GMA Planning Informed by Market Realities

Kapena Pflum, AICP
APA WA Planning Conference
October 2, 2013
What is this Session All About?

Interface between Market Reality and Planning

- How can data-driven trend analysis inform planning and strategy?
- How do you deal with slower or faster than expected growth?
- How do you adjust plans to reflect changing market position and market demands?
Different Perspectives

**Whatcom County**
- Northwest county with Canadian border market influences
- Agricultural and natural resources market-based programs

**City of Covington**
- Emerging activity center with recent growth exceeding long-range targets
- Guiding and balancing growth to create sense of place

**Kitsap County**
- Assessing UGAs in context of recession – land capacity and infrastructure considerations
- Impacts of annexation and incorporation
Session Overview

- **Introductions** – 5 mins

- **Speaker Presentations** - 50 mins
  - 10 minutes each, brief Q&A
  - Overview of issues facing community, tools/actions

- **Open Q&A** – 35 mins
Questions?

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KITSAP COUNTY
Land Capacity, Infrastructure and Market Factors
OR
How I Learned to Stop Worrying and Love Working with Engineers

Kitsap County Special Projects
October 2, 2013

LAND CAPACITY
How to ensure adequate land supply for urban growth?

“Real” Capacity
Beyond colors on a map

KITSAP COUNTY COMP PLAN
Analysis of Vacant and Underutilized Land
Spreadsheet exercise
Area assessments to “truth” calculations
Impediments to urban development

AREA CHARACTERISTICS
Infrastructure is paramount (particularly wastewater) and it costs $$$
Designated urban area should be evaluated for:
• Future wastewater infrastructure (how will it get there?)
• Topographic challenges (more pump stations?)
• Critical area systems
• Historic low-density development patterns
• Existing nearby infrastructure (size and capacity?)

EXAMPLE: TRACYTON
WHAT TO DO?

This analysis can lead to multiple outcomes:

- Revisions to UGA boundaries
- Allow increased densities in complicated areas
- Adjust unavailable lands deductions (market factor)
- Focus collaborative infrastructure policies in specific areas

COLLABORATIVE INFRASTRUCTURE POLICIES?

- Steamlined ULID process.
- Extension of late-comer payback time frames and potential value increases over time
- Developer coordination with pipe and pump station placement (condemnation, if necessary)
- Co-financing of infrastructure that fits the regional wastewater plan = $$$$?!!!

WHY WOULD GOVERNMENT FUND GROWTH?

Takes the long view of cost

- Infill development is cheaper for service provision (pipes and people)
- Developers historically pay for construction, BUT...
- Government pays for long-term maintenance and replacement. Multiple uncoordinated facilities serving the same area = $$$$
POPULATION AND EMPLOYMENT PROJECTIONS

Counties generally responsible for regional analyses
Impacts of Annexations and Incorporations
Change of jurisdiction can equal change of zoning/regulations
What does that do to the regional analyses and reporting? If a problem, who fixes?

EXAMPLE: POPULATION

McCormick UGA

UGA sized in 2003
4 du/acre
Achieved densities through 2010
6 - 7.6 du/acre
Annexed by Port Orchard in 2009
How to adjust an area potentially oversized?

EXAMPLE: EMPLOYMENT

South Kitsap Industrial Area UGA

UGA sized in 2003 = 3,500 acres
=10,000 industrial jobs
Annexed in 2009 by Bremerton
Recent Sub-Area Plan reduced to 6,500 mixed employment jobs
Where do the 3,500 jobs go to? Where did the mixed employment jobs come from? How to address it in the future?

CONCLUSIONS

Land capacity hurts my head
Invest in conceptual wastewater planning for UGA designations
Adjust land capacity assumptions based on area specific analysis
Promote public/private solutions to difficult infill areas
Jurisdictions must work together to ensure regional targets
Covington Statistics
- Founded in 1880s; incorporated in 1997
- 18,143 people (2013 state estimate)
- 5,817 households (2010 census)
- One-third under 18 years of age
- Median Age 34
- 6.5 square miles
- Total employment (2006): 3,610
- Average wage for jobs in Covington (2004): $26,700
- Median household income (2010): $90,285

Growth Spurt
- Covington Targets 2006-2031
  - 1,470 New Housing Units
  - 1,320 New Jobs
- Covington Targets 2012
  - 712 New Housing Units
  - 2,773 New Jobs
- 50% of Housing
- 200% of Jobs

Growth Spurt: REGIONAL IDENTITY
- Large Format Retail
- Medical
- Education

Wonder Years
- First decade → focus on building tax base
- Second decade → focus on building a sense of place
Setting Boundaries
- Downtown Plan is core economic development effort – 81 AC
  - Pedestrian-oriented town center
  - Civic Center
- Hawk Property Subarea – 210 AC
  - Auto-oriented Urban Village
  - Regional Uses
- >300 AC to provide Commercial/Mixed Use/Housing

Growth Targets
- Exceeding Allocated Targets
  - 3,000 Housing Units
  - 1.6m SF Commercial Capacity
  - 3,500 Jobs

Struggles
- Growth in SE King County Not Realized
  - Transit- King County Metro Transit
  - Not Designated as a “Center”
  - Demand on Infrastructure
    - Streets, Parks, Services

Guiding Growth: How does a city find balance?
- Use your Comprehensive Plan as a TOOL
- LOBBY
  - Local, Regional, County, State
- LEADERSHIP in both directions
  - Moratoriums
  - Studies: Downtown/Hawk Property
  - Budget Priorities Advisory Committee
  - Destination Covington
  - Commission Leadership
  - Branding Efforts “Growing toward Greatness”

