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“By far the greatest and most admirable form of wisdom is that needed to plan and beautify cities and human communities.”

- Socrates
Chapter 1: INTRODUCTION

PROGRAM HISTORY
FUNCTION OF THE BUILDABLE LANDS
GUIDELINES
REVIEW AND EVALUATION PROGRAM
REQUIREMENTS
PROGRAM GUIDELINE DEFINITIONS
PROCEDURAL OVERVIEW
FUNDING
SCHEDULE
REVIEW & EVALUATION PROGRAM & LAND
CAPACITY ANALYSIS
Introduction

The Review & Evaluation Program, commonly referred to as the Buildable Lands Program, is an integral part of Washington State’s Growth Management Act (GMA). The program is established in Revised Code of Washington (RCW) 36.70A.215 and Washington Administrative Code (WAC) 365-196-315.

RCW 36.70A.215(1)(a) and (b) outlines that the purpose of the Review & Evaluation Program shall be to:

(a) Determine whether a county and its cities are achieving urban densities within urban growth areas by comparing growth and development assumptions, targets, and objectives contained in the county-wide planning policies and the county and city comprehensive plans with actual growth and development that has occurred in the county and its cities; and

(b) Identify reasonable measures, other than adjusting urban growth areas, that will be taken to comply with the requirements of this chapter.

Reasonable measures are those actions necessary to reduce the differences between growth and development assumptions and targets contained in the county-wide planning policies and the county and city comprehensive plans with actual development patterns. The reasonable measures process in subsection (3) of this section shall be used as part of the next comprehensive plan update to reconcile inconsistencies.

The process of comparing growth and development assumptions with actual growth and development that has occurred and identifying measures to reduce differences between growth and development assumptions and targets may seem straightforward at face value. However, there are many complex factors and issues, along with data that must be collected and assessed in detail when performing the required evaluation. This raises many questions – How does a jurisdiction get started? What methods can be used for conducting the analysis? What actions need to be taken based upon the results of the collected data? What is required by the program and what flexibility do jurisdictions have to define
their program and approach? Such questions, among many others, are the basis for these guidelines.

**Program History**

The Review & Evaluation Program was established in 1997 as part of an amendment to the GMA. The program originally applied to six counties, and the cities within their boundaries, and was optional for all other jurisdictions. The six counties that were part of the original program were Clark, King, Kitsap, Pierce, Snohomish, and Thurston. Amendments to RCW 36.70A.215 in 2017 added Whatcom County. Since 1997, the original six counties have produced three Buildable Lands reports.

The first Buildable Lands Program Guidelines document was completed in 2000 and has been a valuable resource document for local jurisdictions. It primarily serves as a source for suggested approaches to meeting the requirements of the program.

As outlined within WAC 365-196-315, Buildable Lands jurisdictions develop streamlined processes and procedures for administration and implementation of the program requirements. Flexibility allotted by the statute and rule is evidenced in the different approaches that have been developed by each county while still complying with the program’s regulatory requirements. In 2017, E2SSB 5254 was passed by the Washington State Legislature and constituted the first major revision to the program since its inception in 1997. The 2018 Buildable Lands Guidelines are also the first update since the original Guidelines were published in 2000.

*Figure 1. Counties Subject to the Review & Evaluation Program (2018)*
Function of the Buildable Lands Guidelines

The Review & Evaluation Program is intentionally designed as a “bottom-up” approach in order to provide a great deal of discretion to counties and cities as they define their own programs.

The Guidelines are a flexible guidebook that breaks down the requirements of the Program. The intent of the Guidelines is to provide information, best practices, and methodologies related to conducting the Review & Evaluation Program’s analysis in order to assist local governments through the process. It is not intended to supplant local government’s responsibility to adopt policies and procedures to implement Buildable Lands requirements.

Review & Evaluation Program Requirements

The requirements and rules for the Review & Evaluation Program are established in RCW 36.70A.215 and WAC 365-196-315. The following is a summary of the statutory elements that are the foundation for any individual program’s development. These requirements are discussed in greater detail in other sections of the Guidelines.

Program Requirements

The RCW identifies key elements that, at minimum, must be included as part of program. They include:

- Adopt county-wide planning policies that establish the Review & Evaluation Program (RCW 36.70A.215(1));
- Determine whether a county and its cities are achieving planned urban densities and have sufficient capacity to accommodate planned growth by comparing growth policies with actual growth achieved (RCW 36.70A.215(1)(a));
- Provide for annual collection of data on urban and rural land uses; development, zoning, and development standards; environmental regulations including, but not limited to, critical areas, stormwater, shoreline, and tree retention requirements; and capital facilities to determine the quantity and type of land suitable for development, both for residential and employment activities (RCW 36.70A(2)(a));
- Evaluate the above collected data and assess their impact, if any, on land suitable for development (RCW 36.70A.215(2)(b)). It is important to note that although data are required to be collected annually, they are not required to be evaluated annually;
- Provide for methods to resolve disputes among jurisdictions (RCW 36.70A.215(2)(c)); and
- Develop reasonable measures that reduce the differences between growth and development assumptions and targets that may be contained in the CPPs and city and county comprehensive plans. If necessary, reasonable measures shall be adopted during the next comprehensive plan and development regulation update process and may be incorporated into CPPs (RCW 36.70A.215(2)(d) and RCW 36.70A.215(1)(b)).

Evaluation Requirements

RCW 36.70A.215(3) establishes the minimum evaluation components that must be assessed as part of any program. The steps outlined within this section serve as the foundation for the Buildable Lands methodology and are explained in greater detail in Chapter 3: Approach & Methodology. The primary steps required to be completed by all Buildable Lands jurisdictions include:
• Determine the actual density of housing that has been constructed and the actual amount of land developed for commercial and industrial uses within the urban growth area since the adoption of a comprehensive plan or since the last periodic review (RCW 36.70A.215(3)(d));

• Based on the actual density of development, review commercial, industrial, and housing needs by type and density range to determine the amount of land needed for these uses for the remaining portion of the current 20-year planning period (RCW 36.70A.215(3)(e));

• Determine if there is sufficient suitable land capacity to accommodate the county-wide population projection established for the county and the subsequent population allocations within the county and between the county and its cities, based upon previous achieved densities (RCW 36.70A.215(3)(a));

• Determine if there is sufficient employment capacity for the remainder of the planning period based upon planned and achieved densities (RCW 36.70A.215(3)(e)); and

• Analyze county and/or city development assumptions, targets, and objectives in CPPs and comprehensive plans when targets, projections, or assumptions are not being achieved. A finding that capacity shortfalls or growth inconsistencies will be rectified towards the end of the planning period cannot be made without supporting rationale (RCW 36.70A.215(3)(c)).

**Showing Your Work**

While flexibility is a cornerstone of the Review & Evaluation Program, each Buildable Lands jurisdiction must incorporate the components of RCW 36.70A.215 and WAC 365-196-315 into their respective programs. This bottom-up approach places the responsibility on jurisdictions to show how their approach is accounting for the basic requirements of the program, how each requirement is assessed, and what the outcome of that assessment was. By doing so, residents and stakeholders participating in the process can clearly understand information considered, processes conducted, and how conclusions were made.

RCW 36.70A.215 and WAC 365-196-315 outline this by stating that the Review & Evaluation Program must be established within county-wide planning policies. The WAC provides additional guidance by stating that policies must contain a framework for implementation and administration of the program. A local framework for implementation and administration of the program may be adopted administratively.

**Program Guideline Definitions**

Broad GMA definitions are found at RCW 36.70A.030. Further, while not technically definitions, the Review & Evaluation Program does describe several key elements of the program. This includes the program purpose, what reasonable measures are, and how to determine land suitable for development. These can be utilized by local governments as they develop or update their local programs. WAC 365-196-210 provides additional definitions that are not contained within the GMA. These should be reviewed for incorporation into local policies and procedures.

The following definitions are not contained within statute or rules. These do, however, provide a common understanding for terms used within the Guidelines and provide a suggested approach to defining terms that are otherwise undefined.
Buildable Lands
While the Review & Evaluation Program is the official name provided in RCW 36.70A.215, the program is often referred to as Buildable Lands, or the Buildable Lands Program. The two terms are used interchangeably.

Growth Target
A figure in an adopted policy statement indicating the type and amount of growth (e.g., number of persons, households, or jobs) a jurisdiction intends to accommodate during the planning period.

Some jurisdictions adopt growth projections in lieu of, or in addition to, population and employment growth targets in their comprehensive plans.

Key Development Data
Data collected by jurisdictions allow for an assessment of growth and development trends. Data may include, but are not limited to, building permits, certificates or changes of occupancy, subdivision plats, zone changes, urban growth boundary amendments, numbers of dwelling units, and critical areas and buffers.

Lands Suitable for Development
All vacant, partially-utilized, 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 regulations, including zoning, development, airport overlays, and environmental regulations that prevent development from occurring.

Market Supply Factor
Market Supply Factor is the estimated percentage of developable land contained within an urban growth area that is likely to remain unavailable over the course of a 20-year planning period and is, in practice, the final non-developable land deduction when calculating lands suitable for development and redevelopment.

Partially Utilized Land
Partially utilized parcels are those occupied by a use but which contain enough land to be further subdivided without rezoning. For instance, a single house on a 10-acre parcel, where urban densities are allowed, may be partially developed.
Population Projection/Forecast
A population projection (See RCW 43.62.035), often referred to as a forecast, is a statistically based projection of future growth that is issued by the Office of Financial Management (OFM). At least once every five years or upon the availability of decennial census data, whichever is later, the OFM prepares twenty-year growth management planning population projections required by RCW 36.70A.110 for each county that adopts a comprehensive plan under RCW 36.70A.040.

Under-utilized Land
All parcels of land zoned for more intensive use than that which currently occupies the property. For instance, a single-family home on multifamily-zoned land will generally be considered under-utilized. This classification also includes redevelopable land, i.e., land on which development has already occurred but on which, due to present or expected market forces, there exists the strong likelihood that existing development will be converted to more intensive uses during the planning period.

Vacant Parcels
Parcels of land that have no structures or have buildings with little value.

Procedural Overview
The steps below provide an overview of the statutory requirements of the Review & Evaluation Program (RCW 36.70A.215). This overview provides one method to fulfill program requirements.

Step 01: County-Wide Planning Policies and the Framework for Implementation and Administration
The county-wide planning policies establish the Review & Evaluation Program process in each county. The framework for implementation and administration of the program may be adopted administratively to:

- Provide guidance for the collection and analysis of data;
- Establish when the data must be evaluated (RCW 36.70A.215(2)(b));
- Provide guidance on how decisions will be made about when reasonable measures are necessary and how that will be documented;
- Provide guidance on how adopted reasonable measures will be monitored;
- Provide guidance on how determinations are made as to whether adopted reasonable measures are working as intended/what to do when reasonable measures are not working as intended;
- Establish methods to resolve disputes among jurisdictions regarding inconsistencies in collection and analysis of data; and
- Provide for the amendment of the county-wide policies and county and city comprehensive plans, as needed, to remedy inconsistencies identified through the evaluation.

Buildable Lands jurisdictions have historically implemented these standards in a variety of ways ranging from addressing requirements through specific county-wide planning policies to supplementing countywide planning policies with specific implementation and administration procedures.

Step 02: Comprehensive Plan & Development Regulations
Comprehensive plans provide the land use patterns that guide growth and development that is consistent with county-wide growth targets and/or projections. Comprehensive plans designate planned land uses and densities, often expressed as either dwelling
units per acre, floor-to-area ratio, or as jobs per acre. Land use objectives and densities are implemented by development regulations such as zoning ordinances and unified development codes and provide the baseline from which the analysis undertaken as part of the Review & Evaluation Program occurs.

Comprehensive plans may also include reasonable measures, if determined to be necessary. Reasonable measures at the comprehensive planning level may be policies or land use changes that are specifically intended to reduce the differences between planned growth and what is actually occurring, should a significant difference be found as part of the analysis. Reasonable measures may require implementation within development regulations, such as the incorporation of lot-size averaging, upzoning an area, or allowing accessory dwelling units, for example.

**Step 03: Annual Data Collection**

Collection of data is paramount to a successful Review & Evaluation Program. Types of data to be collected, as outlined in RCW 36.70A.215, include:

- Annual collection of data on urban and rural land uses;
- Zoning and development standards;
- Environmental regulations including, but not limited to, critical areas, stormwater, shoreline, and tree retention requirements; and
- Capital facilities.

The collected development activity data should be used during the evaluation process to determine whether or not growth is occurring as planned. Collected data can also track the effectiveness of reasonable measures. Data collection should specify the type of data to be collected in addition to the procedures and methods to be used in the collection of data.

Some counties take the lead in data collection and provide jurisdictions a framework for the types of data that are collected and reported. Others use a centralized approach and may contract with regional planning organizations for data collection and analysis. Some counties provide a great deal of flexibility to individual jurisdictions to collect and report data; however, it is important that there be some consistency specified in how the data are collected and reported.

Please note that while data are required to be collected annually, they are not required to be analyzed or reported annually (RCW 36.70A.215(2)(a-b)).

**Step 04: Data Evaluation**

Data evaluation represents the analysis portion of the Review & Evaluation Program that results in the Buildable Lands Report. There is a great deal of flexibility granted on how to procedurally approach the analysis. In Thurston County, the Thurston Regional Planning Council collects data, conducts the analysis, prepares the Buildable Lands Report, and coordinates among the different jurisdictions during the process. Kitsap County, on the other hand, takes the lead on assembly and reporting of the Buildable Lands Report but leaves much of the evaluation and analysis to each individual jurisdiction to complete and report back – a more local approach.

Regardless of how the evaluation is performed, the evaluation must address the minimum evaluation components of the program which are outlined in RCW 36.70A.215(3)(a)-(b):

- Analyze data to assess how growth is occurring and at what densities;
- Determine whether the data shows that densities are consistent with planned growth within the comprehensive plan and development assumptions;
• Determine if zoning/development regulations adopted since the last evaluation will have or are having an impact on assigned densities being achieved;

• Apply a reasonable land market supply factor when evaluating land suitable to accommodate new development or redevelopment of land for residential development and employment activities; and

• Determine whether there is sufficient land suitable for development and capacity to accommodate the remainder of the 20-year planning period’s population and employment targets and projections. In making this determination, zoned capacity of land alone is not a sufficient standard to deem land suitable for development or redevelopment within the 20-year planning period.
CHAPTER 1: INTRODUCTION

2018 | BUILDABLE LANDS GUIDELINES

COUNTY-WIDE PLANNING POLICIES
- Establish county’s Buildable Lands Program.
- Define the types of annual data to be collected.
- Possible incorporation of Reasonable Measure, if necessary and applicable.

STEP 01

COMPREHENSIVE PLAN
- Establish vision and policies that guide growth.
- Development Regulations to implement growth objectives, including density goals.
- Incorporate reasonable measures, if necessary.

STEP 02

REASONABLE MEASURES
- If growth inconsistencies identified, analyze data to determine whether reasonable measures are necessary.
- Incorporate Reasonable Measures into CPPs and/or comprehensive plan.

STEP 03

ANNUAL DATA COLLECTION
- Achieved densities.
- Regulatory changes.
- Effectiveness of reasonable measures.

STEP 04

BUILDABLE LANDS ANALYSIS
- Determine if planned densities and growth are occurring as planned.
- Determine if there is sufficient land to accommodate remaining projected growth.

STEP 05
Step 05: Reasonable Measures

If the analysis indicates that growth targets, projections, and assumptions are not being achieved, or if, based on achieved densities, there is not sufficient land suitable for development or capacity to accommodate population and employment growth during the remainder of the planning period, then reasonable measures may be required.

Reasonable measures are actions necessary to reduce the differences between growth and development assumptions and targets and actual development patterns. Reasonable measures are fully discussed in Chapter 3, and examples of different types of reasonable measures may be found in Appendix B.

Repeat Cycle

Once the Buildable Lands Report is drafted, the comprehensive plan update cycle begins shortly thereafter. County-wide planning policies can be used to update the county’s Review & Evaluation program, if necessary, for the next analysis cycle.

The comprehensive plan update will include new 20-year population projections adopted within the countywide planning policies from a range provided by the Office of Financial Management, and an employment forecast. These forecasts are allocated to individual urban growth areas and jurisdictions. The Buildable Lands Report should help inform the analyses used by jurisdictions to determine the amount and densities of land they need to meet the new growth forecasts.

Funding

RCW 36.70A.215(6) specifies that new requirements added to RCW 36.70A.215 as part of E2SSB-5254 are only required if funding to implement those requirements is appropriated. If sufficient funds are not appropriated, counties and cities are subject to the Review & Evaluation Program as it existed prior to October 19, 2017. Appendix D includes a tracked changes version of pertinent sections of E2SSB-5254 so readers can clearly understand program elements that have been recently added and are subject to funding requirements.

The Department of Commerce works with each county to create a funding allocation that corresponds with anticipated efforts. The counties are able to distribute the funding to its cities or other entities that conduct the Review & Evaluation Program, as necessary.

Schedule

The Buildable Lands Report is required to be completed no later than two or three years prior to the deadline for review and update of comprehensive plans (RCW 36.70A.215(2)(b)). For King, Pierce, and Snohomish Counties, the deadline is two years prior to the comprehensive plan update deadline. For Clark, Kitsap, Thurston, and Whatcom counties, the deadline for completion of Buildable Lands Reports is three years prior to the comprehensive plan update deadline.

The figures on the next page represent the procedural schedule for how the Buildable Lands Report fits within the comprehensive planning process. The current comprehensive planning cycles have been used.
Figure 4. Review & Evaluation Program Context Timeline – King, Pierce, and Snohomish Counties

Figure 3. Review & Evaluation Program Context Timeline - Clark, Kitsap, Thurston, and Whatcom Counties
**Review & Evaluation Program & Land Capacity Analysis**

The purpose, requirements, and timing of the Review & Evaluation Program can be confused with the requirement for counties and cities to complete a Land Capacity Analysis as part of a periodic update to the comprehensive plan. While the statute and rules highlight the differences between the two GMA requirements, many Buildable Lands jurisdictions combine the data collection and analysis portion of the two requirements, even though the planning horizons are unique.

