



BRIEFLY

Policy makers should avoid overly proscriptive regulation of the housing market, maximizing opportunities for residential and commercial development that is consistent with their community standards.

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Reviewing Growth Management – Planning for Housing

Counties and cities planning under Washington’s Growth Management Act (GMA) must regularly review their comprehensive plans and take steps to revise them, where necessary. Key in this effort is the range of affordable housing issues facing communities throughout the state. GMA was enacted in large part to contain urban sprawl, use infrastructure capacity more efficiently, and, in so doing, protect environmentally sensitive areas and enhance quality of life. In spite of much skepticism in the early 1990s, communities throughout the state have worked diligently with the Act and some successes are beginning to tally, according to the state Office of Community Development.



But, containing urban sprawl may have come at a high price, especially in the Puget Sound area. In a paper we wrote last year we said,

“Governments impose regulations on development for reasons they consider sound, but such regulations result in higher prices for home buyers. Urban growth boundaries, impact fees, sensitive area and wetland ordinances, and complicated prolonged permitting processes are not only contributing to the costs of developing new housing, but inflating the prices of existing housing throughout Washington and the country.”

Restrictive growth policies in the face of rising housing demand may contribute to a decline in home ownership and an increase in housing unaffordable to average-income families.

Families move out to the far suburbs and to adjacent rural areas to find housing they can afford with densities they prefer. Often making their job commutes longer, this not only results in greater traffic congestion, but jeopardizes economic vitality by shrinking the pool of workers willing or able to take jobs in the urban core.¹

Taxes and impact fees add directly to the price of a house. Using a real example of a \$250,000 house recently constructed in Kirkland, we calculated that a combination of sales, property, B&O, and real estate excise taxes, impact fees, and infrastructure charges would contribute an additional nine percent to the price of the house.²

Finally, permit processes, project requirements, and overlapping, multi-jurisdictional regulatory authorities can be time-consuming, confusing, and conflicting. The increased costs associated with lost time, uncertainty, and increased investment risk are passed through to the home buyer. National and Washington state builders estimate that these can add as much as 20 to 30 percent to the price of a house.³



GMA is specific in its requirements for comprehensive plan housing elements. According to RCW 36.70A.070 (2), a comprehensive plan must include:

“A housing element ensuring the vitality and character of established residential neighborhoods that: (a) Includes an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth; (b) includes a statement of goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing, including single-family residences; (c) identifies sufficient land for housing, including, but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, and group homes and foster care facilities; and (d) makes adequate provisions for existing and projected needs of all economic segments of the community.”⁴

In a recent white paper on GMA, the Environment Group of Perkins Coie reviewed the status of GMA planning and the challenges facing jurisdictions planning under GMA. It concluded that while “most ...now meet the requirements of the GMA,” it is less clear whether or the extent to which planning jurisdictions are making provisions necessary to accommodate the population growth they have been allocated by state planning authorities.⁵

The Perkins white paper identifies new issues that are likely to emerge from the review and evaluation process currently underway. Briefly, they include:

Incompatibility between GMA goals. For example, goals for compact urban development and sprawl reduction may frustrate goals for affordable housing, economic development, and recreation and open space in urban areas. And, protection of rural and natural resource lands may challenge private property rights;

Conflict between core GMA requirements. Increasing voter resistance to financing may cause conflict between GMA’s priority for accommodating growth and its concurrency requirements for transportation facilities; and

Conflict between GMA priorities and recent legislation. Accommodating growth, as required under GMA, may be frustrated by the additional environmental mandates of the last decade, like increased buffers along streams, lakes and wetlands, water quality protection, and habitat preservation, as they reduce the growth capacities within existing UGAs.⁶

Can these issues and requirements be addressed in a way that loosens counterproductive constraints on housing location and construction, accommodates more affordable housing, and preserves environmental and other social policy objectives that prompted these GMA conditions in the first place?

In the past we have discussed three approaches. They are:

- ❑ **Infill Development** – involves directing a substantial share of new housing into existing urban areas. Nearly universally accepted, this approach has a number of advantages including, providing additional housing opportunities near downtowns, encouraging community revitalization, reducing sprawl, reducing auto-dependence, and providing public infrastructure (water, sewer,



communications, etc.) more efficiently to more densely populated areas.

- ❑ **Smart Growth** – projects that incorporate mixed uses, with high density housing located over street-level retail, zero lot lines, alleys possibly, which allow garages and cars to be moved out of sight and encourage community interaction, are increasingly being accommodated by local communities around the state.
- ❑ **Buildable Land** – definitions (vacant land, under- or partially-used land, and land that is not affected by environmentally sensitive constraints like steep slopes or wetlands) and inventories that help to ensure a sufficient supply of land within the urban growth area, necessary to accommodate projected growth.

Communities around the state have begun to embrace some of these approaches:

Six of the state’s largest counties received mandates from the 1997 Legislature to measure the capacity of their buildable lands to accommodate population and job growth. King County has just released a draft of its first inventory and believes, at least preliminarily, that there is sufficient buildable land to accommodate an additional 500,000 people – more than twice the amount needed through 2012 and enough to meet anticipated demand through 2022, according to Chandler Felt, demographer for King County.⁷ Builders throughout the region don’t agree, saying that there is a significant gap between what is buildable under the County’s definition and what is available for redevelopment and feasible, given often time-consuming, project-killing resistance from neighbors and environmental concerns.

