the state’s Growth Management Act, “Smart Growth” concepts are still taking shape in Washington. And there are many skeptics who believe that regardless of what is done, the urban growth boundaries have been drawn too tightly to accommodate growth for the next twenty years. They point to the effects that are already being experienced in the Puget Sound area like housing price inflation and affordability, congestion, and homelessness.

State officials, however, say the question is still being studied. The Buildable Lands Program in Washington State is a long-term undertaking to monitor the supply of land in various communities. Currently in its early stages, thousands of parcels of land are being evaluated for the density and intensity of



residential, commercial, and industrial development, tracking information about employment, critical areas, and capital facilities among other key data.

Six Western Washington counties and the 97 cities and towns within their boundaries are participating in this effort in order to answer two basic questions: (1) Do local governments have enough suitable land to accommodate expected growth for twenty years? and (2) Are urban densities being achieved in urban growth areas?

Gathering data annually, participating jurisdictions will compare the level and type of development that has occurred with that which was expected at five-year intervals. The first evaluation is scheduled for September 1, 2002. If gaps are identified between projected targets and actual experience, local governments are to make adjustments for the next five-year period using techniques that don't involve moving their urban growth boundaries.

### **Enhancing land availability**

With urban area populations on the rise and developable urban land increasingly scarce, especially in downtown areas, communities and developers are seeking creative ways to increase the amount of buildable land.

In his February address to Congress President Bush supported reclamation of toxic brownfields – those sites so polluted by past industrial practices that they sit idle, paralyzed by a combination of federal liability laws and prohibitively expensive rehabilitation work. The National Association of REALTORS®, and National Association of Home Builders (NAHB) agree that reclaiming these sites, which number nearly half a million nationwide, is important for urban redevelopment. The question of future federal liability, however, has been a significant barrier and action by Congress is crucial. “Congress needs to enact legislation to reform brownfields federal liability laws so that thousands of brownfields sites in urban markets can be used for new housing and mixed-use development,” says NAHB President Bruce Smith.

Freeway caps are another measure being considered. Similar to Seattle's Freeway Park near the Convention Center, Portland planners are currently working to build caps above portions of their freeway. These will not only reunite surrounding neighborhoods, they say, but also create new area for development in a city that is fast running out of downtown space. There are economic and technical complexities to these types of structures. Les Jacobson, an assistant regional administrator for traffic for Washington's department of transportation explains that along with ventilation systems, fire detection and lighting systems have to be maintained. The more freeway that is covered, the more complex the issues become. Jacobson notes, “Construction costs are high, and though there is potential for investment through development, I don't know that investment can offset the initial capital costs”.

The Washington State Growth Management Program offers the following approaches to increasing developable property in urban areas:

- ❑ Inventory and evaluate publicly-owned lands and dispose of unneeded properties to someone committed to their development. Cities and counties are sometimes unaware of all the property they have acquired over the years through tax delinquency,



donation, or land banking. Sale of these properties could provide money for local government development efforts, promote infill development, and possibly in combination with other properties, form larger areas more suitable for development;

- Swap publicly-owned land for other, more environmentally sensitive or desirable parcels to the mutual benefit of both the public and developers;
- Tax vacant, residentially zoned land at rates based on permitted uses rather than current use as a disincentive to holding land for future development;
- Rezone land where there is excess supply of a particular use or where current zoning is limiting redevelopment;
- Provide incentives for infill development, allowing higher densities, establishing minimum densities, improving infrastructure, and making public grants.

Private industry trade associations, like the Silicon Valley Manufacturing Group (SVMG), support these concepts. The SVMG represents 190 of the largest private sector firms in the Silicon Valley, providing 275,000 jobs. In 1985, a task force of the organization (then known as the Santa Clara County Manufacturing Group) addressing housing costs and land availability recommended that zoning be changed to:

- Increase available land by allowing for a few more homes per acre; and
- Convert some industrial and commercial parcels to residential use.

SVMG found that acres of land were underused. Many municipalities within Santa Clara Valley allowed developments that failed to meet their zoned densities. And, like many places, Santa Clara was also over-zoned for commercial development. Thus, commercially zoned land represented a tremendous resource for new housing development.

Accommodating growth remains a fundamental GMA requirement, one that will be tested in the coming years. A “white paper” by The Environment Group of the law firm, Perkins Coie LLP, states: “... the review and evaluation now mandated by the GMA to begin in 2002 will, for the first time, require counties and the cities (especially those within the six buildable lands program counties) to determine whether they have actually provided the land, densities, and capital facilities to accommodate growth and whether they are actually accommodating the planned for growth, both residential and nonresidential.”

The authors note several possible points of contention confronting planners and policy makers. For example, forcing employment growth within urban centers may lead to a deterioration of transportation service levels. As well, they point out that “... existing UGAs may be unable to increase the density required to accommodate growth” because of environmental considerations.

Therefore, it is important to remember that UGAs do not have to remain forever locked within fixed boundaries. Indeed, many legislators recognized ten years ago that the UGAs would have to be flexible, expanding in response to changing demographic and environmental factors.

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In the end, urban areas that are experiencing pressures for rapid growth, as the Puget Sound and Portland areas have over the last several years, may find that innovative approaches to infill development are necessary, but insufficient responses. Indeed, the Portland area has recently extended its growth boundaries in order to accommodate growth there. Housing price inflation and affordability, congestion, homelessness, work force mobility, and potentially, work force availability are the result of boundaries that are too tightly drawn. They were anticipated in the early 1990s during the pre-legislation growth management debates in Washington State. These and other land use regulatory issues will be discussed in an upcoming Growth Brief on the effects of regulation on development costs.