The primary difference between these two requirements is that the Review & Evaluation Program looks back to determine how your current comprehensive plan is functioning while the Land Capacity Analysis requirements are utilized to ensure sufficient land capacity of land suitable for development when comprehensive plans and development regulations are updated. In other words, one looks back while the other looks forward.

Figure 5 provides a side-by-side view of the two legal requirements to highlight the similarities and differences:

---

**Figure 5. Legal Requirements Table**

<table>
<thead>
<tr>
<th>Important statute and rule references</th>
<th>Review &amp; Evaluation Program</th>
<th>Land Capacity Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>RCW 36.70A.215 – Review &amp; Evaluation Program</td>
<td>RCW 36.70A.115 – Comprehensive Plans and development regulations must provide sufficient capacity for development</td>
<td></td>
</tr>
<tr>
<td>WAC 365-196-315 – Buildable Lands review and evaluation</td>
<td>RCW 36.70A.130 – Comprehensive Plans shall be revised to accommodate the urban growth projected to occur in the county for the succeeding twenty-year period</td>
<td></td>
</tr>
<tr>
<td>Required to perform</td>
<td>WAC 365-196-325 – Providing sufficient land capacity suitable for development</td>
<td></td>
</tr>
<tr>
<td>Seven Buildable Lands counties and the cities within those counties identified in 36.70A.215(5). The requirements are optional for all other counties.</td>
<td>All counties and cities that are required or choose to plan under the Growth Management Act (RCW 36.70A.115), including those cities and counties subject to the Buildable Lands requirements.</td>
<td></td>
</tr>
<tr>
<td>Purpose</td>
<td>RCW 36.70A.110(2) - Based upon the growth management population projection made for the county by the office of financial management, the county and each city within the county shall include areas and densities sufficient to permit the urban growth</td>
<td></td>
</tr>
</tbody>
</table>

---
and development that has occurred in the county and its cities; and”

RCW 36.70A.215(1)(b) – “Identify reasonable measures, other than adjusting urban growth areas, that will be taken to comply with the requirements of this chapter. Reasonable measures are those actions necessary to reduce the differences between growth and development assumptions and targets contained in the countywide planning policies and the county and city comprehensive plans with actual development patterns...”

RCW 36.70A.215(3)(a) – “(a) Determine whether there is sufficient suitable land to accommodate the county-wide population projection established for the county pursuant to RCW 43.62.035 and the subsequent population allocations within the county and between the county and its cities and the requirements of RCW 36.70A.110...”

| Timing | Completed two or three years prior to the Comprehensive Plan deadline (depending on the county) – RCW 36.70A.215(2)(b) | No statutory timing requirement but typically completed as an early step of the periodic Comprehensive update. |

Some confusion between the two requirements may be caused by the interchangeable use of terms. There are several terms and phrases utilized within both the statute and rules for the Review & Evaluation Program and Land Capacity Analysis requirements where application of the term may be different. Many counties and cities, over time, have also adapted some of the undefined terms, which may lead to inconsistencies in how terms are applied at the local level. As an example, a non-buildable lands county may refer to its Land Capacity Analysis as a Buildable Lands Analysis.

The language in RCW 36.70A.130(3)(b) may also create some confusion. It states that comprehensive plan updates to accommodate projected population may be combined with the requirements of the Review & Evaluation Program. While data and information gathered as part of the Review & Evaluation Program are often incorporated and utilized during the development of the Land Capacity Analysis, the two requirements are statutorily different.
CHAPTER 2: DATA COLLECTION

DATA COLLECTION
QUESTIONS DATA SHOULD ANSWER
DATA COLLECTION TOOLS
DATA COLLECTION RESPONSIBILITIES
TYPES OF DATA
Data Collection

The Review & Evaluation Program is an exercise that collects data related to growth and development and determines, based upon those data, whether or not growth is occurring as planned and whether there is sufficient capacity to accommodate the remainder of the projected growth within the planning period. The process serves as a metric of comprehensive plan performance and tracks growth and development trends.

Because of the data-centric focus of the Review & Evaluation Program, data collection is one of the most critical considerations. In order to assess how development is occurring, data that measure development characteristics are vital.

Questions Data Should Answer

Key data to collect are, at a minimum, the information needed to address the specific elements defined within the Review & Evaluation Program – RCW 36.70A.215.

The following are a series of questions that the Buildable Lands Program should answer, based upon the specific requirements of the law. This list is intended to show the types of information that local governments should be collecting in order to, first, complete the evaluation and, second, to determine any subsequent corrective actions.

1. What is the actual density and type of housing that has been constructed in the UGAs since the last comprehensive plan was adopted or the last evaluation completed? Are urban densities being achieved within UGAs? If not, what measures could be taken other than adjusting UGAs?

2. How much land was actually developed for residential use and at what density since the comprehensive plan was adopted or the last evaluation completed? Based on this and other relevant information, how much land would be needed for residential development during the remainder of the 20-year comprehensive planning period?

3. How much land was actually developed for commercial and industrial uses within the UGA since the last comprehensive plan was adopted or the last evaluation completed? Based on this and other relevant information, how much land would be needed for commercial and industrial development during the remainder of the 20-year comprehensive planning period?

4. To what extent have capital facilities and development regulations affected the supply of land suitable for development over the comprehensive plan’s 20-year timeframe?

5. Is there enough suitable land in each county and its cities to accommodate the county-wide population and employment growth for the remainder of the 20-year planning period (based on the forecast by the state Office of Financial Management and the subsequent allocations between the county and cities)?

6. Does the evaluation demonstrate that actual development patterns are inconsistent with growth and development assumptions in the countywide planning polices and/or comprehensive plan?

7. What measures to be included in county-wide planning policies and the comprehensive plan update can be
taken that are reasonably likely to increase consistency between planned growth and that which is being achieved?

### Data Collection Tools

Several types of tools can be used to track development activities. Rapid technological advances are impacting public agencies’ ability to collect and analyze data. Advances will likely continue to shape the future of planning data collection and evaluation and jurisdictions are encouraged to explore innovative ways of collecting, monitoring, and evaluating data. The costs associated with the various data collection tools can vary considerably, and limited public funds can often impede smaller jurisdictions from being able to implement some of the more robust data collection systems. The following are different types of data collection tools that are currently the most utilized:

- Geographic Information Systems (GIS)
- Permit Tracking Systems
- Databases and spreadsheets
- Aerial imagery & LIDAR
- Data collected in the field

### Data Collection Responsibilities

Each jurisdiction is responsible for collecting, reporting, and evaluating key data. However, it may be more efficient to have the county or regional planning organization manage at least some of this process to provide some level of consistency. County-wide planning policies or other processes, adopted administratively, must be set in place to outline how this process will occur. Arrangements about sharing responsibilities can be made through memorandums of understanding (MOU’s), interlocal agreements or contracts.

For example, a city may contract with the county to collect and maintain its geographic information system (GIS) parcel data, while tracking its own development data (subdivision plats, building permits, or certificates of occupancy).

For incorporated UGAs, each city is responsible for collecting its development data, unless other intergovernmental agreements have been reached. The county collects data within unincorporated areas.

Some local governments may choose to track other information beyond the scope of the legislative requirements to further support analysis and the monitoring of development trends.

### Types of Data

#### Baseline Data

The planning objectives contained within the comprehensive plan and development regulations, when quantified, serve as the baseline data. These include assumptions for growth expectations and baseline conditions at the time the county-wide planning policies, comprehensive plans, or development regulations were adopted. Baseline data can include analysis results from the previous Buildable Lands Report. Baseline data allow for a comparison between the beginning and end of the evaluation period. Baseline data will vary among jurisdictions, depending on the information and objectives used for the policies, plans, and regulations.

#### Annual Data

Annual data tell the story of actual development and factors affecting development during each evaluation period.

The Review & Evaluation Program legislation emphasizes tracking growth and actual densities within the UGAs and using this information as part of the evaluation. RCW 36.70A.215(2)(a) states that the review and evaluation shall:
...provide for annual collection of data on urban and rural land uses, development, zoning and development standards, environmental regulations including but not limited to critical areas, stormwater, shoreline, and tree retention requirements; and capital facilities to determine the quantity and type of land suitable for development, both for residential and employment-based activities.

In addition, if jurisdictions take actions at the end of the evaluation period to increase consistency, they are advised to collect data sufficient to monitor how those measures are performing.

This section briefly describes a range of data for annual collection, with additional detail provided in Chapter 3 – Approach & Methodology. Keep in mind that jurisdictions are required to collect data pertaining to zoning, environmental and development standards, capital facilities, and development only to the extent necessary to determine the remaining quantity and type of land suitable for development during the analysis and preparation of the Buildable Lands Report.

However, these indicators can be valuable for tracking trends and also help provide context for actual development that occurs in UGAs.

The basic types of annual data can generally be organized into the following categories: (1) urban and rural land uses and development; (2) zoning and development standards; (3) environmental regulations; (4) capital facilities; and (5) data necessary to evaluate measures adopted to increase consistency.

1) Urban and Rural Land Uses & Development

Jurisdictions should design and implement appropriate data collection systems to collect data on development activities both inside and outside UGAs. This should include data items that address the annual volume of residential and employment-based development. The information may be derived from plat records, building permits, certificates of occupancy, GIS data submitted as part of subdivision approval, and any other relevant data source.

While most types of data collected will vary by county, the following types of data are most likely to be useful:

1. **Permit data**, which distinguish between what is permitted inside and outside of the UGA;
   - Approved building permits (number and type each year; date);
   - Approved subdivision permits (number and type each year; date); and
   - Remodel data, if capacity has been added.

2. **Construction data**, based on certificates of occupancy or other methods:
   - Residential units added each year (number, type, and amount of land);
   - Industrial sites developed or redeveloped each year (number, type, and amount of land);
   - Commercial sites developed or redeveloped each year (number, type, and amount of land); and
   - Reduction of existing residential, industrial, or commercial uses each year (demolition data by number and type, as appropriate).

3. **Parcel data** from County Assessor’s office including:
   - Parcel information;
   - Land and improvement values; and
   - Easements, deeds, and restrictions, if necessary.

4. **Land use adjustments** that affect the buildable land supply:
   - Changes to the amount of land in UGAs; and
• Changes to the amount or type of residential, commercial, and industrial lands.

5. **Employment-based data**
   • Square footage of commercial and industrial improvements for each site developed or redeveloped; and
   • Washington State Employment Sector jobs per acre data.

2) **Development Regulations**
Development regulations, such as zoning and development standards, stormwater, shoreline, and tree retention requirements, among others, must be tracked by jurisdictions annually. There is a great deal of flexibility as to what and how this information must be tracked and collected, but the intent of tracking information related to development regulations is to assess what impact, if any, adopted regulations might be having on achieved densities. If, for example, it is determined that there are inconsistencies between planned growth and that which has actually occurred, jurisdictions should assess why the inconsistency exists. Reviewing recently adopted development regulations that might impact achievable density, and tracking what changes to regulations have occurred during the evaluation period, can lead to further examination. If regulatory changes are a contributing factor to growth inconsistencies, then reasonable measures can be appropriately developed.

3) **Critical Areas**
Local governments collect annual data on critical areas to update their land inventories with the most current information that relates to reduced development potential. Critical areas data can be used to more accurately calculate the supply of buildable land without critical areas constraints during the evaluation. Field inventories may aid in affirming the data collected.

Critical area adjustments may include, but are not limited to:

• New areas set aside as a result of the Endangered Species Act requirements;
• Areas impacted by floodplain and natural hazard regulations; and
• Changes to the amount of land identified as critical areas or critical area buffers in which development is precluded.

Land identified as geologically hazardous, frequently flooded, highly susceptible to erosion, or otherwise threatened by a natural hazard (flood, earthquake, landslide, volcano, tsunami, wildfire, sea-level rise, etc.) may also require assessment as part of critical areas determination. Data on high-hazard areas can be found through the Washington Department of Natural Resources geologic information portal, Washington Department of Ecology, and local hazard mitigation planning agencies, among other sources.

4) **Capital Facilities**
Data on capital facilities should be incrementally updated. At a minimum, these data should include the location and amount of land identified for major capital facilities that will be subtracted from the overall 20-year land supply. Local governments may also collect data on capital facilities that are required for approval of development. In most jurisdictions, this involves updating information on water and wastewater services and utilities including service areas and locations. School districts or school district capital facility plans, fire districts, and parks districts/departments should also be consulted to determine locations of planned facilities, if known.

5) **Measures Adopted to Increase Consistency**
The Buildable Lands Analysis may demonstrate differences between achieved growth and growth which was envisioned in the county-wide planning policies, and comprehensive plans. If so, the local government is to adopt measures that are
reasonably likely to increase consistency. Those reasonable measures are required to be incorporated into the next county-wide planning policies, comprehensive plan update, and/or regulations, as appropriate.

**Evaluation Data**
Additional evaluation data are necessary to supplement the baseline and annual data. This information can be gathered prior to the end of the review period, or as needed, to more fully evaluate land supply and development needs. Examples of evaluation data that are especially helpful include:

- Population change since the beginning of the review period;
- Most recent population forecast or other growth data from the state Office of Financial Management; and
- Job growth, past or future.

**Post-Evaluation Data**
After the initial evaluation is completed, local governments will need to consider whether reasonable measures are necessary. There are two potential outcomes if an inconsistency is identified. First, analysis of the inconsistency may result in a determination that reasonable measures are not necessary to reduce the differences between development assumptions and targets and actual development patterns. In these cases, supporting documentation of why reasonable measures are not necessary to resolve an inconsistency are required. Second, a determination that reasonable measures are necessary could be made. For example, a jurisdiction would review the results of the evaluation and gather any other information needed to assess why the inconsistency exists. Depending on the post-evaluation analysis, a determination would be made (as described in Chapter 3) on whether or not the inconsistency requires a reasonable measure. Post-evaluation data are those which help the jurisdiction make and support either outcome.

In addition to the results of the initial evaluation, other data could be useful in analyzing and selecting the most appropriate actions to be taken. For example, information about economic factors may help explain why development did not occur as previously envisioned. 2017 updates to the Review & Evaluation Program further explained that a finding that growth and development will take place at the end of a planning period cannot be made without sufficient rationale. This places additional emphasis on evaluating why an inconsistency occurred.

As articulated in WAC 365-196-315:

*Each county or city adopting reasonable measures is responsible for documenting its methodology and expectations for monitoring to provide a basis to evaluate whether the adopted measures have been effective in increasing consistency during the subsequent review and evaluation period.*

The data chosen for annual monitoring would be highly dependent on which measures local governments are taking.
CHAPTER 3: APPROACH & METHODOLOGY

ACHIEVED DENSITIES
URBAN CAPACITY SUPPLY
URBAN CAPACITY NEEDS
NEEDS VS. SUPPLY
REASONABLE MEASURES
Approach & Methodology

The diverse range of methodologies utilized by jurisdictions planning under the Review & Evaluation Program is a testament to the flexibility allotted under RCW 36.70A.215. Having a “bottom-up” approach to meeting the program requirements recognizes that while there are commonalities between the counties and the cities within those counties, there are also distinct differences. From the type, amount, and density of planned growth to the resources available to coordinate and implement the requirements of the program, performing the analysis required for the Buildable Lands Report is complex, and there is no one-sized-fits-all approach.

This chapter of the Guidelines provides an overview of the requirements as outlined within RCW 36.70A.215. Options and considerations for implementing those requirements are then provided. Lastly, although changes to RCW 36.70A.215 that were made in 2017 must be considered, previous Buildable Lands Reports prepared by jurisdictions provide additional resources related to methodologies and scenarios and are a supplemental resource for implementation.

This chapter is organized into five primary steps. It is important to note that the steps do not necessarily occur in a sequential order and that counties have approached fulfillment of the requirements in ways beyond the steps provided.

EVALUATION SUMMARY

Step One: Achieved Densities
- What are the actual development densities that have been achieved over the review period? Are growth densities occurring as planned?

Step Two: Urban Capacity
- What areas are suitable to accommodate future development and redevelopment capacity? Using achieved densities and other considerations, what is the estimated capacity of that suitable land?

Step Three: Urban Capacity Needs
- Based on achieved densities and other considerations, how much capacity is needed to accommodate projected population and employment growth?

Step Four: Needs v. Supply
- Is there enough supply to accommodate the projected capacity needs?

Step Five: Reasonable Measures
- Are reasonable measures needed to increase capacity supply or to remediate densities not being achieved?
Changing Growth Patterns

The passage of the Growth Management Act in 1990 was a milestone in Washington State planning. Its impacts can be most clearly demonstrated in the increased development densities that have occurred at all levels after GMA adoption. Additionally, a vast majority of the growth that has occurred since the creation of GMA has been accommodated within UGAs. In 1990, the population of the six original Buildable Lands counties was 3.15 million. As of the 2010 Census, their populations had increased to 4.4 million, an increase of 39 percent. Since 2010, extremely rapid growth has continued to occur, largely attributed to the Technology industry’s increased employment in central Puget Sound (see Figure 6 below). Much of this new growth was able to be accommodated within existing urban areas by changing planning and development paradigms to favor higher densities, infill development, and redevelopment over sprawl and greenfield development.

Continued focus on redevelopment, infill, and higher densities, particularly in the more compact, urban parts of Buildable Lands counties, will continue to accommodate a sizable portion of new growth. There will, however, be continued pressure for growth outside of these areas.

Accounting for changing growth patterns, particularly when defining and calculating land supply, will be one of the most significant changes that many buildable land jurisdictions will face moving forward. Capacity calculations that have traditionally been oriented around greenfield development sites will increasingly need to consider urban dynamics and redevelopment. A shift towards redevelopment has many tangible benefits, but also requires additional market and economic considerations that are more complex than previous assessments, defined in more detail in this chapter.