Discussions will continue through the summer and will likely result in some adjustments. Under review will be the population and household size projections used for county planning purposes, a review of the market feasibility of specific property development or redevelopment, along with calls for increased flexibility in comprehensive plans to accommodate actual conditions, environmental reviews concurrent with the permitting process, and a firm set of guidelines, which, if satisfied, would trump community and environmental opposition.

A report from the state Growth Management Program provides examples that signal some cause for optimism:⁸

- ❑ **High-density, compact neighborhoods** next to the city of Mill Creek’s mixed-use Town Center are increasing urban densities and reducing urban sprawl.
- ❑ **“Planned action” ordinances** like those in Everett and Mill Creek are resulting in **greater certainty** for developers. Planned actions provide for up-front environmental review of development projects before they are actually proposed. One developer quoted in the report spoke of the importance of predictability. “The city...told us what was required and said, ‘Here’s the rules. Here’s the fee.’...It was a successful process...It worked to our benefit.”



- ❑ Similarly, **speedy approvals** were high on the developers' list of important criteria for successful projects. One developer quoted drew the relationship between more defined guidelines and greater certainty, resulting in less review time.
- ❑ **Design and process flexibility** also are emerging in many communities. As communities are more certain of what they want and what it takes to get what they want, they know where they must draw bright lines and where they can be flexible. The report cites several demonstration projects in Seattle that allowed designs deviating from the city's current Land Use Code. Zero-lot line Miller Mews, the 5430 California Avenue S.W. Project, which sought to demonstrate that character and charm need not be sacrificed for high densities, and Ravenna Cottages, where six cottages and three carriage houses over a garage sit on property currently zoned for three single-family homes provide examples of successful higher-density housing projects.
- ❑ As well, in Redmond **mixed uses** are allowed to locate almost anywhere downtown, but they are not required. Redmond's sub-districts are regulated by design rather than by land use; its design standards may be administratively altered; and density in most areas in Redmond are regulated by floor area ratios rather than by units per acre.

What else is needed? These represent a good start, according to Bryan Wahl of the Washington Association of Realtors, but more is needed. As communities update their comprehensive plans, the keys to success require the basics: Predictability, certainty, timeliness, flexibility, and a cooperative relationship between community planners and the development community.

Most communities have additional work to do including:

- ❑ Improve public infrastructure capacities and develop workable financing plans for utility and road maintenance, expansions, and extensions;
- ❑ Provide greater allowances for and promotion of compatible land uses;
- ❑ Establish clear nexuses for assessing mitigation or impact fees and work with the development community to establish fee structures that are proportional and fair;
- ❑ Assure sufficient buildable land capacity in the urban growth areas;
- ❑ Establish flexible standards that encourage planned unit, cluster, and mixed-use developments; permit greater height and bulk developments; increase allowable lot coverage; reduce lot sizes and set backs; and adopt density bonuses;
- ❑ Institute single-staff contact, one-stop permitting, simultaneous review and fast-track permitting procedures;



- ❑ Provide a certain system of accountability and monitoring of the comprehensive plan's progress in achieving the community's objectives;
- ❑ Work together for a common set of standards from community to community, so that builders and developers do not have to learn a different set of rules for every city and town.

The issues of housing – where it is located, the type of housing available, adequacy of the inventory – are complicated. A number of primary factors affecting housing are in a state of flux and disentangling their economic and demographic effects is not a straightforward exercise. In general, however, for the Growth Management Act to work, local governments must maximize development in urban areas to offset lower density development objectives in rural areas. Unless this happens, the supply of housing will fall short of demand. This will, in turn, lead to higher housing prices and increase traffic congestion.

The public policy challenge is to find a balance between long-term community interests and accommodation of short-term or shifting demands. This balance is as important as it is elusive. Given the unpredictability inherent in establishing multi-decade plans, policy makers should avoid overly prescriptive regulation, maximizing opportunities for residential and commercial development that is consistent with their community standards.

Endnotes

- ¹ *Impact of Government Regulations and Fees on Housing Costs*, Washington Research Council, ePB 01-18, May 24, 2001. <http://www.researchcouncil.org/Briefs/2001/ePB01-18/Growth9.htm>
- ² *Taxes and Fees on the Construction of a House*, Washington Research Council, ePB 01-19, June 25, 2001.
- ³ *Impact of Government Regulations and Fees on Housing Costs*, Washington Research Council, ePB 01-18, May 24, 2001. <http://www.researchcouncil.org/Briefs/2001/ePB01-18/Growth9.htm>.
- ⁴ Revised Code of Washington, Section 36.70A.070 Comprehensive plans – Mandatory elements.
- ⁵ *The Washington Growth Management Act After Ten Years: The Duty to Accommodate Growth*, The Environment Group, Perkins Coie LLP, January, 2002.
- ⁶ Ibid.
- ⁷ *20 years' worth of county land?*, Eric Pryne, Seattle Times, May 20, 2002. http://seattletimes.nwsourc.com/html/localnews/134457866_buildable20m0.html
- ⁸ *Achieving Growth Management Goals: Local Success Stories*, Growth Management Program, State of Washington, December, 2000. <http://www.oed.wa.gov/info/lgd/growth/publications/pdf/oedbooks.pdf>