Thank You

Questions:
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GMA Planning Informed by Market Realities

Whatcom County Perspectives

Mark Personius
Long Range Planning Manager
Whatcom County PDS

Whatcom County GMA Planning Issues at a Glance

- Healthy 20-Year Annual Growth Rates (1990-2010)
  - UGAs = 2.5%
  - Rural Lands = 1.8%
- Seven Cities, three Non-municipal UGAs, two Tribes
- 76% urban/24% rural population growth (2000-2010)
- Multiple Appeals and Hearings Board Orders on Measures to Protect Rural Character
- Rural Population Growth Monitoring Policy
  - Requires monitoring of non-UGA growth for consistency with adopted allocations

Whatcom County Population Growth

- Natural Increase
- Net Migration

International Border Influences on Local Markets

- Exchange rate historically favors the Canadian dollar
- High Canadian taxes and US recession has kept retail prices competitive and big box retail discounts make shopping in the U.S. economical for Canadians
- Surveys suggest that as much as 50% of big-box retail sales in Bellingham are by Canadians
- Expensive Canadian real estate prices makes Whatcom County urban and rural real estate attractive for both vacation and investment purposes
- Close proximity leading to increased cross-border commuting
UGA Population & Employment

- 20-Year P/E Allocations
  - Phase I: Technical projections based on past share
  - Phase II: Adjustments based on local circumstances
- UGA Sizing (Local Circumstances that Affect Supply & Demand)
  - Blaine/Birch Bay/Lynden/Sumas (Canadian influences)
  - Ferndale (issued more SFR permits than B'ham in recent years)
  - Bellingham (Focus on mixed use urban villages and SFR Infill; not on UGA expansion)
- Tribal Economic Development Interests and the Lack of GMA Guidance

Emphasizing Urban Growth

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<td>All Urban Growth Areas</td>
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<td>Other Areas Outside UGAs</td>
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<td>Total Whatcom County</td>
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Residential Market Issues

- How to provide for lifestyle choice for next 20 years growth in changing markets?
- Concern that insufficient supply of urban land for SFR pushes that demand into rural areas
- Demographic trends
- Market-Related Land Capacity Analysis Issues
  - Occupancy Rates; SF/MF Demand
  - Validation of assumed densities for future development
  - Market factors on master planned projects
  - Matching Infrastructure and Land Supply

Market Impacts in the Farmland

- Weak Housing Market Demand
  - Good for Farmland (less non-farmstead residential demand)
  - Bad for Farmland PDR Program (lower average residential DR value often means less participation from farmers in the program)
- Strong Housing Market Demand
  - Bad for Farmland (more non-farm residential demand and more conversion to non-farm uses)
  - Good for Farmland PDR Program (higher average residential DR value often means more interest from farmers in the program)

Market Impact on Farmland PDR Program

- Traditional PDR Valuation—Fair Market Value Appraisal
- Focus on Difference in Ag/Residential Value
- Expensive, Time-Consuming
- Not Sensitive to Conservation Values
- Uncertainties of Related Agency Regulations/Programs and Issues on Farmers
- New Tools
  - Natural Resources Marketplace
  - PDR Reverse Auction Strategy
Natural Resources Marketplace

People who do more than the minimum required to enhance watersheds and/or protect agricultural land should be able to trade the benefits generated from their actions in exchange for incentives, payments in kind or regulatory relief with those who seek to mitigate unavoidable impacts.

Whatcom County Ag-Watershed Project

How can a marketplace approach strengthen agriculture while enhancing larger-scale watershed functions?

- Project partners (Whatcom County, WA Dept. of Fish & Wildlife, Ecology, Whatcom Conservation District and Farm Friends)
- Identify feasible opportunities on agricultural land to improve both watershed health and agricultural viability;
- Develop incentives and tools to compensate actions that go above and beyond what is required; and
- Implement two demonstration pilot projects on ag land

Natural Resources Marketplace Needs

- An accounting system to establish & track values of each credit and debit to ensure that sellers & buyers live up to their commitments;
- A mechanism for verification of baseline conditions, enhancement actions and oversight;
- Clear agreement on ownership of credits; and
- Monitoring system to measure progress toward agreed watershed & agricultural outcomes.

Credits or Debits within a Natural Resource Marketplace

- Shade through planting of buffers along streams to reduce water temperatures and protect fish habitat.
- Water quality improvements to protect fish, shellfish and domestic water supplies downstream.
- Drainage of agricultural land for continued crop production.
- Water rights or water contracts, where these are available, to secure access to water for irrigation, livestock and/or agricultural processing.
- Development density aligned with Whatcom County PDR Program
- Flood management including protection from flooding and reduction in peak flows by holding flood water back on some farm fields.
- Environmental mitigation options, such as wetland credits, for unavoidable impacts of land use/ infrastructure development.

PDR Reverse Auction Strategy

- Target small non-conforming lots in Ag zone with greatest potential for residential conversion
- Determine legal lot-of-record status to define eligible pool of participants
- Mass appraisal approach to valuation of DRs
- Determine maximum acceptable bid(s)
- Define auction mechanism to incentivize bids
- Intensive stakeholder outreach

Lessons Learned

- Need Better Data on Behavioral Land Use Economics
- Move Toward Data-Driven Policy
- Research and Define Local Circumstances Affecting Land Markets (Supply & Demand)
- Partner on Joint Initiatives
- There is No End of Planning!