Figure 6. Growth & Projections

County Historic Population Growth & Projections

![County Historic Population Growth & Projections Graph](image-url)
CHAPTER 3: METHODOLOGY

The first step to conducting the Buildable Lands analysis is to use the data collected over the evaluation period to determine how growth is occurring. RCW 36.70A.215(3)(d) states that jurisdictions must determine the actual density of housing that has been constructed and the actual amount of land developed for commercial and industrial uses within the urban growth area since the adoption of a comprehensive plan under this chapter or since the last periodic evaluation as required by subsection (1) of this section. Additionally, WAC 365.196.315(5)(a)(ii) states that the evaluation should compare the achieved densities, type, and density range for commercial, industrial, and residential land uses with the assumed densities that were envisioned in the applicable county-wide planning policies, and the comprehensive plan.

Implementing jurisdictions determine achieved densities in a number of different ways. Regardless of which method is used, it is important to provide a rational connection between the results and the methodologies used to determine those results.

What is the Review Evaluation Period?
RCW 36.70A.215(3)(d) specifies that the review period is since the adoption of a comprehensive plan under this chapter or since the last periodic evaluation. The common practice among jurisdictions has been to assess data from the years since the last Buildable Lands Report was completed, including data from years prior to the adoption of the most recent comprehensive plan.

Calculating Residential Densities
Jurisdictions typically analyze the achieved densities of development projects during the evaluation period and create an average achieved density per zoning category based on the actual development data. It is important to determine what type of density calculation will be used to ensure a consistent metric of evaluation. The most common density evaluation metrics include:

- **Gross Density**: a density calculation based upon the number of units constructed across the entire site without deductions;
- **Buildable Density**: a density calculation that removes critical areas and buffers to better determine the density of construction over the buildable/disturbed area; and
- **Net Density**: a density calculation that first removes critical areas and buffers, as well as roads, stormwater detention facilities, and other areas not explicitly used for or that restrict residential units.

RCW 36.70A.215 and WAC 365-196-315 do not provide specific requirements regarding which type of density calculation should be used, which leaves the determination up to the jurisdictions conducting the analysis. Most jurisdictions have used a form of the buildable/net density calculation that deducts critical areas and buffers, at minimum, before calculating achieved densities. It would be difficult to use a gross density method to calculate achieved densities due to the wide variability between development and redevelopment sites and whether critical areas and buffers are present. Deducting critical areas, at a minimum, provides a better snapshot of development and redevelopment density.

This approach can be used for a number of different residential housing types, including
single-family detached and attached housing (apartments, fee simple or condominiums). This approach can also be used for residential redevelopment sites as the achieved density can be calculated by determining the size of redevelopment parcels, deducting for existing critical areas and buffers, if present, and assessing the new dwelling units over the redevelopment site area. See Figure 7 on page 26 for an illustration of how this calculation could be performed for a vacant site.

For residential achieved density calculations in mixed-use districts, the total number of residential dwelling units across the mixed-use site, after deducting for critical areas and buffers, can be used to determine the number of residential dwelling units per acre in the mixed-use zone. Alternatively, the land base may be divided by proportional shares of residential and commercial areas to establish achieved floor-to-area ratios. It is important to ensure that residential and employment capacity estimates in mixed-use zones not be duplicated which would result in over-counting capacity. A commercial to residential ratio for mixed use areas could be used to estimate capacity or fact-check capacity estimates. See Figure 8 on page 27 for an illustration of how this calculation could be performed for a mixed-use redevelopment site.
**CHAPTER 3: METHODOLOGY**

**BUILDABLE LANDS GUIDELINES | 2018**

## USING ACHIEVED DENSITY TO ESTIMATE FUTURE CAPACITY – VACANT LAND EXAMPLE

**Figure 7. Future Capacity Example 1**

### Developed 7.6 Acre Site

- 18 Single Family Detached Lots - 2.5 acres
- Roads - 1.4 acres
- Critical Areas and Buffers - 3.2 acres
- Stormwater Detention - 0.5 acres

**Total Site Area, Recent Existing Development: 7.6 Acres**

**Buildable Acres: Total site area minus critical areas and buffers**

\[
7.6 - 3.2 = 4.4 \text{ Acres}
\]

### Calculating Observed Development Density

<table>
<thead>
<tr>
<th>(# Units)</th>
<th>(Buildable Acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>4.4</td>
</tr>
</tbody>
</table>

**4.09 Units per Buildable Acre**

### Vacant 15.2 Acre Single Family Parcel

- 13.0 Buildable Acres
  (15.2 site - 2.2 critical areas and buffers)
- 2.2 Acres Critical Areas and Buffers

### Calculating Future Development Capacity

<table>
<thead>
<tr>
<th>(Buildable Acres)</th>
<th>(Buildable Density)</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.0</td>
<td>4.09</td>
</tr>
</tbody>
</table>

\[
13.0 \times 4.09 = 53 \text{ Single Family Units}
\]
USING ACHIEVED DENSITY TO ESTIMATE FUTURE CAPACITY – REDEVELOPMENT EXAMPLE

5-Acre Existing Mixed Use Site
Zoning = MU
Residential Units = 170
Residential Zoned Capacity = 45 DU/Acre
Commercial Zoned Capacity = 0.2 FAR
Critical Areas = 1 Acre
* Care should be taken to not double-count FAR for both commercial and residential components of current or future redevelopment

5-Acre Strip Center Site
Zoning = MU
Existing Commercial = 60,000 sq ft
Residential Zoned Capacity = 45 DU/Acre
Commercial FAR = 0.2
Critical Areas = 0 Acres
* Care should be taken to not double-count FAR for both commercial and residential components of current or future redevelopment

CALCULATING OBSERVED DEVELOPMENT DENSITY

170 Units / 4 Acres

42.5 Residential Units per Buildable Acre

30,000 sq ft / 4 Acres (174,240 sq ft)

0.17 Achieved FAR

CALCULATING FUTURE REDEVELOPMENT CAPACITY

5 Acres x 45 DU/acre

225 Units Residential Capacity (+225 units)

5 Acres x 0.2 FAR (x 43,560 sq ft/acre)

43,560 sq ft Commercial Capacity (-16,440 sq ft)

Figure 8. Future Capacity Example 2
**Employment Densities**

Similar to calculating residential densities, RCW 36.70A.215 and WAC 365.196.315 do not provide specifics regarding how employment density must be calculated, leaving a great deal of discretion to jurisdictions on how to calculate achieved employment densities. As with other elements of the Review & Evaluation Program, being able to show how conclusions are reached is crucial, regardless of which methodology is used.

While jurisdictions have developed their own methodologies, the following information can be helpful with calculating employment densities in office, commercial, industrial, and mixed-use areas:

- The North American Industrial Classification System (NAICS) and the Institute of Transportation Engineers (ITE), among others, are resources that provide this information. ITE, in particular, performs updates to their trip generation manuals in which employees per square footage of buildable area is a factor to determine potential trip generation for development and redevelopment sites. An alternative method that may be used is an employment density calculation based on a ratio of employees per net acre, if employee estimates are available. Washington State Employment Sector data can supply jobs per acre estimates.

- Depending on annual data collected for the analysis, a jurisdiction should have information related to the floor-to-area (FAR) ratios of completed buildings over the course of the evaluation period. For more specific analysis, the type of use for that new building (e.g., retail, manufacturing, office, etc.) could also be collected with the FAR information. Based upon the square footage per employee estimates provided by a source such as ITE, an estimate of the number of employees within a new development can be made. This approach would allow for an estimate of achieved employment densities per land use category.

When calculating achieved densities for redevelopment and mixed-use sites, the same process would apply. In mixed-use zones, in particular, the employment densities calculated through the above methodology, or others, would be supplemented with the residential density calculations to provide a residential to employment density mix that can be used as a basis for calculating future mixed-use capacity.
Chapter 2 – Data Collection process provides information necessary to complete Buildable Lands. The following are the specific data elements that can directly assist with calculating residential and employment net densities and data that are needed to calculate urban land needs.

**Calculating Achieved Net Densities**
- Recorded plats and the date of recording
- Building permits and date of issuance
- Certificates of occupancy and date of issuance
- Gross acres of land developed for residential use
- Housing units by type built during review period
- Critical areas and buffers designated within residential lands
- Areas of public purpose lands, roads and rights-of-way, open space, parks, stormwater detention facilities
- Comprehensive plan designation and zoning associated with residential development
- Vesting date of development application

**Calculating Residential Urban Land Needs**
- Actual population, housing unit or household growth experienced and its distribution (by jurisdiction and UGA)
- Demolitions of residential units
- Adopted population, housing unit or household targets and their distribution

**Calculating Achieved Employment Densities**
- Building permits and date of issuance
- Site plans and date of approval
- Gross acres of land developed for employment-based use
- Square footage of commercial and industrial improvements
- Estimate of potential employees at full occupancy for development
- Estimated percentage of floor area that is commercial and residential in mixed-use zones

**Calculating Employment Urban Land Needs**
- Critical areas precluded from development within areas developed for commercial or industrial use
- Areas of public purpose lands, roads and rights-of-way, open space, parks, stormwater facilities
- Comprehensive plan designation and zoning associated with employment-based development
- Vesting date of development application
- Employment data from Washington State Employment Sector Data and Employment Security
CHAPTER 3: METHODOLOGY

STEPTWO: Urban Capacity

RCW 36.70A.215(3)(a) states that a jurisdiction must determine whether there is sufficient suitable land to accommodate the countywide population projection and subsequent population allocations within the county and between the county and its cities. This is arguably the most complex component of the evaluation as it requires a determination of what land is available for development and redevelopment, what the potential development capacities for those lands might be, and what, if any, significant impediments might impact the ability for those lands to be developed as planned. RCW 36.70A.215(3)(b) states that:

An evaluation and identification of land suitable for development or redevelopment shall include:

(i) A review and evaluation of the land use designation and zoning/development regulations; environmental regulations (such as tree retention, stormwater, or critical areas regulations) impacting development; and other regulations that could prevent assigned densities from being achieved; infrastructure gaps (including but not limited to transportation, water, sewer, and stormwater); and

(ii) Use of a reasonable land market supply factor when evaluating land suitable to accommodate new development or development of land for residential development and employment activities. The reasonable market supply factor identifies reductions in the amount of land suitable for development and redevelopment.

Counties planning under the Review & Evaluation Program have developed different procedures for determining land suitable for development or redevelopment. The following sections expand on each of the requirements listed within RCW 36.70A.215(3)(b). It should also be noted that land suitable for development pertains to vacant, under-utilized, and partially-utilized areas.

Land Use Designation, Zoning/Development Regulations, and Infrastructure Gaps

RCW 36.70A.215(3)(b)(i) provides that a review and evaluation of the land use designation and zoning/development regulations and infrastructure gaps are part of the evaluation criteria to determine if there is sufficient land suitable to accommodate county-wide population projections. The goal is to understand if and how development regulations or infrastructure gaps may affect density or timing of growth. The following guidance is intended to assist jurisdictions in evaluating this requirement.

Land Use Designation and Zoning/Development Regulations

RCW 36.70A.215(3)(b)(ii) states that the evaluation of land suitable for development or redevelopment must also evaluate land use designation and zoning/development regulations including environmental regulations and other regulations that could prevent assigned densities from being achieved.

There may be situations where a development regulation may have an unintended impact on the ability of planned densities to be achieved. In most instances a regulation impacting development would be identified during the calculation of achieved densities. For example, if it was determined during the achieved densities calculation that densities in a zone or areas are not occurring as planned, further analysis might point towards a new regulation that was created. If this determination was made, a reasonable measure might be needed to reduce the inconsistency between planned and achieved densities. If not, there would
need to be some consideration for the impact of the development regulation on the future capacity identified, assuming the analysis clearly demonstrates that the regulation is reducing achieved densities.

There could be instances where the calculation of achieved densities would not assess the impact of a new or revised land use designation or zoning/development regulations. For example, the periodic update to local comprehensive plans takes place during the evaluation period. If critical area regulations, for example, are updated during the periodic update and wetland buffers increase, looking at achieved densities may not pick up on the impact to future development, especially when developments are vested prior to the new regulations being enacted. Updated regulations, such as stormwater or tree retention regulations, could have an impact, if lot size averaging is not allowed within a jurisdiction. Multi-family could be impacted if setback requirements were increased.

Regardless of how a jurisdiction chooses to approach this assessment, it is important to show your work and document that the issue has been assessed. Here are a few factors to consider for documentation:

- When collecting annual data, have jurisdictions provide high level details about newly adopted or modified regulations, possible impacts on development and redevelopment, and how they might impact planned densities from being achieved, when applicable. This could be a simple spreadsheet that provides baseline information;
- When inconsistencies between planned and achieved growth are identified, document how regulatory changes were reviewed as a possible cause for this inconsistency and how it was addressed; and
- Pay special attention to major policy and regulation changes made between evaluation periods. Document those changes that may have an impact have been reviewed but might not be reflected in the achieved density analysis.

**Infrastructure Gaps**

RCW 36.70A.215(3)(b)(i) indicates that an assessment of land suitable for development must also include *infrastructure gaps (including but not limited to transportation, water, sewer, and stormwater)* that could prevent assigned densities from being achieved.

For infrastructure, RCW 36.70A.070(3) already requires local comprehensive plans to have a capital facility plan element that includes (d) 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.

Buildable Lands counties completing their analysis should reasonably be able to rely on adopted capital facility plans when completing their assessment of land suitable for development. While the capital facilities plan addresses a number of items, including water, sewer, storm, schools and transportation infrastructure to support growth, infrastructure gaps pertaining to those capital projects may still be possible. For example, if a planned treatment facility upgrade is needed to support additional growth, and that planned and financed project experiences a significant delay, funding lapse, or difficulty acquiring sufficient land for the facility, then growth could be impacted. The achieved density analysis could
point to this issue and, if necessary, reduced capacity or reasonable measures might be needed if the planned facility’s delay would extend beyond the 20-year planning period. Infrastructure gaps could also be identified by a lack of development within an area where growth would typically be expected.

In determining whether there is an infrastructure gap, jurisdictions should consider several factors:

- Is there a long-term lack of urban development in the area?
- How did the recent comprehensive plan address the needed infrastructure provision, and is that information still valid?
- If the infrastructure is anticipated to be provided later in the planning period, is development likely to occur quickly so that planned development is realized within the planning period, or will some of the area remain undeveloped?

The key is to make sure the issue is documented so measures, including reasonable measures, can be implemented where appropriate.

In terms of redevelopment on partially-utilized and under-utilized parcels, the impacts of infrastructure gaps will likely be less than with the development of vacant land on the fringes of UGAs, but there may still be instances where capital facility gaps impact land suitable for development and urban capacity calculations. The provision of regional stormwater facilities, sewer treatment facilities, and other critical system improvements needed to support additional capacity in urban areas could have an impact if planned projects do not receive intended funding or if project design and review are delayed. A jurisdiction might make a finding that planned capacity will be impacted by significant delays to a planned and funded capital facility, which might result in a reasonable measure. It is also possible that the delay would not impact the 20-year planning horizon, in which case there would not necessarily be a need to account for the delay. This type of analysis would be limited to significant and funded capital facilities listed within the capital facilities plan.

For private development, there are times when the cost to provide improvements makes development infeasible. This could be a parcel that requires several lift stations or traffic improvements that are too costly and prevent development. At times, this gets resolved during the planning period and at times it may not. For example, there could be road improvements within the 6-year financing plan that, without being constructed, would render development infeasible or unlikely due to a failing level of service rating that prohibits development until improvements are made.

Additional Assessment Factors

The evaluation requires under RCW 36.70A.215(3)(b) typically includes an assessment of a variety of other factors. The evaluation, however, should consider factors that impact development and redevelopment on vacant, under-utilized, and partially-utilized land. The following are other common evaluation items considered during the evaluation of land suitable for development and redevelopment:

- Utility Easements: When assessing land suitable for development and redevelopment, significant utility easements can be considered as a deduction since the land is encumbered by uses that will limit developability;
- Schools: When future school sites are known, the land area can be deducted from available land for development and redevelopment; and
• Public/Capital Facilities: If known, the locations of future capital facilities can be deducted from the land suitable for development and redevelopment. Transportation elements can also be used to supplement rights-of-way needed for roadway improvements, most applicable to urbanizing areas.

**Zoned Capacity & Redevelopment**

RCW 36.70A.215(3)(a) specifies that jurisdictions must determine whether there is sufficient suitable land to accommodate the county-wide population projection established for the county and the subsequent population allocations with the county and between the county and its cities. It also states that zoned capacity of land alone is not a sufficient standard to deem land suitable for development or redevelopment within the 20-year period. This requirement places an expectation on jurisdictions to not just assume properties will develop to their maximum densities allowed under their zoning designations, but to conduct additional analysis related to how development and redevelopment might occur to support urban capacity findings. This will become increasingly important as growth continues to move from vacant land to partially-utilized and under-utilized lands.

With vacant land at lower densities, lot sizes based on zoning may be used to estimate capacity. These calculations generally result in capacity estimates that are near zoned capacity. Estimating future development capacities for higher density development and redevelopment generally requires more analysis since many other factors, such as vertical construction costs, impact whether or not areas zoned for higher densities will develop at the intensities that have been planned.

Infrastructure gaps, environmental regulation impacts, and capital facilities will be less of a factor for under-utilized and partially utilized parcels when determining whether land is suitable for development since they typically occur on sites that have been previously developed. However, these sites will require greater attention when calculating capacity beyond simply using zoned capacity alone. The following are techniques that can be used by jurisdictions as they assess future urban capacity beyond zoned capacity.
**Achieved Densities – Redevelopment**

If there is achieved density data from the evaluation period for a zone where redevelopment is occurring, such as for mixed-use sites and areas transitioning from single-family detached to townhomes, the achieved densities can provide valuable information to project how future development in such zones might occur.

In addition to being a Review & Evaluation Program requirement to evaluate whether planned densities are being achieved, achieved density data serve as the basis for capacity projections on land suitable for development and redevelopment and must be used to determine urban capacity for the remaining portion of the 20-year planning period.

**Improvement Value**

Some jurisdictions have utilized improvement values to help assess which areas are more likely to experience development and redevelopment. While there is no way to conclusively determine which sites are more likely to redevelop, this type of assessment can provide an additional layer of analysis to assist with calculating urban capacity. For example, based on market conditions, a low monetary value for residential, commercial, and industrial buildings could be set and GIS analysis and modeling can help identify parcels where land value improvements are lower than the set threshold. Properties under that value could indicate prime redevelopment sites.

Similarly, high values can be set for residential, commercial, and industrial buildings where it can be assumed that due to the structure’s value, it is not likely to experience redevelopment even if there is sufficient land to do so. This can be supplemented with a cross-analysis on the age of the structure. For example, if a structure was recently constructed and is determined to be of high value, it would be less likely for that site to redevelop. This type of analysis will vary extensively depending on the jurisdiction’s real estate and building market and there are caveats that should be considered beyond simply the improvement value. This approach is highly subjective but can supplement other analyses.

**Improvement to Land Value Ratio**

Many jurisdictions currently use the improvement to land value ratio to assess areas that might be more primed than others for redevelopment. Utilizing assessor data, a comparison between the value of the structure/improvements and the value of the land can be made. When the value of the land is near or higher than the value of the improvement on the land, the property is generally going to be more favorable for redevelopment.

This analysis should be supplemented with additional data and professional judgment, since there are a variety of additional factors that influence whether redevelopment will occur beyond a simple finding that the improvement value exceeds the land value. For example, an area could be identified as primed for redevelopment based on this initial analysis, but economic factors, such as over-zoning with minimum density requirements that creates a development capacity and land value higher than what market conditions can build, could be impeding redevelopment. Reviewing the context of the findings by examining redevelopment trends in the areas shown to have a positive improvement to land value ratio can further scrutinize the findings and support urban capacity estimates.

**Market Studies**

One of the most useful ways of estimating urban capacity beyond zoned capacity alone is through market studies. A Market Study is a short-term analysis of an area, which is time-
sensitive. Market studies are often conducted on smaller scales, such as for neighborhoods, downtowns, and mixed-use districts. It is not reasonable to expect market studies to be conducted for all areas experiencing urban redevelopment, but market studies are sometimes conducted as part of comprehensive planning and other long-range planning efforts. These data, when available, can supplement capacity estimates for specific areas based upon the type and intensity of development that is anticipated to occur. Market studies can also be used to assess other comparable areas that are similar in size and scale and have similar economic characteristics. It is also important to consider the 20-year context of the evaluation when using market studies.

Comparable Sites & Jurisdictions
When there are insufficient data to use in projecting future urban capacity for redevelopment areas, comparable sites, even if outside of the jurisdiction or assessment area, can provide useful data. Jurisdictions may look to similar developments or development patterns on similar sites to assess how redevelopment might occur locally. For a more holistic view and broader approach, the analysis might review development trends in a comparable community and, with rationale, use those community-wide trends to estimate capacity within their jurisdiction.

Market Supply Factor Determination
Typically, the last portion of determining land suitable for development and redevelopment and estimating urban capacity totals is accounting for land that will likely remain unavailable due to the land owner’s unwillingness to sell.

In current practice, Buildable Lands counties and cities employ a range of market supply factors in magnitude and by residential or employment uses. The following summarizes a more detailed table of county and city market supply factors that have historically been used and are found in Appendix A:

- **Unincorporated UGA Residential Land**: 10% to 15% for vacant land, 25% to 30% for under-utilized land;
- **Unincorporated UGA Employment Land**: 10% to 20% for vacant land, 25% to 50% for under-utilized land;
- **Incorporated Residential Land**: 0% to 50% for vacant land, 0% to 50% for under-utilized land; and
- **Incorporated Employment Land**: 0% to 20% for vacant land, 0% to 40% for under-utilized land.

In general, larger urban jurisdictions with significant development and redevelopment activity observed or expected will likely find and assume lower market supply factors (0% to 10% frequently). Other jurisdictions not anticipating substantial redevelopment and/or are still experiencing urbanization of unimproved areas will likely assume higher market supply factors based on track record (15% up to 40% typically).

In determining the Market Supply Factor, it is important for jurisdictions to show their work, so that chosen market supply factors are supported by accurate and applicable data. (See Appendix A, Market Supply Factor Evaluation.)

**Senate Bill (SB) 5254: Market Supply Factor Elaboration**
Passage of E2SSB-5254 in 2017 requires an elaboration on how Market Supply Factor is determined by Buildable Lands jurisdictions. The outcome is a need for more formally documented methodology for market supply factor estimation by jurisdictions.

Counties and cities, working individually or at a countywide scale, should consider a range of factors that may block or severely inhibit
market availability of land suitable for
development over the 20-year planning period.
Appendix A provides examples of factors that
may be relevant, with a focus on factors that
may be more common where redevelopment
capacity is of growing importance. The actual
breadth and focus of the market supply factor
analysis used in each case will vary based on
community characteristics. Potential
approaches to collecting data include:

- Property owner surveys;
- Property Owner interviews;
- Advisory committee input;
- Real Estate Residential and
  Commercial/Industrial expert
  (brokerages, appraisers, etc.) input; and
- Review of County Assessor data to
  identify property sales and
  improvement activity.

Appendix A provides a detailed discussion of
the various reasons why property owners of
lands suitable for new improvements or for
redevelopment may choose not to sell or
develop over a long-term planning period.

Obstacles to market availability discussed are
suggestions for cities and counties to consider
given local land market conditions.

Market Supply Factor Methodological Approach

Jurisdictions have choices in how they consider
reductions for Market Supply Factor to best suit
local land market realities. Items to consider
include:

- Original analysis that calculates unique,
  local Market Supply Factor(s);
- A review of Market Supply Factor(s)
  methodology or resulting Market
  Supply Factor(s) utilized by comparable
  other jurisdictions;
- Past Buildable Lands Reports with
  Market Supply Factor(s) reductions still
  applicable to the new Buildable Lands
  Report update process; or
- Some combination of the above.

Analysis that estimates future property owner
behavior is really a prediction, and a reasonable
attempt to quantify how property owners in a
city or unincorporated UGA of a county will act.
Two key approaches to prediction of how land
owners will act are:

1. How they have acted in the past
   (historical data); and
2. What they express their likely actions
   will be in the future (landowner
   input/polls).

Each potential approach to the market supply
factor reduction is addressed below.

Historic Records of Land

County Assessor property data can be a key
basis for a historical property availability
analysis. The database typically contains
detailed and historical information about every
property for each jurisdiction. Critical details
include date of transaction (sale), zoning,
acreage, land and improvement value, and
taxpayer/owner information. The best
approach to historical property market activity
includes:

- Analysis by land use designation (for
  example zoning) and geographic area;
- Over as many observations possible for
  multiple years of data and resulting
  confidence;
- Analysis of a sample of properties to
  extrapolate to the greater population of
  land by designation or comprehensive
  parcel analysis; and
- Distinctly local priorities and land
  market conditions reflected in
  assumptions made by the local planning
  agency.
Historical property data can help the agency better understand the following contributions to market availability or unavailability:

- Property transactions and rates;
- Property platted for new use;
- Property conversions;
- Realized property redevelopment;
- Properties that have few or no transaction records; and
- Market availability reaction to major infrastructure improvement.

**Owner Future Plans – Owner Input**

Future owner intent for different land types may not necessarily be best indicated by past owner behavior. In this case, some sort of documentation of owner opinion or planning is appropriate instead of or in addition to analysis of past land availability.

With online polling, categories of land and owners can potentially be somewhat targeted and questions can be written to be lower-effort answers. Among other things, online polls can more precisely target:

- Owners by location;
- Owners by land use designation type; and
- Owners by residence (local vs. absentee).

Polling of owner intent can also be comprehensive or it can seek to solicit input from a representative sample of property owners depending upon the land use type or location of interest.

**Urban Capacity Supply Methodology**

There is a lot of jurisdictional variation in how urban capacity is calculated. The steps below represent an overview of how urban capacity could be calculated based upon the requirements of RCW 36.70A.215. Figure 9 is also provided to illustrate this issue.

Methodology steps are cumulative, so in determining how each is estimated, care should be taken to avoid double counting factors.

1. **Identify Areas that are Candidates for Growth**: Define vacant, partially-utilized and under-utilized lands that can potentially accommodate additional capacity.

2. **Determine Net Buildable Area**: Assess the buildable areas of vacant, partially-utilized, and under-utilized lands by:
   - Examining the impact of land use and development regulations (i.e., setbacks, lot sizes, and regulations that impact density), if these are not captured by observed density data;
   - Removing critical areas and buffers that cannot be used in calculation allowed density; and
   - Deducting areas where large utility easements may exist.

3. **Subtract Areas for Future Capital Facilities**: If known, deduct areas for planned capital facilities, future school sites, transportation corridors, parks, and other facilities that would not be used for residential and employment capacity.

4. **Account for Infrastructure Gaps**: Determine whether any significant infrastructure gaps would impede the development of vacant, partially-utilized, and under-utilized lands over the remainder of the planning period. This could include:
   - Planned and funded capital facilities that are delayed or are no longer funded and are no longer planned to be in service during the
20-year planning period that would impact the ability to add additional capacity;
- Planned transportation improvements that, without being implemented, would limit additional development and redevelopment; and
- Areas identified for development but are likely to remain outside of water and sewer service boundaries.

5. **Apply Market Supply Factors:** This will account for the percentage of residential, commercial, and industrial land that is assumed will not be available for development and redevelopment over the remainder of the planning period and is not accounted for in other steps of the supply methodology.

6. **Total Net Acres:** After applying the Market Supply Factor, determine the total net acres of vacant, partially-utilized, and under-utilized lands.

**Determine Urban Capacity:** Utilize the achieved density analysis, supplemented with density assumptions, to determine the estimated urban capacity.
Figure 9. Urban Capacity Calculation Components

Zoning Category
- Single-Family Residential
- Medium Density Residential
- Commercial
- Institutional

Important Features
- Open Water
- Stream or River (with buffer)
- Wetland (with buffer)
- Road
- Potential Future Road or Lot
- Existing Structure
- Identified Future School Site
- Urban Growth Boundary

Buildable Lands Category
1) Candidates for Growth
   a. New growth (vacant)
   b. Partially used
   c. Underutilized

2) Critical Areas, zoning requirements, rights-of-way, major utility easements

3) Major infrastructure gaps (e.g., water, sewer)

4) Future regional facilities (e.g., schools, airports, wastewater facilities)
STEP THREE: Urban Capacity Needs

Part of the evaluation process includes the calculation of land and/or capacity needed to accommodate residential and employment growth during the remainder of the 20-year comprehensive planning period. RCW 36.70A.215(3)(e) states that based on the actual density of development as determined under (b) of this subsection, review commercial, industrial, and housing needs by type and density range to determine the amount of land needed for commercial, industrial, and housing for the remaining portion of the twenty-year planning period used in the most recently adopted comprehensive plan.

While the statute specifically states that the amount of land must be determined, jurisdictions typically look at whether there is capacity to accommodate growth since an increasing share of growth is not occurring on vacant land but is instead taking the form of redevelopment at higher densities.

A simplified methodology for calculating demand based upon the 20-year population and employment forecasts is:

1. Develop a 20-year housing forecast for each jurisdiction that is consistent with OFM’s county-level population projections. In order to determine a housing forecast, household size projections, and vacancy rates will be necessary to convert the numerical forecast into dwelling units.

2. Develop a 20-year employment forecast for each jurisdiction that is consistent with county-level employment projections included within the comprehensive plan.

3. Using the forecasts, determine the amount of growth (expressed as dwelling units or commercial and industrial employment) needed to be accommodated for the remainder of the 20-year planning period.

4. If the future growth needs as expressed in the comprehensive plan are sufficiently disaggregated by land use and housing type, jurisdictions may choose to convert the growth, expressed as dwelling units or commercial and industrial employment, into acres based on density factors. Similarly, they may choose to use density factors to convert the acres identified in the previous step to capacity, expressed as dwelling units or commercial and industrial employment. The calculation of Urban Land Supply and urban land needs should use the same evaluation factor, whether expressed as acreage or as dwelling units.

There are many other approaches that have been used to determine how much capacity is needed for the remainder of the 20-year planning period, and the above approach is one of many that can be used.

When using achieved densities to analyze urban demand, professional judgment and data trends may provide rationale for assumptions that differ from the achieved densities previously calculated and observed. This analysis would typically be completed under the Urban Land Supply and then used to calculate urban land needs to ensure consistency.

Whenever professional judgment results in the use of assumptions that differ from the achieved densities, the jurisdiction must show their work by providing sufficient information and data to support that assumption.
STEP FOUR: Needs vs. Supply Comparison

In order to determine whether there is sufficient land suitable for development and capacity to accommodate the remainder of the 20-year planning period’s population and employment targets, the analysis must compare the results of the analysis by subtracting the total amount of land needed from the amount available. As described previously, this analysis can be conducted based on acreages or dwelling units, depending on which conversion factor and unit of analysis is preferred.

Jurisdictions are more commonly using housing unit and employment capacity estimates over land use acreages. It is important that calculations on urban capacity supply and urban capacity needs utilize consistent units of evaluation and the same underlying assumptions.

Should there be a shortfall between urban capacity supply and urban capacity needs, reasonable measures may need to be taken.
CHAPTER 3: METHODOLOGY

STEP FIVE: Reasonable Measures

The prior steps of the evaluation involve data analysis to determine whether growth is occurring as planned and whether there is sufficient capacity to accommodate the remaining portion needed for the 20-year population and employment projection. The final step of the analysis is determining if reasonable measures are necessary and, if needed, selecting measures that are reasonably likely to correct the identified issue.

RCW 36.70A.215(1)(b) defines reasonable measures as actions necessary to reduce the differences between growth and development assumptions and targets contained in the county-wide planning policies and the county and city comprehensive plans with actual development patterns.

RCW 36.70A.215(3)(c) requires an analysis of county and/or city development assumptions, targets, and objectives contained in the county-wide planning policies and the county and city comprehensive plans when growth targets and assumptions are not being achieved.

This section provides information to assist jurisdictions with determining whether reasonable measures are necessary and, if so, how to implement and monitor those actions.

Reasonable Measures Process

If the Buildable Lands analysis indicates that growth targets, projections, and assumptions are not being achieved, or if, based on achieved densities, there is not sufficient land suitable for development or capacity to accommodate population and employment growth during the remainder of the planning period, then jurisdictions must complete the following:

- Consider and identify the reasons for why densities are not occurring as planned;
- Determine whether reasonable measures are needed. There may be reasons why growth targets, projections, and assumptions are not being achieved that would not require reasonable measures to be taken. This could include the evaluation period happening during a time of economic recession or that planned infrastructure that will make up for any identified shortfalls is scheduled for future year construction. The key is to clearly document how decisions are made as to whether reasonable measures are necessary.
- When reasonable measures are necessary, identify possible actions, other than expanding urban growth areas, to be taken to reduce the difference between planned and achieved growth;
- The county or city shall then adopt and implement reasonable measures that are reasonably likely to increase consistency during the succeeding review and evaluation period;
- Consider reasonable measures that include an affordable housing component when affordable housing goals and policies for a county or city are not being met;
- Each county or city is responsible for documenting its methodology and expectations for monitoring to determine whether the adopted measures have been effective; and
- A copy of any action taken to adopt, amend, or rescind reasonable measures should be submitted to the Department of Commerce. If reasonable measures have not been effective, make
appropriate and necessary changes, other than adjusting UGA boundaries.

**When Are Reasonable Measures Necessary?**
The RCW and the WAC do not provide specifics regarding when reasonable measures are required. As shown above, RCW 36.70A.215(1)(b) describes reasonable measures as actions to reduce differences between planned and realized growth. This implies that an analysis to determine whether reasonable measures are needed is required when:

- Planned densities are not being achieved;
- There is insufficient capacity to accommodate the remaining portion of the planning period; and/or
- Actual development patterns are inconsistent with growth and development assumptions in the county-wide planning policies and/or comprehensive plan.

When any of the above observations are noticed, it does not necessarily imply that a reasonable measure will be necessary. Rather, it places an expectation on the jurisdiction performing the analysis to further analyze potential contributing factors to why the observations occurred. The following is an overview of each of these three potential observations and what types of considerations should be made when determining whether or not a reasonable measure is necessary.

**Planned Urban Densities Not Being Achieved**
If, during the achieved density analysis, achieved densities are not occurring as planned, an analysis of why the density discrepancy is occurring must take place to determine a probable cause for the inconsistency. A number of questions that could be asked include:

- Are there a sufficient number of projects from the evaluation period to determine that achieved densities are not occurring as planned?
- Could the inconsistency be attributed to vested lower density development from

**Insufficient Capacity**
When there is not sufficient urban capacity to accommodate the projected urban growth needs (based on population and employment projections for the planning period), then a capacity shortfall exists. There are a number of possible factors influencing an insufficient capacity finding, including:

- Planned densities are not being achieved;
- Regulation changes, such as critical areas and buffers, that may reduce land available for development; and
- There has been a significant increase in population or employment growth beyond what was originally anticipated.
If the analysis results in an insufficient capacity finding, the jurisdiction must assess and provide a finding on why the shortfall exists. Reasonable measures to increase capacity without UGA expansions would be required.

**Growth Targets or Projections Not Being Met**

The third primary trigger for potential reasonable measures is when growth targets, projections, and assumptions, where applicable, are not being met. RCW 36.70A.215(3)(c) requires an analysis of growth assumptions, targets, and objectives when growth targets and assumptions are not being met. It also specifies that it is not appropriate to make a finding that assumed growth contained in the county-wide planning policies and the county or city comprehensive plan will occur at the end of the current comprehensive planning twenty-year planning cycle without rationale. This addition places the requirement on jurisdictions to further analyze why adopted growth targets or projections are not being met without stating that remaining growth will occur later in the planning cycle unless there are known factors that can support such a finding.

For example, a jurisdiction may make a finding that a light rail or transit expansion within the planning period will likely contribute to additional growth beyond what is currently occurring. Major capital facility projects planned to be completed that impact capacity can also be used to justify a finding that growth will occur later in the planning period.

There are a number of additional factors that jurisdictions may consider should they make a finding that growth targets, projections, or assumptions are not being met, including:

- Are there significant infrastructure gaps that interfered with development potential?
- Were there certain areas within a UGA where expected urban development did not occur, and, if so, what are the likely reasons why such development did not occur (e.g., infrastructure gaps that have been planned but not funded or realized)?
- Do city policies and/or practices prohibit extension of public water and sewer in the portion of the urban growth area that is outside city limits? If so, have cities annexed sufficient land to encourage urban growth?
- Is an area that is not experiencing planned growth being suppressed by over-zoning with minimum density requirements? Do economic trends suggest that the area might reach a point of viability within the remaining portion of the planning period?

Based upon the outcome of the assessment, reasonable measures must be adopted and implemented unless it is determined that they are not necessary to resolve the inconsistency. It is important that CPPs and/or administrative procedures outline how these determinations will be made and documented.

**Implementing Reasonable Measures**

After reasonable measures are identified to be necessary, they must be adopted where applicable and implemented. RCW 36.70A.215(2)(d) specifies that the reasonable measures shall be adopted, if necessary, into the county-wide planning policies and the county or city comprehensive plans and development regulations during the next scheduled update of the plans. It also indicates that the reasonable measures process shall be used as part of the next comprehensive plan update to reconcile inconsistencies.

If reasonable measures are determined to be necessary, a jurisdiction must select actions that
are reasonably likely to reduce or mitigate the issue that has been identified. There are different types of reasonable measures that can be considered, depending on the issue identified. A list of possible reasonable measures is included in Appendix B.

Underlying issues identified as having an impact on growth and development as part of the Buildable Lands Program must be addressed as part of the county-wide planning policies and comprehensive plan update. When reasonable measures are adopted, they should be clearly identified as reasonable measures to ensure that the intended remedies can be monitored for effectiveness. While there may be instances where reasonable measures are implemented in county-wide planning policies, it is more likely that the implementation will be in comprehensive plans, capital facilities plans, and development regulations.

**Monitoring Reasonable Measures**

When reasonable measures are incorporated into the county-wide planning policies, comprehensive plans, or development regulations, they should be clearly identified as reasonable measures that address a growth inconsistency identified in the Buildable Lands Report.

RCW 36.70A.215 does not require the tracking of reasonable measures to determine whether or not they are adequately remediating the identified issue. However, it may be helpful for jurisdictions to identify data to be collected that can be used to determine the effectiveness of the reasonable measure. These data could be evaluated at a specified interval to assess performance.
APPENDICES

A. MARKET SUPPLY FACTOR EVALUATION
B. REASONABLE MEASURES
C. E2SSB 5254 REQUIREMENTS
D. E2SSB 5254 TRACKED CHANGES
APPENDIX A: Market Supply Factor Evaluation Considerations

Introduction

E2SSB-5254 introduced new considerations as part of market supply factor determination. There is no single way of determining an appropriate Market Supply Factor and, currently, there are varied approaches used by jurisdictions to determine which market supply factor is used. The flexibility for counties and their jurisdictions to determine a Market Supply Factor remains a cornerstone of the Review & Evaluation Program. This section on determining a Market Supply Factor in light of the 2017 additions is intended to provide context and a review of the additions and examples of how these can be assessed.

Over a 20-year planning period, not all land will be available for development or redevelopment, no matter how suitable. One key constraint on property availability is market availability, or whether or not land will transact for purpose of development or redevelopment. Owners of property that could be developed or redeveloped may have no interest in selling or developing over an extended period of time for any number of reasons. As Snohomish County, in its 2012 Buildable Lands Report, explains:

“...not all developable land will be available for development over the GMA planning timeframe since not all landowners are willing to develop their property for a variety of reasons (investment, future expansion, personal use, participation in open space tax relief programs).”

When there is documented unavailability of land over a long period, a Market Supply Factor reduction is allowed by Washington statute so that jurisdictions may avoid overestimation of effective buildable land capacity reflecting uniquely local conditions.

Statutory Context

The Market Supply Factor adjustment to Buildable Lands has two primary references in the Revised Code of Washington (RCW), as well as two in Washington Administrative Code (WAC) specifically guiding urban growth area (UGA) planning. These are:

1. **RCW 36.70A.215(3)(b)(ii)** “Use of a reasonable land market supply factor when evaluating land suitable to accommodate new development or redevelopment of land for residential development and employment activities. The reasonable market supply factor identifies reductions in the amount of land suitable for development and redevelopment.”

2. **RCW 36.70A.110(2)** “...An urban growth area determination may include a reasonable land market supply factor and shall permit a range of urban densities and uses. In determining this market factor, cities and counties may consider local circumstances. Cities and counties have discretion in their comprehensive plans to make many choices about accommodating growth.”

3. **WAC 365-196-310(2)(e)** “The urban growth area may not exceed the areas necessary to accommodate the growth management planning projections, plus a reasonable land market supply factor, or market factor. In determining this market factor, counties and cities may consider local circumstances. Cities and counties have discretion in their comprehensive plans to make many choices about accommodating growth.”
4. **WAC 365-196-310(4)(b)(ii)(F)** “The land capacity analysis may also include a reasonable land market supply factor, also referred to as the ‘market factor.’ The purpose of the market factor Market Supply Factor is to account for the estimated percentage of developable acres contained within an urban growth area that, due to fluctuating market forces, is likely to remain undeveloped over the course of the twenty-year planning period. The market factor recognizes that not all developable land will be put to its maximum use because of owner preference, cost, stability, quality, and location. If establishing a market factor, counties and cities should establish an explicit market factor for the purposes of establishing the amount of needed land capacity. Counties and cities may consider local circumstances in determining an appropriate market factor. Counties and cities may also use a number derived from general information if local study data is not available.”

In addition to authorization to utilize Market Supply Factor deductions to buildable land, it is important to emphasize what statute and the administrative code say about doing so:

1. **Market Supply Factors are appropriate and can be distinct for both new development and redevelopment.** Market Supply Factor is, in effect, a valid consideration for vacant, partially utilized or under-utilized land in UGAs as well as already-developed properties that are identified as appropriate for higher-intensity redevelopment.

2. **Distinct Market Supply Factors are appropriate for employment land and activities.** Market Supply Factor reductions can and should also be made for commercial and industrial land, which typically have different, more income-oriented ownership intent than residential property ownership.

3. **Market Supply Factors can and should be distinct for different counties and cities.** Statute does not intend for there to be uniformity in Market Supply Factor determination by counties and cities statewide. Variation and distinct differences to reflect unique local conditions are expected and protected.

4. **Market Supply Factors can and should be distinct for Urban Growth Areas.** UGA Market Supply Factors should reflect fluctuating market forces that leave different parcels undeveloped for twenty years. More specifically, UGA Market Supply Factors should reflect owner preference, cost, stability, quality, and location as determinants of unavailability for development that may likely differ from parts of cities and counties that have long been developed.

5. **Urban growth area Market Supply Factors can be based on generally available information, including Market Supply Factor methodology from other cities and counties, instead of purely local data.** Jurisdictions may study local UGA Market Supply Factor determinants or study and potentially utilize UGA Market Supply Factor determination information and methodology from elsewhere in Washington.
# Market Supply Factor in Practice

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<td>Cities (Range)</td>
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<td>Small Town Growth Margin</td>
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Note: Clark County and Pierce County also implement distinct market supply factors for unincorporated UGAs, vacant mixed-use land and under-utilized mixed-use land.

1/ King County jurisdictions report market supply factors for “redevelopable” that includes “under-utilized” land.
2/ 50% market supply factor, the highest among King County cities, is strictly for Normandy Park single-family zoned land.
3/ From Neighborhood, District, Regional Center, and Employment Center market supply factors for City of Bremerton.
4/ Thurston County does not utilize distinct market supply factors for underutilized land and applies market supply factors to unincorporated UGAs areas that are equivalent to market supply factors utilized by the adjacent city area.
5/ City market supply factors estimated as city and UGA capacity in excess of estimated demand.
6/ The 70% market supply factor was used in limited portions of two cities due to unique infrastructure challenges, property ownership not interested in converting, and floodplain issues.

Sources:
Clark County Buildable Lands Report, June 2015
King County Buildable Lands Report, Appendix B, 2014
Kitsap County Buildable Lands Report, Appendix A, 2014
Pierce County Buildable Lands Report, June 2014
Snohomish County Buildable Lands Report, June 2013
Thurston County Buildable Lands Report Population & Employment Land Supply Assumptions for Thurston County Appendix, Thurston Regional Planning Council, November 2012
Whatcom County Land Capacity Analysis, Detailed Methodology Appendix, 2015
In practice, Market Supply Factor adjustments can vary considerably between different counties and their cities. The Market Supply Factor chart above provides a summary of the various market supply factors implemented by Buildable Lands jurisdictions for vacant and under-utilized/redevelopable residential and employment (commercial/industrial) lands. Market Supply Factors are taken from the most recent Buildable Lands Report and/or appendices for each county.

Market Supply Factor adjustments for all but Thurston County jurisdictions are explicitly limited to market availability of lands during a 20-year planning period. Market Supply Factor adjustments to-date reflect owner intent or unwillingness to sell land for urbanization or redevelopment.

Market Supply Factor Jurisdictions most commonly use the following ranges of market supply factors:

- Unincorporated UGA Residential Land: 10% to 15% for vacant land, 25% to 30% for under-utilized land.
- Unincorporated UGA Employment Land: 10% to 20% for vacant land, 25% to 50% for under-utilized land.
- Cities Residential Land: 0% to 50% for vacant land, 0% to 50% for under-utilized land.
- Cities Employment Land: 0% to 20% for vacant land, 0% to 40% for under-utilized land.

**Source of Past Market Supply Factors**

Whether explicitly stated (as in the Snohomish County Buildable Lands Report and in the Thurston County Buildable Lands Report) or not, market supply factors to-date included a basis in formal surveys of property owners and their personal intent to sell land identified as suitable for development. To varying degrees, local governments have additionally considered general local knowledge about real estate markets and other land supply considerations.

The June 2013 Snohomish County Buildable Lands Report provides a detailed history of property owner surveys for market supply factor determination going back to 1992. Those surveys, as summarized in Snohomish County BLR document, were:

- **1992 Department of Commerce “Providing Adequate Urban Area Land Supply”**: The DOC publication cited research that focused on property owners in suburban/UGA areas and owner willingness to sell for suburban residential conversion. The report focused on an analysis of suburban King County properties and owner willingness to convert. The report concluded a 20%-25% market supply factor for suburban residential land was supportable by evidence. This report shaped market supply factor derivation for most buildable lands counties during first attempts at Market Supply Factor derivation.

- **1993 City of Marysville Property Owner Survey**: The City survey of its larger, suburban property owners found a roughly 28% unwillingness to sell, consistent with findings in the 1992 DOC publication.

- **2002 King County Jurisdictions Analysis**: Coordinated analysis between King County and its cities generally concluded a 20% average Market Supply Factor for residential land and a 13% average Market Supply Factor for commercial and industrial lands, all located in suburban settings.
• **2005 “Urban Land Availability Survey of Snohomish County Landowners”:** The formal survey conducted by a private research firm for Snohomish County found higher market unavailability of under-utilized residential properties (23%) county-wide than vacant residential properties (17%). It also distinguished between single-family residential property unavailability (24% overall) and multifamily, mixed-use, commercial and industrial lands (17%).

Examination of the various market supply factors assumed by the Buildable Lands counties and their cities indicates that most-recent buildable lands analysis utilizes market supply factors consistent with the evolution of past owner intent surveys. However, the following are also true about past and currently utilized Market Supply Factors:

• *Surveys have overwhelmingly focused on suburban and greenfield land use, largely for UGA area designation and planning.*

• *Surveys have greatly focused on suburban and UGA lands suitable for conversion from vacant or very low density residential land to single-family residential subdivisions and developments.*

• *Surveys of owner intent have greatly focused on subjective willingness of owners to sell or subdivide.*

• *Surveys and analysis have not provided greater description of specific motivations for not selling such as time, cost, nature of existing use, infrastructure availability, or other factors that may affect owner decision-making.*

• *Surveys are becoming dated, as the last, formal study was completed for Snohomish County in 2005, a key year of the home price “bubble” that preceded the Great Recession.*

With the passage of E2SSB 5254, as will be discussed in the next section, previous Market Supply Factor assumption methodology may need to be updated by different jurisdictions. As a result, historical market supply factor assumptions employed by jurisdictions may be found to be too high (or too low) for future buildable lands analysis. Jurisdictions should verify whether historical market supply factor assumptions have been updated before reviewing what other cities or counties have utilized for comparable analysis.

**Senate Bill (SB) 5254: Market Supply Factor Elaboration**

Passage of ESSSB-5254 in 2017 indicates a need to elaborate on Market Supply Factor determination by Buildable Lands jurisdictions, with amendment to RCW 36.70A. SB 5254 section 3(1)(d) specifically adding the following considerations for potential guidance on how jurisdictions derive Market Supply Factor deductions:

1. Infrastructure costs, including but not limited to transportation, water, sewer, stormwater, and the cost to provide new or upgraded infrastructure if required to serve development.

2. Cost of development.

3. Timelines to permit and develop land.


5. The nexus between proposed densities, economic conditions needed to achieve those densities, and the impact to
housing affordability for home ownership and rental housing.

6. Market demand when evaluating if land is suitable for development or redevelopment.

A discussion of each issue as it may or may not affect local government Market Supply Factor derivation is found below. Each issue is treated within the context of the still-valid definition of Market Supply Factor: a reduction in buildable land inventory due to land market supply factor(s).

In other words, each issue is discussed in the context of how they may contribute to land supply constraint on availability over a 20-year planning period. Guidance suggestions for how jurisdictions may “show their work” regarding each issue as it may affect their own Market Supply Factors derivation is also provided.

The potential market supply factor issues described below are suggestive of a range of factors that a local government or countywide group may decide to consider as it determines an appropriate market supply factor or factors for the Buildable Lands Report.

**Infrastructure Costs (New or Upgraded)**

Appropriate infrastructure of all types can be an important determinant of whether land will convert to urban intensity uses within a UGA, and whether land with existing improvements will redevelop to higher-intensity use. Without appropriate connection and capacity for transportation, water, and wastewater services in particular, development or redevelopment of land is extremely unlikely no matter the subjective preferences of the property owner to sell.

However, with infrastructure connection and capacity, property values are typically enhanced due to “uplift” from the newly-enabled ability to develop property at intensity now supported by public infrastructure investment. With this value “uplift,” property owners are typically more likely to consider selling- making land available on the market - for conversion to urban uses on greenfield land or sell/redevelop existing improvements to higher intensity. Putting land up for sale for new development or redevelopment frequently happens when public infrastructure investment and construction is assured, even before actual construction happens.

Cost and timing of planned, key public infrastructure investments are therefore crucial in shaping market availability of land over a twenty-year planning period. Both can and usually are interrelated, with higher-cost infrastructure projects frequently in later years of a public capital facilities plan and not necessarily with guaranteed (assured) funding sources and precise construction timing.

Because certainty of timing and cost financing mechanism of infrastructure are key determinants of the timing of market supply of land for new development or redevelopment, Market Supply Factor should explicitly address the timing of assured infrastructure construction that “unlocks” raw land or facilitates redevelopment of existing uses.

- **Capital Facilities Plans** would be the basis of understanding any specific Market Supply Factor reductions.

- **Capital infrastructure project timing for any pertinent public service provider should be considered,** whether an independent wastewater district’s new pump station, new transit investment by a transit agency, or a crucial state highway improvement as examples.

- **A time proportion methodology should be considered to specifically account**
for (delayed) timing of infrastructure investment that will bring land to market for development or redevelopment. For example, if a key light rail investment is not assured with funding and timing until Year 10 of the planning period, land enabled to redevelop from this investment will likely not see market availability until the timing of the project approaches. So, for instance, a portion of Market Supply Factor for such lands may be 30% to reflect the expectation that property owners will not be willing to sell the value of their current improvements for redevelopment until Year 6 of the planning period, four years before project construction is assured.

- **Lack of sufficient water rights may also warrant Market Supply Factor consideration.** As Thurston County identifies in its 2012 Buildable Lands Report, jurisdictions will increasingly face water rights and water access sufficiency issues over future 20-year planning periods and the impact of that upon buildable land inventory should be considered. Cost and availability of water rights and capacity would be appropriately treated as an infrastructure cost and timing issue under E2SSB 5254.

- **Conduct updated property owner surveys.** Focus on identifying those affected by crucial infrastructure projects would be appropriate in determining infrastructure timing and cost Market Supply Factor. As expressed earlier in this section, past Market Supply Factor methodology has focused on surveys of rural/suburban property owners’ subjective willingness to sell/subdivide their property into single-family homes. Updated surveying of property owners, especially including owners of existing improvements within a city for likelihood of redevelopment with new infrastructure, would be entirely appropriate.

- **Short of formal surveying, advisory committee(s) input of key property ownership interests can be an appropriate method to understand market availability impacts of infrastructure cost and timing.**

- **Analysis of land sale patterns before and after past, key infrastructure investments would be appropriate for deriving infrastructure cost and timing effects on Market Supply Factor.** Rather than relying on subjectively “predictive” surveys of property owner intentions, review of property sales data from county Assessor records can help to identify when property owners have indeed sold land in anticipation of or after key infrastructure has been constructed.
• Jurisdictions should recognize that impact fees have been shown to facilitate infrastructure development by providing certainty to infrastructure improvement and value to new residents of a resulting development. But impact fee incidence in slower-growth communities, and/or lower property-tax communities can have effects upon total construction costs and feasibility that can potentially affect owner willingness to sell. The cost of impact fees, or the share of public infrastructure funding paid by private development, can have an impact upon feasibility of new construction and, therefore, the timing of when property owners are willing to put land on the market for (re)development. Impact fees are ultimately funded by the value “uplift” of land due to infrastructure investment making that land suitable for urban intensity (re)development.

Cost of Development
Over a 20-year planning period, extraordinary private development costs can delay development feasibility and ultimately the supply of developable land during the planning period. A few examples include:

• Private/internal infrastructure and utilities. Larger, planned unit development and planned community developments will have long, planned build-out periods as a function of size. 20-year planned build-out periods for large planned community developments have precedent. Portions of such developments that are least convenient or cost-efficient to serve with internal private roads and infrastructure system can frequently be delayed until later in the planned build-out awaiting growth in capital resources from earlier development build-out and sales. Such delay in availability for building due to such costs amounts to a delay in market availability of that land to homebuilders who purchase such parcels, construct homes, and then sell at market price.

• Private share of public infrastructure cost such as impact fees and other private contributions. See the previous Infrastructure Costs (New or Upgraded) section for a detailed treatment of public infrastructure cost impacts to land cost and availability for development.

• Condominium Liability Costs. To the extent that condominium construction liability burden limits condominium development from a cost perspective, a city may conclude that a portion of land zoned for higher density residential development that is also less suitable or not likely for rental apartment development may not convert for a long period of time. The Washington Condominium Act has had a well-documented constraining effect upon redevelopment of properties into
moderately-priced condominiums, where moderate condominium prices tend to suggest lower-priced communities more sensitive to development cost or non-optimal development site for market-rate rental apartments.

- **Cost of land development “inefficiencies.”** Local land use regulations regarding permissible development standards of lands that might convert can have a constraining effect upon project cost and market availability. As an example, tree retention requirements, depending on how they are structured, can potentially reduce the market value of land to an owner by impacting the potential unit yield on a site. Regulations that require greater existing tree retention can potentially reduce more efficiently geometric layouts of different uses, thereby reducing development yield per acre and per site, potentially delaying property owner decision to make land available for development. Other examples of “inefficiencies” can be found in the 2012 Thurston County Buildable Lands Report, which identifies the following land inefficiencies that reduce developability of land that can reduce ultimate density and yield, affecting the value of land and the decision to make it available for development during a planning period:
  - Minimum space requirements for existing home(s) on sub-dividable land that reduce developable area.
  - Limiting proportions of land in mixed-use areas available for redevelopment.
  - Minimum parcel size to be considered sub-dividable.
  - Private restrictions/covenants that prevent further subdivision.
  - General deductions for non-residential uses in residential districts.
  - Truncation of potential subdivision dwellings and layout due to rounding of units to whole numbers per parcel.

All of the examples of private development cost and their impact upon underlying land values, and thus impact upon when a property owner would make land available, would be appropriate for consideration as part of Market Supply Factor derivation. However, most such cost factors would have a more “case-by-case” basis for specific sites and developments. Use of development and property owner surveys, interviews, and advisory input to better understand and document the impact of such inefficiencies.

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cost factors on market availability of (re)development land over the planning period would be appropriate.

Timelines to Permit and Develop Land
This issue is suggested by E2SSB 5254 as potentially requiring Market Supply Factor derivation guidance. However, upon review, for the most part, the issue was found not to have a direct influence on property owner decision to sell or (re)develop land during a 20-year planning period. The issue is, however, potentially significant for discussion of reasonable measures, determining what adjustments might need to be made by the planning agency.

The sole exception would likely be extended timelines for developing large master-planned communities. Over a twenty-year period, several economic cycles may occur that can either accelerate build-out pace or slow it. Therefore, even though a master-planned community development plan includes all portions of future build-out, market forces, financial markets, and both private and public infrastructure costs may deem portions of such a project not feasible to be built within 20 years. Market Supply Factor deduction for build-out of such projects beyond 20 years would be appropriate.

Market Availability of Land
As past property owner survey research has found, property owner unwillingness to sell for subdivision and/or (re)development is an issue. But as review of those surveys in this document found, there is actually little specificity about why property owners would choose not to sell land during a 20-year planning period.

Beyond public infrastructure availability, cost, and private development cost reasons already discussed in this section, property owners can have widely varying economic and legal reasons for not selling land for an extended period of time, whether in a rural, suburban, small city or large city setting. This section discusses common examples of long-term constraining factors on land sale and (re)development from the property owner perspective that may be pertinent for Market Supply Factor calculation in a city or county.

Each may be appropriate for potentially considering as part of Market Supply Factor deductions, especially for jurisdictions that are increasingly planning redevelopment capacity and seek to understand owner intent of properties with existing developments. In light of the fact that past Market Supply Factor-related studies focused almost exclusively on greenfield development in a suburban UGA setting, cities and counties may find the following issues appropriate to study via:

- Property owner surveys;
- Property Owner interviews;
- Advisory committee input;
- Real Estate – Residential and Commercial/Industrial expert (brokerages, appraisers, etc.) input; and/or
- Review of County Assessor data to identify property ownership patterns and sales activity.

- Current owner paid too-high of a price for the property and is waiting for the market to “catch up” in order to make it economically feasible to develop (High Basis). This constraint can happen for new suburban development, but the issue is far more common and constraining for urban properties deemed appropriate for redevelopment. An existing development can be purchased on
speculation that it can be redeveloped if a business cycle continues and rents or prices continue to climb. However, as the cycle changes and rents or prices do not continue to grow, the property sale price is overvalued and the owner must either sell at a discount or hold until prices or rents return and escalate higher. The holding period, until such time redevelopment is feasible, is typically mitigated by the cash flow received from the existing real estate use. Therefore, high basis “holding” of property can happen for long periods of time.

- **Inhibitive tax implications of sale.** For some property owners, the tax on capital gains from property sale can be inhibitive to making the property available for sale. If the property owner is not inclined to continue to invest in other commercial real estate holdings after the sale of a site, as is required to utilize tax deferment programs such as a 1031 Exchange, property owners will hold ownership over long periods of time. This is particularly true in an urban setting where a property with an existing improvement earns the property owner income/cash flow from the improvements in place.

- **Trust ownership restrictions.** To shield property ownership from taxes and legal risk, properties are frequently held “in trust” with such legal protections. But trust ownership places restrictions upon sale of such properties due to tax implications, as well as restricts how those properties can be used as collateral to finance (re)development. Trust ownerships of significant sizes and property portfolios may have interest and experience in the legal procedures, risks, and costs to finance redevelopment on held properties. However, smaller trusts, such as family or individual trusts, may have no such inclination or financial wherewithal to take on the cost and risk or redevelopment. Accordingly, trust-owned properties may not see (re)development for long periods of time as the trust entity enjoys the income from the existing real estate use(s) on-site.

- **Subjective ownership preferences.** Property owners, including suburban properties with residential subdivision potential, can have purely subjective reasons for not selling property over a 20-year period or longer. Long-term enjoyment of a larger, rural parcel as a residential use or maintaining ownership for the property to be inherited are examples of such decisions to not sell for long periods of time. This type of reduction from land inventory for Market Supply Factor is the basis of previous surveys and studies already cited in this section.

- **The economic value of business operating on the property is high enough to inhibit property sale or redevelopment.** Although screening for redevelopment suitability of land in cities reflects ratios of building improvement value to land value, determination of redevelopment suitability never factors in the economic use within the improvements and likely overstates redevelopment capacity. While an existing structure might have depreciated value in terms of redevelopment potential, the property may not redevelop for long periods of time because the business inside the
structure is viable, profitable, and may depend upon that business location as irreplaceable for the urban market they serve.

- **Absentee Ownership.** As property-owning households relocate away from the property they hold, sometimes distantly, owners will retain the property to enjoy the income stream from the use on their property. With stable, dependable income as the priority for their ownership, redevelopment will frequently not be a consideration for long periods of time and the property can be off of the market for much or all of a land use planning period.

- **Foreign Ownership.** Foreign ownership of a property, particularly with an existing improvement that generates cash flow for the owner, is much like an Absentee Ownership but with the addition of foreign tax law and tax shelter implications. For these reasons, foreign-held properties may not redevelop over extended periods of time, particularly if the real estate or economic use in the existing improvement is significant.

- **Lease vs. Fee-Simple Ownership.** Whether by choice or by legal requirement, such as Tribal land ownership, lands can and do have lease-only restriction to the use of those properties. The main constraint being that the lease-hold is of finite duration, and so at end of the lease terms, the value of any improvements on the property reverts back to the owner and the lessee vacates. This constrains certain types of development, particularly for-sale real estate uses. In high-value real estate markets in large cities, such constraints can be less of a factor given the value of the real estate improvements and income in question. But in suburban markets of lower real estate value, leasehold restrictions can affect land availability for certain types of uses over the long term.

**Nexus Between Proposed Densities, Economic Conditions, and Impact to Housing Affordability**

Although cited in E2SSB 5254 as an issue to study as it may affect Market Supply Factor guidance, this issue was determined to be more appropriate to consideration of Reasonable Measures for dealing with inconsistencies between planned capacity at varying densities and the extent to which such planned capacity may not be economically delivered. The issue is far less of a direct influence on property owner willingness to sell land for development or redevelopment.

**Market Demand for Suitable Land**

Like the previous issue of nexus regarding proposed densities, this issue was determined to be more appropriate to consideration of Reasonable Measures for dealing with inconsistencies between planned capacity at varying densities and the extent to which such planned capacity may not be economically delivered due to appropriate market demand. The issue is far less of a direct influence on property owner willingness and legal/financial decision-making to sell land for development or redevelopment.
Below are a series of hypothetical approaches to and calculations of market supply factor based on data that should be available as commonly collected information from a county assessor property database.

**Example #1: A calculation of Market Supply Factor assuming existing improvement value as a share of total property value represents unlikeliness to convert to a new use.**

For a set number of properties of a certain type, for instance location or zoning, assessment data for each property include improvement value, land value and total property value. In this example, fifty properties and their value data are calculated and for each, the percentage of total property value attributable to improvements is calculated. Higher existing property values as a share of total value will tend to indicate the property will be less likely to convert from the existing use and therefore the owner will likely not make the property available for sale, even though it is deemed buildable. Across all properties in the hypothetical example, the average percentage of property value attributable to improvements is 25% and the mode (most common) is 17%. 17% to 25% is then a candidate range for a market supply factor assumption for this set or type of land in the inventory.

**Market Supply Factor Analysis Example #1: Improvement Value to Total Value Comparison**

<table>
<thead>
<tr>
<th>County Assessor Data Query</th>
<th>Property 1</th>
<th>Property 2</th>
<th>Property 3</th>
<th>Property 4</th>
<th>---</th>
<th>Property 50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement Value</td>
<td>$200,000</td>
<td>$200,000</td>
<td>$400,000</td>
<td>$50,000</td>
<td>$150,000</td>
<td></td>
</tr>
<tr>
<td>Land Value</td>
<td>$300,000</td>
<td>$1,000,000</td>
<td>$900,000</td>
<td>$250,000</td>
<td>$600,000</td>
<td></td>
</tr>
<tr>
<td>Total Property Value</td>
<td>$500,000</td>
<td>$1,200,000</td>
<td>$1,300,000</td>
<td>$300,000</td>
<td>$750,000</td>
<td></td>
</tr>
<tr>
<td>Improvement % of Value</td>
<td>40%</td>
<td>17%</td>
<td>31%</td>
<td>17%</td>
<td>---</td>
<td>20%</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Mode (Most Common)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>17%</td>
<td></td>
</tr>
</tbody>
</table>

**Potential Market Supply Factors**

- 25%
- 17%

**Example #2: A calculation of Market Supply Factor assuming the percentage of total properties with no previous record of transaction is indicative of the future percentage of properties that will likely not sell and convert.** In the hypothetical example, among a population of 35 properties, six properties have no record of transaction of a specific period of time. This amounts to a non-availability rate of 17%. For the acreage of those properties in the hypothetical example, of 275 total acres of land, non-transacting properties represent 36 total acres for a rate of 13%. The candidate range of potential Market Supply Factors in this example ranges from 13% to 17% with an average of 15%.
Market Supply Factor Analysis Example #2: Query of Properties Never Transacting

<table>
<thead>
<tr>
<th>County Assessor Data Query</th>
<th>Properties</th>
<th>Combined Acreage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have No Record of Transaction</td>
<td>6</td>
<td>36</td>
</tr>
<tr>
<td>Total Candidate Properties</td>
<td>35</td>
<td>275</td>
</tr>
<tr>
<td></td>
<td>17%</td>
<td>13%</td>
</tr>
<tr>
<td>Average</td>
<td>15%</td>
<td></td>
</tr>
</tbody>
</table>

Potential Market Supply Factors: 17% 13% 15%

Example #3: A calculation of Market Supply Factor by deriving a non-conversion rate by studying the population of properties that have converted over a defined period of time. In the hypothetical example, among a population of sixty properties, forty of them converted in the last 10 years for a conversion rate of 67%. That translates into a non-conversion rate of 33% of properties in the set of interest. In terms of acreage, properties that converted comprise 400 hypothetical acres out of a total of 500 acres for a hypothetical conversion rate of 80%. That translates into a non-conversion rate of 20% based on acreage rather than property record counts. There resulting candidate range of Market Supply Factors for consideration would then be 27% to 33% with a midpoint of 20%.

Market Supply Factor Analysis Example #3: Query of Properties That Have Converted to New Use

<table>
<thead>
<tr>
<th>County Assessor Data Query</th>
<th>Properties</th>
<th>Combined Acreage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Converted in the Last 10 Years</td>
<td>40</td>
<td>400</td>
</tr>
<tr>
<td>Total Candidate Properties</td>
<td>60</td>
<td>500</td>
</tr>
<tr>
<td>Conversion Rate</td>
<td>67%</td>
<td>80%</td>
</tr>
<tr>
<td>Non-Conversion Rate</td>
<td>33%</td>
<td>20%</td>
</tr>
<tr>
<td>Average</td>
<td>27%</td>
<td></td>
</tr>
</tbody>
</table>

Potential Market Supply Factors: 33% 20% 27%

The three basic examples of how to potentially utilize property value assessment and transaction data obviously represent somewhat simplified examples of calculations with data available. But the examples do illustrate the relationships between different values components, transaction rates, and conversion rates that can in isolation or in combination be considered or weighted for supporting Market Supply Factor assumptions.
The following chart represents a suggested combination of sources of information along with example calculations, or other calculation methodologies, that will likely yield more robust Market Supply Factor assumptions. Other suggested sources of information that may prove useful alone or in combination include property owner input, property owner surveys, examination of other jurisdictions’ Market Supply Factor methodologies and findings for comparable types of land, and input from real estate industry experts regarding market need and conversion likelihood over a longer planning period.

Other sources of information or considerations identified by a jurisdiction that support a “show your work” approach to Market Supply Factor can certainly also be of value.
APPENDIX B: Reasonable Measures

The following reasonable measures were taken directly from Buildable Lands counties and are intended to provide a framework for how reasonable measures have been used. Some may contain information that is specific to its respective jurisdiction and would require adjustments for application. Information within the Comments 1 and 2 rows are any notes that were associated with the reasonable measure.

<table>
<thead>
<tr>
<th>Reasonable Measure</th>
<th>Explanation</th>
<th>Comments 1</th>
<th>Comments 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create Annexation Plans</td>
<td>In an Annexation Plan, cities identify outlying areas that are likely to be eligible for annexation. The Plan identifies probable timing of annexation, needed urban services, effects of annexation on current service providers, and other likely impacts of annexation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Encourage Transportation-Efficient Land Use</td>
<td>Review and amend comprehensive plans to encourage patterns of land development that encourage pedestrian, bike, and transit travel. This policy is typically implemented at the development review level.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Review and Mitigation Built into the Sub area Planning Process</td>
<td>Building environmental review and mitigation into the sub area planning process can address key land use concerns at a broader geographic scale, streamlining review and approval of individual developments. Planned actions adopted for the subareas include required mitigation measures. In addition, a GMA-base traffic impact mitigation fee code was adopted with specific fees identified.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban Growth Area Management Agreements</td>
<td>Urban Growth Area Management Agreements define lead responsibility for planning, zoning, and urban service extension within these areas. The agreements exist between various government jurisdictions and specify jurisdiction over land use decisions, infrastructure provision, and other elements of urban growth.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Facilities Investments</td>
<td>Give priority to capital facility projects (e.g., regional storm water facilities and sanitary sewers) that most support urban growth at urban densities. Provide urban services to help reduce sprawl development and maintain the edge of the urban growth boundary. This measure is shown to have a significant impact on increasing UGA capacity: Targeted capital facility investments (e.g., increase sewer connection feasibility in areas deemed currently unfeasible for developer extension due to small lot sizes, critical areas, topography, etc.) [a sewer policy change or new public expenditures]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reasonable Measure</td>
<td>Explanation</td>
<td>Comments 1</td>
<td>Comments 2</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>Economic Development Strategy</td>
<td>Include strategy for sustainable economic development in local comprehensive plan. This strategy could include: • A downtown revitalization program • Incentives for development that meet local goals • Transit and transportation system upgrades • Enhancement of the natural resource base • An Industrial needs assessment • Infrastructure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phasing/tiering Urban Growth</td>
<td>Incorporate strategies in comprehensive plans and capital facilities plans to phase urban growth as a way to provide for orderly development and encourage infill ahead of “urban fringe” development.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Downtown Revitalization</td>
<td>Develop a strategy to encourage downtown vitality. Include techniques such as promoting mixed residential and commercial uses, reuse of existing buildings rather than tearing down and rebuilding, and alternative urban landscaping and infrastructure that encourage pedestrian use.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multifamily Housing and Tax Credits</td>
<td>Provide tax incentives (e.g., property tax exemption program) for multiple-unit housing for targeted areas in urban centers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer/Purchase of Development Rights</td>
<td>Develop a program to encourage the purchase or transfer of development authority in order to increase urban densities and decrease non-urban densities within UGAs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implement a program to identify and redevelop vacant and abandoned buildings</td>
<td>Many buildings sit vacant for years before the market facilitates redevelopment. This policy encourages demolition and would clear sites, making them more attractive to developers and would facilitate redevelopment.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creative use of Impact Fees</td>
<td>Adjust impact fees so that lower fees are required in the UGAs than in rural areas, while still contributing to the cost of development within the urban area.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop or strengthen local brownfields programs</td>
<td>Local jurisdictions provide policies or incentives to encourage the redevelopment of underused industrial sites, known as brownfields. Incentives for redevelopment of brownfields such as expedited permitting, reduced fees or targeted public investments can be implemented through local zoning ordinances.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reasonable Measure</td>
<td>Explanation</td>
<td>Comments 1</td>
<td>Comments 2</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Require Adequate Public Facilities</td>
<td>Local jurisdictions require developers to provide adequate levels of public services, such as roads, sewer, water, drainage, schools, and parks, as a condition of development. (Requirement by Growth Management Act)</td>
<td></td>
<td>ADUs alone are not likely to accommodate a significant amount of future population growth or significantly increase housing unit capacity within existing UGAs.</td>
</tr>
<tr>
<td>Promote Vertical Growth</td>
<td>Allow modifications to the building height restrictions in the Urban Growth Areas.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accessory Dwelling Units</td>
<td>Accessory dwelling units provide another housing option by allowing a second residential unit on a tax lot.</td>
<td>ADUs alone are not likely to accommodate a significant amount of future population growth or significantly increase housing unit capacity within existing UGAs.</td>
<td></td>
</tr>
<tr>
<td>Clustering</td>
<td>Clustering allows developers to increase density on portions of a site, while preserving other areas of the site. Clustering is a tool most commonly used to preserve natural areas or avoid natural hazards during development. Clustering can also be used in conjunction with increased density to preserve the aesthetic of less dense development while increasing actual density. It uses characteristics of the site and adjacent uses as a primary consideration in determining building footprints, access, etc.</td>
<td>New cluster lots alone are not likely to accommodate a significant amount of future population growth or significantly increase housing unit capacity within existing UGAs.</td>
<td></td>
</tr>
<tr>
<td>Duplexes, Town homes, and Condominiums</td>
<td>Permit duplexes, town homes, and condominiums in both mixed-use and residential districts of UGAs.</td>
<td>Duplexes accounted for approximately 1% of all new units permitted in unincorporated UGAs from 2000-2005: Assuming an average 5,000 s.f. lot, duplexes could be estimated to account for approximately 2-3 acres of “saved” land accommodated by “infill” development rather than by UGA expansion countywide for the next five years (i.e., not a significant measure to increase capacity inside existing UGAs).</td>
<td>Condominiums accounted for approximately 3% of all new units permitted in unincorporated UGAs from 2000-2005: Using similar assumptions as duplexes, condominiums could be estimated to account for approximately 6-10 acres of “saved” land accommodated by “infill” development rather than by UGA expansion county-wide for the next five years (i.e., not likely a significant measure to increase capacity inside existing UGAs).</td>
</tr>
<tr>
<td>Reasonable Measure</td>
<td>Explanation</td>
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<tr>
<td>Density Bonuses</td>
<td>Some communities allow bonus densities in certain areas as an incentive for achieving other community values such as affordable housing, mixed-use developments, infill, rehabilitating existing structures and open space preservation.</td>
<td>Experience in other “buildable lands” counties that have implemented reasonable measures suggests that this measure is shown to have a significant impact on increasing UGA capacity: Adopt density bonus provisions in urban single-family residential zones (e.g., beyond Poulsbo) [a zoning code change]</td>
<td></td>
</tr>
<tr>
<td>Higher Allowable Densities</td>
<td>Where appropriate (and supported by companion planning techniques), allow more housing units per acre.</td>
<td>Experience in other “buildable lands” counties that have implemented reasonable measures suggests that this measure is shown to have a significant impact on increasing UGA capacity: Increase residential densities (i.e., up-zones) [a land use/zoning map change]</td>
<td>County-initiated sub-area plan rezones since adoption of the 1998 Plan include Kingston Phase I and ULID #6. Significant net gain in density in ULID #6 due to redesignation of land from urban low to urban medium and mixed use, offset to some extent by redesignation of urban low to business park use. Kingston Phase I obtained a net increase in density by redesignating lands from neighborhood commercial and urban medium to urban village center.</td>
</tr>
<tr>
<td>Industrial Zones</td>
<td>Limit non-industrial uses in industrial zones. For example, require that any commercial use be sized to primarily serve the industrial needs in the zone. Preclude residential use unless it is accessory to the industrial use.</td>
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<td>Reasonable Measure</td>
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<tr>
<td>Minimum Density Requirements</td>
<td>Zoning ordinances can establish minimum and maximum densities in each zone to ensure that development occurs as envisioned for the community.</td>
<td>Experience in other “buildable lands” counties that have implemented reasonable measures suggests that this measure is shown to have a significant impact on increasing UGA capacity: Adopt minimum urban densities/maximum lot sizes in urban residential zones [a zoning code change].</td>
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</tr>
<tr>
<td>Mixed Use</td>
<td>Allow residential and commercial development to occur in many of the same buildings and areas within UGAs.</td>
<td>Many of Kitsap County’s commercial zones and urban medium to high density residential zones allow mixed use development via a conditional use permit. However, as currently applied, this measure, in and of itself, is not likely to significantly increase capacity inside existing UGAs.</td>
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</tr>
<tr>
<td>Small Lot/Cottage Housing</td>
<td>Allow or require small lots (5,000 square feet or less) for single-family neighborhoods within UGAs.</td>
<td>Experience in other “buildable lands” counties that have implemented reasonable measures suggests that this measure promotes infill development but is not likely to have a significant impact on UGA capacity.</td>
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<tr>
<td>Allow Small Residential Lots</td>
<td>Allow a range of single-family lot sizes ranging from 3,600 to 9,600 square feet.</td>
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<tr>
<td>Transit-Oriented Development</td>
<td>Encourage convenient, safe and attractive transit-oriented development; including the possibility of reduced off street parking that could encourage more efficient use of urban lands.</td>
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<td>Urban Centers and Urban Villages</td>
<td>Use urban centers and urban villages to encourage mixed uses, higher densities, interconnected neighborhoods, and a variety of housing types that can serve different income levels.</td>
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<td>Reasonable Measure</td>
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<tr>
<td>Lot Size Averaging</td>
<td>This technique is similar to clustering. If the zoning ordinance establishes a minimum lot size, the land use designation is calculated based on the average size of all lots proposed for development, within the range required for urban density. Development proposals may create a range of lot sizes both larger and smaller provided the average lot size is within the range consistent with the designation.</td>
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<tr>
<td>Allow Co-Housing</td>
<td>Co-housing communities balance the traditional advantages of home ownership with the benefits of shared common facilities and connections with neighbors.</td>
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<tr>
<td>Encourage Infill and Redevelopment</td>
<td>This policy seeks to maximize use of lands that are fully developed or underdeveloped by making use of existing infrastructure and by identifying and implementing policies that improve market opportunities and reduce impediments to development in areas suitable for infill or redevelopment.</td>
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<tr>
<td>Mandate Maximum Lot Sizes</td>
<td>This policy places an upper bound on lot size and a lower bound on density in single-family zones. For example, a residential zone with a 6,000 sq. ft. minimum lot size might have an 8,000 sq. ft. maximum lot size yielding an effective net density range between 5.4 and 7.3 dwelling units per net acre.</td>
<td>Experience in other “buildable lands” counties that have implemented reasonable measures suggests that this measure is shown to have a significant impact on increasing UGA capacity: Adopt minimum urban densities/maximum lot sizes in urban residential zones [a zoning code change]</td>
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<tr>
<td>Enact inclusionary zoning ordinance for new housing developments</td>
<td>Inclusionary zoning requires developers to provide a certain amount of affordable housing in developments over a certain size. It is applied during the development review process.</td>
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<td>Zone areas by performance or building type, not by use</td>
<td>A local jurisdiction can alter its zoning code so that zones define the physical aspects of allowed buildings, not the uses in those buildings. This zoning approach recognizes that many land uses are compatible and locate in similar building types.</td>
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<tr>
<td>Develop Manufactured Housing</td>
<td>Adopt standards to ensure compatibility between manufactured housing and surrounding housing design standards.</td>
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<tr>
<td>Specific Development Plans</td>
<td>Work with landowners, developers, and neighbors to develop a detailed site plan for development of an area. Allow streamlined approval for projects consistent with the plan. This policy results in a plan for a specific geographic area that is adopted as a supplement or amendment to the jurisdictions comprehensive plan.</td>
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<tr>
<td>Encourage developers to reduce off-street surface parking</td>
<td>This policy provides incentives to developers to reduce the amount of offstreet surface parking through shared parking arrangements, multi-level parking, use of alternative transportation modes, particularly in areas with urban-level transit service.</td>
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<tr>
<td>Implement a process to expedite plan &amp; permit approval in UGAs</td>
<td>Streamlined permitting processes provide incentives to developers. This policy would be implemented at the development review phase.</td>
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<tr>
<td>Narrow Streets / Reduce Street Width</td>
<td>Encourage or require street widths that are the minimum necessary to ensure that transportation and affordable housing goals can be achieved.</td>
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<td>Concentrate critical services near homes, jobs, transit</td>
<td>This policy would require critical facilities and services (e.g. fire, police, hospital) be located in areas that are accessible by all people. For example, a hospital could not be located at the urban fringe in a business park.</td>
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<td>Urban Amenities for Increased Densities</td>
<td>Identify and provide amenities that will attract urban development in UGAs and enhance the quality of life for urban residents and businesses</td>
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<td>Locate civic buildings in existing communities rather than in Greenfield areas</td>
<td>Local governments, like private builders, are tempted to build on greenfield sites because it is less expensive and easier. However, local governments can “lead by example” by making public investments in desired areas, or redeveloping target sites.</td>
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<td>Urban Holding Zones</td>
<td>Use low intensity zoning in certain areas adjacent to or within the UGA where municipal services will not be available within the near future. (For example: Urban Reserve)</td>
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<tr>
<td>Mandate Low Densities in Rural Resource Lands</td>
<td>This policy is intended to limit development in rural areas by mandating large lot sizes. It can also be used to preserve lands targeted for future urban area expansion. Low-density urban development in fringe areas can have negative impacts of future densities and can increase the need for and cost of roads and other infrastructure.</td>
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<td>Impose Restrictions on Physically Developable Land</td>
<td>The local jurisdiction places restrictions on the type of development that can occur on vacant land. Restrictions can vary in strictness, from no development to limited development. This policy is implemented through city limit or UGA boundaries.</td>
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<td>Allow for alternative sanitary sewer systems in unincorporated UGAs</td>
<td>To ensure urban-level sewer or equivalent wastewater service in all UGAs for the 20-year planning horizon. New proposed policies would allow for alternative systems such as package plants, membrane systems and community drain fields in areas where other sewer provision is not financially feasible, provide significant benefit to aquifer recharge and would enable Kitsap County to monitor and maintain those facilities to ensure their long-term effectiveness.</td>
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<td>Remove pre-planning allowances in UGAs</td>
<td>Development regulations have allowed subdivisions to “shadow plat” and show how urban densities can be achieved in the future and how sanitary sewer can be accommodated to serve all lots when fully developed. In the meantime, portions of the “shadow plat” can be developed with on-site septic systems. To increase the incentive for sewer provision and urban densities, removal of the pre-planning regulations is proposed in Alternative 2/Preferred Alternative.</td>
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<tr>
<td>Provide for regional stormwater facilities in unincorporated UGAs</td>
<td>To increase development feasibility on small and/or development constrained parcels. New policy would allow for funding and construction of regional stormwater treatment facilities in areas where individual on-site treatment facilities are not financially feasible.</td>
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<td>Strengthen and amend policies to promote low impact development</td>
<td>Policies support clustered development with surface water features that allow for minimal site disturbance. This could allow for innovative infrastructure resulting in more efficient use of developable land.</td>
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<td>Consolidated comprehensive plan land use designations</td>
<td>Will make it easier to rezone urban parcels in the future without the additional time and expense of a comprehensive plan amendment process.</td>
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<td>SEPA Categorical Exemptions for Mixed Use and Infill Development &amp; Increased Thresholds for SEPA Categorical Exemptions</td>
<td>To streamline the development review process and encourage more efficient development within existing UGA boundaries.</td>
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</table>
## Section 2 Changes

<table>
<thead>
<tr>
<th>Statute change</th>
<th>Document Where Addressed</th>
<th>How Requirement Was Addressed</th>
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<tbody>
<tr>
<td>Sec. 2(1)(b): The purpose of the review and evaluation program shall be to: Identify reasonable measures, other than adjusting urban growth areas, that will be taken to comply with the requirements of this chapter. Reasonable measures are those actions necessary to reduce the differences between growth and development assumptions and targets contained in the countywide planning policies and the county and city comprehensive plans with actual development patterns. The reasonable measures process in subsection (3) of this section shall be used as part of the next comprehensive plan update to reconcile inconsistencies.</td>
<td>Guidelines</td>
<td>The Buildable Lands Guidelines have been updated to reflect and provide guidance consistent with changes to the statute.</td>
</tr>
<tr>
<td>Sec. 2 (2)(a): The review and evaluation program shall: Encompass land uses and activities both within and outside of urban growth areas and provide for annual collection of data on urban and rural land uses, development, zoning and development standards, environmental regulations including but not limited to critical areas, stormwater, shoreline, and tree retention; and capital facilities to determine the quantity and type of land suitable for development, both for residential and employment-based activities;</td>
<td>Guidelines</td>
<td>The Buildable Lands Guidelines have been updated to reflect and provide guidance consistent with changes to the statute.</td>
</tr>
<tr>
<td>Sec. 2 (2)(b): The review and evaluation program shall: Provide for evaluation of the data collected under (a) of this subsection as provided in subsection (3) of this section. The evaluation shall be completed no later than three years prior to the deadline for review and, if necessary, update of comprehensive plans and development regulations as required by RCW 36.70A.130. For comprehensive plans required to be updated before 2024, the evaluation as provided in subsection (3) of this section shall be completed no later than two years prior to the deadline for review and, if necessary, update of comprehensive plans. The county and its cities may establish in the countywide planning policies indicators, benchmarks, and other similar criteria to use in conducting the evaluation;</td>
<td>Guidelines</td>
<td>The Buildable Lands Guidelines have been updated to reflect and provide information consistent with changes to the statute.</td>
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</table>
### Sec. 2 (2)(d): The review and evaluation program shall:

Develop reasonable measures to use in reducing the differences between growth and development assumptions and targets contained in the countywide planning policies and county and city comprehensive plans, with the actual development patterns. The reasonable measures shall be adopted, if necessary, into the countywide planning policies and the county or city comprehensive plans and development regulations during the next scheduled update of the plans.

**Guidelines**

The Buildable Lands Guidelines have been updated to reflect and provide guidance consistent with changes to the statute.

### Sec. 2(3)(a): At a minimum, the evaluation component of the program required by subsection (1) of this section shall:

Determine whether there is sufficient suitable land to accommodate the countywide population projection established for the county pursuant to RCW 43.62.035 and the subsequent population allocations within the county and between the county and its cities and the requirements of RCW 36.70A.110. The zoned capacity of land alone is not a sufficient standard to deem land suitable for development or redevelopment within the twenty-year planning period;

**Guidelines**

The Buildable Lands Guidelines have been updated to reflect and provide guidance consistent with changes to the statute.

### Sec. 2(3)(b)(i): At a minimum, the evaluation component of the program required by subsection (1) of this section shall:

An evaluation and identification of land suitable for development or redevelopment shall include: A review and evaluation of the land use designation and zoning/development regulations; environmental regulations (such as tree retention, stormwater, or critical area regulations) impacting development; and other regulations that could prevent assigned densities from being achieved; infrastructure gaps (including but not limited to transportation, water, sewer, and stormwater);

**Guidelines**

The Buildable Lands Guidelines have been updated to reflect and provide guidance consistent with changes to the statute.
<table>
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<tr>
<th>Section</th>
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<tbody>
<tr>
<td>Sec. 2(3)(b)(ii):</td>
<td>At a minimum, the evaluation component of the program required by subsection (1) of this section shall: An evaluation and identification of land suitable for development or redevelopment shall include: Use of a reasonable land market supply factor when evaluating land suitable to accommodate new development or redevelopment of land for residential development and employment activities. The reasonable market supply factor identifies reductions in the amount of land suitable for development and redevelopment. The methodology for conducting a reasonable land Market Supply Factor shall be determined through the guidance developed in section 3 of this act;</td>
</tr>
<tr>
<td>Guidelines</td>
<td>The Buildable Lands Guidelines have been updated to reflect and provide guidance consistent with changes to the statute.</td>
</tr>
<tr>
<td>Sec. 2(3)(c):</td>
<td>At a minimum, the evaluation component of the program required by subsection (1) of this section shall: Provide an analysis of county and/or city development assumptions, targets, and objectives contained in the countywide planning policies and the county and city comprehensive plans when growth targets and assumptions are not being achieved. It is not appropriate to make a finding that assumed growth contained in the countywide planning policies and the county or city comprehensive plans will occur at the end of the current comprehensive planning twenty-year planning cycle without rationale.</td>
</tr>
<tr>
<td>Guidelines</td>
<td>The Buildable Lands Guidelines have been updated to reflect and provide guidance consistent with changes to the statute.</td>
</tr>
<tr>
<td>Sec. 2(6):</td>
<td>The requirements of this section are subject to the availability of funds appropriated for this specific purpose. If sufficient funds are not appropriated consistent with the timelines in subsection (2) (b) of this section, counties and cities shall be subject to the review and evaluation program as it existed prior to the effective date of this section.</td>
</tr>
<tr>
<td>Guidelines</td>
<td>The Buildable Lands Guidelines have been updated to address the connection between new Buildable Lands requirements and program funding. Appendix G also contains a tracked change version of E2SSB 5254 which may be used as a reference document.</td>
</tr>
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</table>
## Section 3 Requirements

<table>
<thead>
<tr>
<th>Added Requirement</th>
<th>Document</th>
<th>How Requirement Was Addressed</th>
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<tr>
<td>Sec. 3(a): The buildable lands guidance shall analyze and provide recommendations on: The review and evaluation program in RCW 36.70A.215 and changes to the required information to be analyzed within the program to increase the accuracy of the report when updating countywide planning policies and the county and city comprehensive plans.</td>
<td>Guidelines</td>
<td>The Buildable Lands Guidelines have been updated to reflect and provide guidance consistent with changes to the statute. In addition, a memorandum to the Ruckelshaus Center has been prepared for use as they develop recommendations as part of &quot;A Road Map to Washington’s Future&quot; project. The memorandum focuses on Growth Management Act issues that directly or indirectly impact Buildable Lands Counties.</td>
</tr>
<tr>
<td>Sec. 3(b): The buildable lands guidance shall analyze and provide recommendations on: Whether a more effective schedule could be developed for countywide planning policies and the county and city comprehensive plan updates to better align with implementing reasonable measures identified through the review and evaluation program, and population projections and census data while maintaining appropriate and timely consideration of planning needs best done through a comprehensive planning process.</td>
<td>Ruckelshaus Memorandum</td>
<td>The Ruckelshaus Center memorandum provides feedback on whether a more effective schedule could be developed for countywide planning policies and the county and city comprehensive plan updates to better align with implementing reasonable measures identified through the review and evaluation program, and population projections and census data while maintaining appropriate and timely consideration of planning needs best done through a comprehensive planning process.</td>
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<tr>
<td>Sec. 3(c): The buildable lands guidance shall analyze and provide recommendations on: A determination on how reasonable measures, based on the review and evaluation program, should be implemented into updates for countywide planning policies and the county and city comprehensive plans.</td>
<td>Guidelines</td>
<td>The Buildable Lands Guidelines have been updated to reflect and provide guidance consistent with changes to the statute.</td>
</tr>
<tr>
<td>Sec. 3(d): The buildable lands guidance shall analyze and provide recommendations on:</td>
<td>Guidelines</td>
<td>The Buildable Lands Guidelines and both the Ruckelshaus and Housing Memorandums address this component of the Bill. The Guidelines provide guidance on how infrastructure gaps (which may exist because of the cost to provide) could be analyzed during the achieved density analysis. In most cases, however, Buildable Lands jurisdictions should be able to rely on adopted Capital Facility Plans. The Ruckelshaus Memorandum will detail the need for accurate Capital Facility Planning as comprehensive plans are updated. Lastly, the Housing Memorandum has addressed been prepared to address the remaining portions of this section of the Bill.</td>
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<tr>
<td>Infrastructure costs, including but not limited to transportation, water, sewer, stormwater, and the cost to provide new or upgraded infrastructure if required to serve development; cost of development; timelines to permit and develop land; market availability of land; the nexus between proposed densities, economic conditions needed to achieve those densities, and the impact to housing affordability for home ownership and rental housing; and, market demand when evaluating if land is suitable for development or redevelopment. These all have an impact on whether development occurs or if planning for densities will differ from achieved densities.</td>
<td>Ruckelshaus Memorandum</td>
<td>Housing Memorandum</td>
</tr>
<tr>
<td>Sec. 3(e): The buildable lands guidance shall analyze and provide recommendations on: Identifying the measures to increase housing availability and affordability for all economic segments of the community and the factors contributing to the high cost of housing including zoning/development/environmental regulations, permit processing timelines, housing production trends by housing type and rents and prices, national and regional economic and demographic trends affecting housing affordability and production by rents and prices, housing unit size by housing type, and how well growth targets align with market conditions including the assumptions on where people desire to live.</td>
<td>Housing Memorandum</td>
<td>The Housing Memorandum has been prepared to address this section of the Bill.</td>
</tr>
<tr>
<td>Sec. 3(f): The buildable lands guidance shall analyze and provide recommendations on: Evaluating how existing zoning and land use regulations are promoting or hindering attainment of the goal for affordable housing in RCW 36.70A.020(4). Barriers to meeting this goal shall be identified and considered as possible reasonable measures for each county and city, and as part of the next countywide planning policies and county and city comprehensive plan update;</td>
<td>Guidelines</td>
<td>The Housing Memorandum provides information on how existing zoning and land use regulations are promoting or hindering attainment of the goal for affordable housing in RCW 36.70A.020(4). The Buildable Lands Guidelines have been updated to reflect and provide guidance consistent with changes to the statute. Information has been included to ensure affordable housing is considered when reasonable measures are needed.</td>
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<tr>
<td>Section</td>
<td>Description</td>
<td>Ruckelshaus Memorandum</td>
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<td>Sec. 3(g):</td>
<td>The buildable lands guidance shall analyze and provide recommendations on: Identifying opportunities and strategies to encourage growth within urban growth areas.</td>
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<tr>
<td>Sec. 3(h):</td>
<td>The buildable lands guidance shall analyze and provide recommendations on: Identifying strategies to increase local government capacity to invest in the infrastructure necessary to accommodate growth and provide opportunities for affordable housing across all economic segments of the community and housing types.</td>
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<tr>
<td>Sec. 3(i):</td>
<td>The buildable lands guidance shall analyze and provide recommendations on: Other topics identified by stakeholders and the department.</td>
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APPENDIX D: E2SSB-5254 Tracked Changes

CERTIFICATION OF ENROLLMENT
ENGROSSED SECOND SUBSTITUTE SENATE BILL 5254

65th Legislature
2017 3rd Special Session

Passed by the Senate June 29, 2017
Yea 47  Nay 2

President of the Senate

Passed by the House June 29, 2017
Yea 85  Nay 9

Speaker of the House of Representatives
Approved

CERTIFICATE
I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached ENGROSSED SECOND SUBSTITUTE SENATE BILL 5254 as passed by Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

Governor of the State of Washington

Secretary of State
State of Washington
ENGROSSED SECOND SUBSTITUTE SENATE BILL 5254

Passed Legislature - 2017 3rd Special Session

State of Washington  65th Legislature  2017 Regular Session

By Senate Ways & Means (originally sponsored by Senators Fain, Palumbo, Zeiger, Angel, Hobbs, and Mullet)

READ FIRST TIME 03/22/17.

AN ACT Relating to ensuring adequacy of buildable lands and zoning in urban growth areas and providing funding for low-income housing and homelessness programs; amending RCW 36.70A.115, 36.70A.215, 36.70A.070, 36.22.179, 82.46.037, and 43.21C.440; adding a new section to chapter 36.70A RCW; and providing an expiration date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1. RCW 36.70A.115 and 2009 c 121 s 3 are each amended to read as follows:

(1) Counties and cities that are required or choose to plan under RCW 36.70A.040 shall ensure that, taken collectively, adoption of and amendments to their comprehensive plans and/or development regulations provide sufficient capacity of land suitable for development within their jurisdictions to accommodate their allocated housing and employment growth, including the accommodation of, as appropriate, the medical, governmental, educational, institutional, commercial, and industrial facilities related to such growth, as adopted in the applicable countywide planning policies and consistent with the twenty-year population forecast from the office of financial management.
(2) This analysis shall include the reasonable measures findings developed under RCW 36.70A.215, if applicable to such counties and cities.

Sec. 2. RCW 36.70A.215 and 2011 c 353 s 3 are each amended to read as follows:

(1) Subject to the limitations in subsection (((+++))) (5) of this section, a county shall adopt, in consultation with its cities, countywide planning policies to establish a review and evaluation program. This program shall be in addition to the requirements of RCW 36.70A.110, 36.70A.130, and 36.70A.210. In developing and implementing the review and evaluation program required by this section, the county and its cities shall consider information from other appropriate jurisdictions and sources. The purpose of the review and evaluation program shall be to:

(a) Determine whether a county and its cities are achieving urban densities within urban growth areas by comparing growth and development assumptions, targets, and objectives contained in the countywide planning policies and the county and city comprehensive plans with actual growth and development that has occurred in the county and its cities; and

(b) Identify reasonable measures, other than adjusting urban growth areas, that will be taken to comply with the requirements of this chapter. Reasonable measures are those actions necessary to reduce the difference between growth and development assumptions and targets contained in the countywide planning policies and the county and city comprehensive plans with actual development patterns. The reasonable measures process in subsection (3) of this section shall be used as part of the next comprehensive plan update to reconcile inconsistencies.

(2) The review and evaluation program shall:

(a) Encompass land uses and activities both within and outside of urban growth areas and provide for annual collection of data on urban and rural land uses, development, zoning and development standards, environmental regulations including but not limited to critical areas, stormwater, shoreline, and tree retention requirements; and capital facilities ((to the extent necessary)) to determine the quantity and type of land suitable for development, both for residential and employment-based activities;
(b) Provide for evaluation of the data collected under (a) of this subsection as provided in subsection (3) of this section. The evaluation shall be completed no later than three years prior to the deadline for review and, if necessary, update of comprehensive plans and development regulations as required by RCW 36.70A.130. For comprehensive plans required to be updated before 2024, the evaluation as provided in subsection (3) of this section shall be completed no later than two years prior to the deadline for review and, if necessary, update of comprehensive plans. The county and its cities may establish in the countywide planning policies indicators, benchmarks, and other similar criteria to use in conducting the evaluation;

(c) Provide for methods to resolve disputes among jurisdictions relating to the countywide planning policies required by this section and procedures to resolve inconsistencies in collection and analysis of data; and

(d) (Provide for the amendment of the countywide planning and county and city comprehensive plans as needed to remedy an inconsistency identified through the evaluation required by this section, or to bring these policies into compliance with the requirements of this chapter.) Develop reasonable measures to use in reducing the differences between growth and development assumptions and targets contained in the countywide planning policies and county and city comprehensive plans, with the actual development patterns. The reasonable measures shall be adopted, if necessary, into the countywide planning policies and the county or city comprehensive plans and development regulations during the next scheduled update of the plans.

(3) At a minimum, the evaluation component of the program required by subsection (1) of this section shall:

(a) Determine whether there is sufficient suitable land to accommodate the countywide population projection established for the county pursuant to RCW 43.62.035 and the subsequent population allocations within the county and between the county and its cities and the requirements of RCW 36.70A.110(1);

(b) An evaluation and identification of land suitable for development or redevelopment within the twenty-year planning period;

(b) An evaluation and identification of land suitable for development or redevelopment shall include:
(i) A review and evaluation of the land use designation and zoning/development regulations; environmental regulations (such as tree retention, stormwater, or critical area regulations) impacting development; and other regulations that could prevent assigned densities from being achieved; infrastructure gaps (including but not limited to transportation, water, sewer, and stormwater); and
(ii) Use of a reasonable land market supply factor when evaluating land suitable to accommodate new development or redevelopment of land for residential development and employment activities. The reasonable market supply factor identifies reductions in the amount of land suitable for development and redevelopment. The methodology for conducting a reasonable land market factor shall be determined through the guidance developed in section 3 of this act;
(c) Provide an analysis of county and/or city development assumptions, targets, and objectives contained in the countywide planning policies and the county and city comprehensive plans when growth targets and assumptions are not being achieved. It is not appropriate to make a finding that assumed growth contained in the countywide planning policies and the county or city comprehensive plan will occur at the end of the current comprehensive planning twenty-year planning cycle without rationale;
(d) Determine the actual density of housing that has been constructed and the actual amount of land developed for commercial and industrial uses within the urban growth area since the adoption of a comprehensive plan under this chapter or since the last periodic evaluation as required by subsection (1) of this section; and
((e+-) (e) Based on the actual density of development as determined under (b) of this subsection, review commercial, industrial, and housing needs by type and density range to determine the amount of land needed for commercial, industrial, and housing for the remaining portion of the twenty-year planning period used in the most recently adopted comprehensive plan.
(4) ((If the evaluation required by subsection (3) of this section demonstrates an inconsistency between what has occurred since the adoption of the countywide planning policies and the county and city comprehensive plans and development regulations and what was envisioned in these policies and plans and the planning goals and the requirements of this chapter, as the inconsistency relates to the evaluation factors specified in subsection (2) of this section, the county and its cities shall adopt and implement measures that are

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reasonably likely to increase consistency during the subsequent five-
year period. If necessary, a county, in consultation with its cities
as required by RCW 36.70A.210, shall adopt amendments to countywide-
planning policies to increase consistency. The county and its cities
shall annually monitor the measures adopted under this subsection to
determine their effect and may revise or rescind them as appropriate.
(5)(a) Not later than July 1, 1996, the department shall prepare
a list of methods used by counties and cities in carrying out the
types of activities required by this section. The department shall
provide this information and appropriate technical assistance to
counties and cities required to or choosing to comply with the
provisions of this section.
(b) By December 31, 2007, the department shall submit to the
appropriate committees of the legislature a report analyzing the
effectiveness of the activities described in this section in
achieving the goals envisioned by the countywide planning policies
and the comprehensive plans and development regulations of the
counties and cities.

(6) From funds appropriated by the legislature for this
purpose, the department shall provide grants to counties, cities, and
regional planning organizations required under subsection ((5)) (6)
of this section to conduct the review and perform the evaluation
required by this section.
((6)) (5) The provisions of this section shall apply to
counties, and the cities within those counties, that were greater
than one hundred fifty thousand in population in (1995) 1996 as
determined by office of financial management population estimates
that are located west of the crest of the Cascade mountain range. Any
other county planning under RCW 36.70A.040 may carry out the review,
evaluation, and amendment programs and procedures as provided in this
section.
(6) The requirements of this section are subject to the
availability of funds appropriated for this specific purpose. If
sufficient funds are not appropriated consistent with the timelines
in subsection (2)(b) of this section, counties and cities shall be
subject to the review and evaluation program as it existed prior to
the effective date of this section.

NEW SECTION. Sec. 3. A new section is added to chapter 36.70A
RCW to read as follows:

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(1) The department of commerce, through a contract with a land use and economics entity, shall develop guidance for local governments on the review and evaluation program in RCW 36.70A.215. The contract shall be with an entity experienced in serving private and public sector clients which can assist developers and policy makers to understand near-term market realities and long-term planning considerations, and with experience facilitating successful conversations between multiple local governments and stakeholders on complex land use issues. The department of commerce shall enable appropriate public participation by affected stakeholders in the development of the guidance for the appropriate market factor analysis and review and update of the overall buildable lands program. This guidance regarding the market factor methodology and buildable lands program shall be completed by December 1, 2018. The buildable lands guidance shall analyze and provide recommendations on:

(a) The review and evaluation program in RCW 36.70A.215 and changes to the required information to be analyzed within the program to increase the accuracy of the report when updating countywide planning policies and the county and city comprehensive plans;

(b) Whether a more effective schedule could be developed for countywide planning policies and the county and city comprehensive plan updates to better align with implementing reasonable measures identified through the review and evaluation program, and population projections and census data while maintaining appropriate and timely consideration of planning needs best done through a comprehensive planning process;

(c) A determination on how reasonable measures, based on the review and evaluation program, should be implemented into updates for countywide planning policies and the county and city comprehensive plans;

(d) Infrastructure costs, including but not limited to transportation, water, sewer, stormwater, and the cost to provide new or upgraded infrastructure if required to serve development; cost of development; timelines to permit and develop land; market availability of land; the nexus between proposed densities, economic conditions needed to achieve those densities, and the impact to housing affordability for home ownership and rental housing; and, market demand when evaluating if land is suitable for development or
redevelopment. These all have an impact on whether development occurs or if planned for densities will differ from achieved densities;
(e) Identifying the measures to increase housing availability and affordability for all economic segments of the community and the factors contributing to the high cost of housing including zoning/development/environmental regulations, permit processing timelines, housing production trends by housing type and rents and prices, national and regional economic and demographic trends affecting housing affordability and production by rents and prices, housing unit size by housing type, and how well growth targets align with market conditions including the assumptions on where people desire to live;
(f) Evaluating how existing zoning and land use regulations are promoting or hindering attainment of the goal for affordable housing in RCW 36.70A.020(4). Barriers to meeting this goal shall be identified and considered as possible reasonable measures for each county and city, and as part of the next countywide planning policies and county and city comprehensive plan update;
(g) Identifying opportunities and strategies to encourage growth within urban growth areas;
(h) Identifying strategies to increase local government capacity to invest in the infrastructure necessary to accommodate growth and provide opportunities for affordable housing across all economic segments of the community and housing types; and
(i) Other topics identified by stakeholders and the department.
(2) The requirements of this section are subject to the availability of funds appropriated for this specific purpose.

Sec. 4. RCW 36.70A.070 and 2017 c 331 s 2 are each amended to read as follows:
The comprehensive plan of a county or city that is required or chooses to plan under RCW 36.70A.040 shall consist of a map or maps, and descriptive text covering objectives, principles, and standards used to develop the comprehensive plan. The plan shall be an internally consistent document and all elements shall be consistent with the future land use map. A comprehensive plan shall be adopted and amended with public participation as provided in RCW 36.70A.140. Each comprehensive plan shall include a plan, scheme, or design for each of the following: