

## **Appendix C**

### **2007 Pierce County Buildable Lands Report**

Comment Letters  
on the Stakeholder Draft  
of the  
2007 Pierce County Buildable Lands Report  
and  
Staff Response



August 10, 2007

Dan Cardwell  
Senior Planner  
Pierce County PALS

PIERCE COUNTY PLANNING  
& LAND SERVICES

AUG 16 2007

Re: City of Milton 2022 Buildable Lands Allocation

Dear Dan,

This letter is to officially comment on Milton's 2022 Population Allocation as part of this year's Pierce County Buildable Land Report. We would also like to take this opportunity to thank you and your staff for your assistance throughout this process. We are very grateful for your patience, goodwill and persistence.

The City of Milton performed our own local buildable lands analysis for the incorporated, Pierce County portion of Milton. For the most part, we mirrored the methodology Pierce County used to determine our population allocation. We have also incorporated additional local information in our model.

The following is a summary of the methodology we employed to determine our buildable lands for residential areas.

### **Milton's Residential Buildable Lands Methodology**

1. **Slopes** - We used Lidar topography data to perform a base slope analysis. The Milton Critical Areas Ordinance regulates slopes down to 15% grade. To produce the highest possible developable lands result, the City included any slope up to 40% in our buildable lands figures. We also did not count any slope area under 500 square feet.

We included a standard buffer of 50 feet from the top and toe of any slope over 40%. Our Critical Areas Ordinance places an additional 15 foot building setback from the buffer zone. This setback was not included in our buffer and is therefore represented as buildable land, even though in practice it is not.

2. **Wetlands** – We used the Pierce County wetlands map as a starting point for our analysis. We proofed the map and added locally known wetlands that were not on the County map. Not all locally known wetlands are included in our analysis because no wetlands delineations have occurred in these areas and therefore we are

**Planning & Community Development**  
**1000 Laurel St. Milton, WA 98354-8850**  
**Ph 253.922.8743 / Fax 253.922.3466**

unsure of the wetland boundaries. We also discounted detention ponds. Again, this figure is meant to over-state the developable lands.

The Milton Critical Areas Ordinance includes a range of wetlands buffers based on the Category and Habitat score of a given wetland. This range extends from 40 to 300 feet from the edge of the wetland. There is also a building setback line from the buffer distance of 15 feet. For the purpose of mapping Critical Areas we used a standard buffer of 100 feet including the building setback. This number assumes that all wetlands adjacent to developable parcels have a habitat score of 23 or less. Most wetlands of any size will have a larger setback. This assumption produces an overstated developable lands figures.

3. **Streams** – Our analysis only included larger perennial streams. Smaller streams or ditches were omitted from this map. We did not include a buffer from streams outside of the associated wetland buffer or floodplain.
4. **Flood Plains** - We used the Pierce County floodplain maps. We did not add a setback.
5. **Pierce County Buildable Lands Map** – We corrected zoning areas on the Pierce County Buildable Lands map. These corrections resulted in significantly higher potential dwelling units. Specifically, several parcels were incorrectly coded Residential Single Family (4 du/ac) when in fact the zoning is RM (12 du/ac), RMD (10 du/ac), or MX (12 du/ac). We did not remove land currently used by churches. Removal of church properties from residential buildable lands would result in the removal of nearly 100 dwelling units from our buildable lands capacity.
6. **Net Buildable Lands** – We started with the revised Buildable Lands maps from Pierce County. We deducted net critical areas and buffers from the gross developable lands acreages.
7. **Range of Potential Dwelling Units** – Based on the net buildable lands, we created a range of potential dwelling units. The low number of the range is the net buildable lands multiplied by the historically achieved densities for each zone. The high number is the net buildable lands multiplied by the maximum possible dwelling units allowed in each zone. The high number of the range does not deduct for required roads, stormwater facilities or development challenges unique to individual lots. Because a dwelling unit is a whole number, we rounded the development potential on all lots down to the nearest whole number.

### **City of Milton Build Out Scenario**

Based on our buildable lands analysis, and given the present zoning and development regulations, the City of Milton can add an additional 484 to 811 dwelling units. These numbers are inflated because we did not remove all critical slopes, we understated the

wetlands buffers, we didn't buffer streams beyond the floodplain, and we did not add a setback from the floodplain. We also did not remove church owned property in the Residential Single Family or Residential Multi-family zones. Given current zoning, an additional 90-100 should be subtracted from our range of potential new dwelling units for church owned property alone.

If we grow at historical rates, we expect to add an additional 240 units by 2022. At that rate, and given present zoning and development patterns, we can expect to reach build out in 15 to 30 years.

The 2022 Buildable Lands allocation by Pierce County of 730 dwelling units, while not impossible, is highly unlikely in terms of both development capacity and historical building trends. City staff believe the Pierce County Buildable Lands Allocation is more appropriately in the range of 450-600 dwelling units.

Again, thank you for the opportunity to comment. We appreciate your assistance. If you have questions, please do not hesitate to contact me at 253.517.2740 or via email at [eterrell@cityofmilton.net](mailto:eterrell@cityofmilton.net).

Sincerely,

A handwritten signature in black ink that reads "Emily Terrell". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Emily Terrell, AICP  
Director  
Planning and Community Development  
City of Milton, Washington

## **1. City of Milton, August 10, 2007**

### **Milton's Residential Buildable Lands Methodology**

Comment: The City of Milton mirrored Pierce County's methodology and conducted a local housing capacity analysis utilizing more localized information. The results of their analysis indicated the City can accommodate an additional 484 to 811 dwelling units.

Response: The local data cited by the City of Milton was obtained and utilized in the analysis of buildable lands as documented in the final report. Considerable time and effort has been taken to incorporate the City's development constraints and local development regulations.

Comment: The 2022 population allocation and resulting housing needs are highly unlikely in terms of both development capacity and historical building trends.

Response: RCW 36.70A.215.(3)(a) states that at a minimum the Pierce County Buildable Lands analysis is to "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 requirements of RCW 36.70A.110." Pierce County in consultation with its cities and towns adopted a 2022 population allocation as required through Pierce County Ordinance 2003-104s in March 2004. The City of Milton had various opportunities to request modifications to the draft allocation numbers prior to adoption. It is anticipated that the 20-year allocations will be updated in the next year. The City of Milton has been advised to actively participate in the review and adoption process.

August 27, 2007

Dan Cardwell, Senior Planner  
Pierce Co. PALS  
2401 South 35<sup>th</sup> Street, Room 150  
Tacoma, WA 98409

Dear Mr. Cardwell:

Included herein are comments regarding assumptions and conclusions from the *Stakeholder Draft of the 2007 Pierce County Buildable Lands Report* ('07 Draft Report.) On behalf of the Master Builders Association of Pierce County (MBA), thank you for not only the opportunity to comment on the draft, but also the multiple stakeholder meetings you held to keep interested parties updated on progress and to hear stakeholder concerns about the '07 Draft Report.

The MBA has numerous concerns regarding the political and regulatory ramifications of the 2007 Buildable Lands Report, including but not limited to:

- the inability to accurately compare the 2007 Report with the 2002 Report;
- the fact that the 2007 Report will become obsolete as soon as the 2027 Population Allocation process is completed (presumably in early 2008); and
- the risk that the 2007 Report will be relied on for the next five years of land use planning when it should not be due to its statistical assumptions.

These concerns and others will be discussed in future comments in the appropriate forum.

### **Population Growth Assumptions**

#### **OFM Population Allocation**

One major difference between the 2002 and 2007 Buildable Lands Reports is the total population being planned for. As stated in the '07 Draft Report itself, the 2017 total population planned for was 923,671, whereas the total population planned for by 2022 was 912,700. Rather than adopt the 2022 "high range" estimate from the State Office of Financial Management (OFM) as was done in 2017, the County and its cities adopted the "mid-range" 2022 OFM estimate. Because it uses the mid-range OFM estimate, the '07 Draft Report is not comparable to the 2002 Report.

This shift in total population being planned for results in an assumed reduction of the total land capacity needed by 2022 than had the OFM "high range" estimate 1,027,718 been used. The high range estimate would have indicated the need to accommodate 115,018 more people, or roughly 52,280 households, using a PPH figure of 2.2.

Although this shift from the high to mid-range population allocation was apparently due to the 2000 census results, MBA maintains that the population in Pierce County since 2000 has increased faster than the mid-range estimate would predict. This is due at least in part to the "King County effect." MBA disputes as too low the use of the 2022 mid-range population OFM estimate as the basis for the '07 Draft Report.

#### **"King County Effect"**

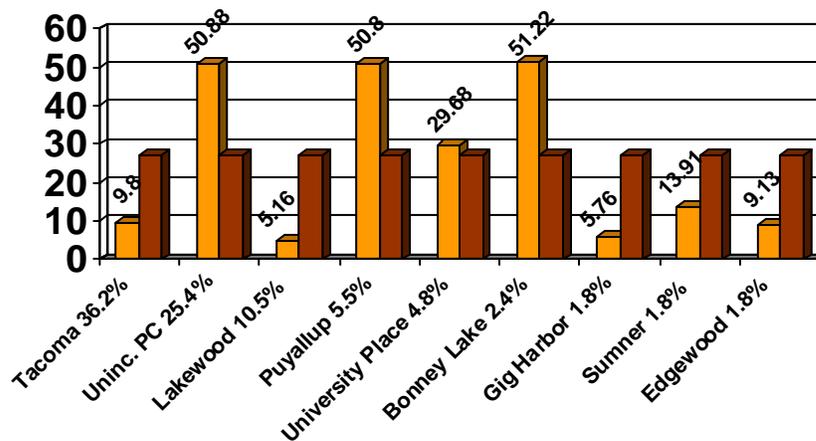
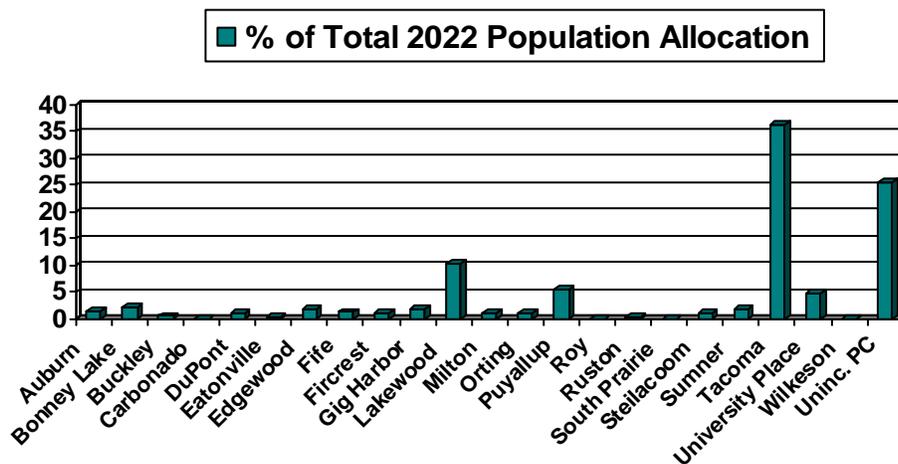
The "King County effect" is a loose term and refers to growth patterns being determined in part by affordability concerns, and encompasses more than just the King County geographic region.

One flaw in the Buildable Lands capacity analysis is that it does not account for population growth trends caused by residents choosing to relocate due to housing affordability issues. Affordability is not considered at all in the Buildable Lands capacity analysis; this results in erroneous predictions since it disregards real-world decisions made by the population.

In recent years, the cost of housing in Washington has outpaced increases in income, and in the Puget Sound region this trend is even more pronounced. More and more people are moving from King County into Pierce County, for instance, due to the relatively affordable housing stock located here. This trend will continue, and as a result, Pierce County's total population (and unincorporated Pierce County's population in particular) will grow faster than predicted by the 2022 OFM population allocation.

Population Allocations Versus Real Growth Patterns

The '07 Draft Report as well as other independent statistical calculations demonstrate that unincorporated Pierce County and several cities are growing much faster than would be predicted by their respective 2022 population allocations, while others are not keeping pace. Summary tables demonstrate this trend below:



■ % of Allocated Growth achieved 2000 - 2006 in largest OFM allocation jurisdictions  
■ Baseline % = 27% of 2000 - 2022 time frame

These statistics show that the jurisdiction-specific OFM population allocations are not being absorbed as predicted, and it is inaccurate to use them in future land use planning. The conclusion that unincorporated Pierce County, for instance, has an excess of residential land capacity is based on the assumption that it will only include the number of units predicted by the OFM allocation. However, actual plat and permit data makes clear that under current trends, the unincorporated Pierce County area will include far more than the OFM allocation number by 2022.

At the same time, municipal OFM allocations are not being reflected in actual development activity within cities, and the cities allocated most of the aggregate 2022 population growth (Tacoma and Lakewood) are far behind the pace to absorb their respective shares. Reasons for this include a lack of developable land in cities; higher costs not only to develop, but also to live, in cities, which affect a developer's decision to build in unincorporated or incorporated areas for their intended buying market; elected and public resistance within cities to accept increased density on vacant or underdeveloped lands; and more.

Overall, the use of the OFM population allocation as the basis for needed buildable land capacity is flawed.

#### **“Underdeveloped Lands” Assumptions**

The MBA of Pierce County disputes the assumptions within the 2007 Pierce County Buildable Lands Report related to both 1) the “absorption rate” at which “underdeveloped” land is assumed to develop (the amount identified as buildable through 2022 for each jurisdiction) and 2) the amount of “underdeveloped lands” cited as “unavailable for development” (identified in Table 4 for each jurisdiction in the '07 Draft Report.)

The June 2005 report entitled *Pierce County Buildable Lands Program: Evaluation of Assumptions About Underdeveloped Lands* and drafted by ECONorthwest illustrates in part the bases for MBA's position. (This report will be referred to herein as the *'05 ECONorthwest Report*.)

#### Historical “Absorption Rate” of “Underdeveloped” Lands

In its 2005 report, in order to analyze the accuracy and reasonableness of the “underdeveloped” land assumptions in the *2002 Pierce County Buildable Lands Report*, ECONorthwest compiled residential plat and building permit activity data for the years 2001-2004 and 2001-2003, respectively, in both unincorporated Pierce County and its 23 cities. 2001-2004 equates to 23.5% of the planning time frame between 2001 and 2017; 2001-2003 equates to 17% of the planning time frame between 2001 and 2017.

The plat activity data gathered by ECONorthwest demonstrates that “underdeveloped” residential lands were not being developed at the rate assumed in the 2002 Pierce County Buildable Lands Report. For the period encompassing 23.5% of the time frame, “[t]he data show that more than 11% of [unincorporated Pierce County] underdeveloped land was platted (and presumably developed) in the four-year period. The results show that 28% of underdeveloped land in the MUD designation was platted, 23% in the HRD designation, and 10% in the MSF designation.” (*'05 ECONorthwest Report*, page 3-7.)

The results for incorporated areas are even more off-pace. “Overall, the amount of underdeveloped land platted in City municipal boundaries between 2001 and 2004 was a relatively small percentage of the underdeveloped land base in all of the City municipal boundaries.” (*'05 ECONorthwest Report*, page 3-10.) Table 3-10 shows that 15% of total

platting activity on municipal lands occurred on “underdeveloped” lands; Table 3-11 shows that only 2% of all “underdeveloped” municipal lands were platted during the years 2001-2004.

Building permit activity for 2001-2003 demonstrated the same trend as plat activity; “underdeveloped” lands were not being absorbed at a rate comparable to the planning time frame (17% of the period through 2017, as covered by the 2002 Buildable Lands Report):

The results show that [during the years 2001-2003,] a considerable number of dwelling units (1,136) were approved on lands identified as underdeveloped in the County UGA. The cities experienced a much lower volume of permits in lands identified as underdeveloped in the 2000 inventory than the [County]. More interesting in the context of this study is the finding that 20% of new dwellings permitted in the County UGA were permitted on underdeveloped land. This is in stark contrast to the cities where 3% of the new dwellings permitted were on underdeveloped land.

(’05 *ECONorthwest Report*, pages 3-13 – 3-14.)

#### Future “Absorption Rate” for “Underdeveloped” Lands

Overall, *ECONorthwest’s* data shows that actual absorption of “underdeveloped” land for the years 2001-2004 was not occurring at a pace that would exhaust the acreage identified within the Buildable Lands Reports for either the 2017 or the 2022 planning horizon. MBA maintains that the pace at which “underdeveloped” lands are absorbed may actually go down in the future due to several reasons:

- Previous plats developed on “underdeveloped” lands were generally on larger parcels than are currently available; with the need to assemble parcels becoming more common, the number of plats on “underdeveloped” lands will go down.
- Infrastructure is not expanding near “underdeveloped” lands fast enough to make developing those lands financially viable.
- The costs that a single plat would have to absorb to bring roads and urban services to an underdeveloped parcel may remain too high to make the project financially feasible.

The first reason listed above is supported by *ECONorthwest’s* analysis:

As a final analysis of plat activity, ECO developed a distribution of improvement values on underdeveloped land using the 2000 buildable land inventory. The purpose of this analysis is to test whether an identifiable value threshold exists. . . . The primarily [*sic*] conclusion that can be drawn from this analysis is that parcels in the 2.5- to 10-acre size class are more likely to develop.

(’05 *ECONorthwest Report*, page 3-8.) With the number of parcels within the 2.5 - 10 acre size range decreasing, so will the percentage of “underdeveloped” lands being absorbed. The fact that less “underdeveloped” land will be redeveloped by 2022 than assumed in the ’07 Draft Report should result in a change in the assumed amount of “underdeveloped” land unavailable for growth – otherwise, the conclusions about capacity in the Draft ’07 Report are flawed.

MBA hereby offers to conduct a feasibility analysis of up to 10 parcels that County or city staff select in order to help demonstrate the actual restraints and increasing costs to develop such parcels, and therefore the lower likelihood that underdeveloped lands will comprise a significant portion of lands developed in Pierce County between 2002 and 2022.

Percentage of Underdeveloped Land Assumed as Part of Total Residential Land Capacity

The significance of the fact that a huge percentage of the total residential buildable land capacity in the '07 Draft Report is classified as “underdeveloped” cannot be overstated. The Report’s conclusion that there is buildable capacity in excess of the standard 25% “market factor” is due to assumptions regarding amounts of “underdeveloped” lands that will be developed before 2022. The table included below demonstrates this percentage by jurisdiction.

**Summary Comparison between Available Residential Lands and Underdeveloped Lands  
Data from 2007 draft Pierce County Buildable Lands Report**

Jurisdiction	Total Adjusted Net Acreage Available for Residential Development	Acreage of Available Land Classified as Final Adjusted Net Underdeveloped	% Classified as Final Adjusted Net Underdeveloped	Future Assumption - % unavailable for development (UD = underdeveloped)
Auburn	90.58	16.87	19%	1%
Bonney Lake	205.32	133.57 (all w/in R-1)	65%	Res. UD 30%
Buckley	306.90	155.03	51%	Res. UD 50%
Carbonado	26.65	16.54	62%	Res. total unavail. 25%
DuPont	183 (Northwest Landing)	0	0%	0%
Eatonville	266.76	137.48	52%	Res. total unavail. 25%
Edgewood	780.99	444.01	57%	Res. UD 25%
Fife	154.51	12.23	8%	30% total unavail.
Fircrest	58.31	31.56	54%	Res. total unavail. 5%
Gig Harbor	576.18	117.25	20%	Res. UD 20%
*Lakewood	772.8	596.57	77%	Res. UD 20%
Milton	128.81	66.61	52%	Res. UD 50%
Orting	275.3	131.03	48%	Res. UD 1%
<b>*Pierce Co. Total</b>	<b>6740.4</b>	<b>3753.01</b>	<b>56%</b>	<b>SF UD 20% / MF UD 40%</b>
<i>PC MSF Zone</i>	<i>3936.82</i>	<i>2492.24</i>	<i>63%</i>	<i>SF UD 20% / MF UD 40%</i>
<i>PC SF Zone</i>	<i>1460.65</i>	<i>913.84</i>	<i>63%</i>	<i>SF UD 20% / MF UD 40%</i>
<b>*Puyallup</b>	<b>500.98</b>	<b>216.42</b>	<b>43%</b>	<b>SF UD 40% / MF UD 70%</b>
Roy	44.83	38.61	86%	Res. UD 20%
Ruston	40.95	3.99	10%	Res. UD 20%
South Prairie	18.25	5.57	31%	Res total unavail. 25%
Steilacoom	110.23	62.3	57%	SF UD 20% / MF UD 1%
Sumner	383.95	185.19	48%	SF UD 20% / MF UD 40%
<b>*Tacoma</b>	<b>1897.33</b>	<b>1130.66</b>	<b>60%</b>	<b>SF / Res. UD 25%</b>
<b>*University Place</b>	<b>397.92</b>	<b>184.55</b>	<b>46%</b>	<b>Res. UD 20%</b>
Wilkeson	9.25	.92	10%	Res. total unavail. 25%

MBA hereby requests that the assumed percentage of “underdeveloped” land unavailable for development listed in Table 4 of each jurisdictions data within the '07 Draft Report be increased to at least 50% for each jurisdiction. Restraints on “underdeveloped” lands will result in a decrease in the rate of absorption, not an increase, between now and 2022. The cost to develop will be too high to allow for development to occur.

By using an assumption that 50% of “underdeveloped” lands would be unavailable for development through 2022 in unincorporated Pierce County, Tacoma, Lakewood, Puyallup, and University Place (collectively, the jurisdictions assigned 82.4% of the 2022 Pierce County OFM population allocation), the total residential land capacity would be reduced by 2131.52 acres.

**Recalculation of Residential Buildable Acres Assuming 50% of “Underdeveloped” Land is Unavailable Through 2022**

Jurisdiction	Adjusted Net Underdeveloped Acres	50% of Adjusted Net Underdeveloped Acres	Total Adjusted Net Acres Excluding Redev. Acres (50% of Underdeveloped + Vacant)	Decrease in Buildable Acres from Estimate in Draft 2007 Buildable Lands Report
*Lakewood	745.73	372.87	522.68	777.11-522.68 = 254.43
*Pierce Co. Total	4811.59	2405.8	5379.79	6727 - 5379.79 = 1347.21
<i>PC MSF Zone</i>	<i>3115.29</i>	<i>1557.65</i>	<i>2995.93</i>	<i>3930.52 - 2995.93 = 934.59</i>
<i>PC SF Zone</i>	<i>1142.3</i>	<i>571.15</i>	<i>1117.02</i>	<i>1459.71 - 1117.02 = 342.69</i>
*Puyallup	360.67	180.34	459.31	495.76 - 459.31 = 36.45
*Tacoma	1499.51	749.76	1467.57	1856.20 - 1467.57 = 388.63
*University Place	205.39	102.7	283.06	387.86 - 283.06 = 104.8
				<b>TOTAL = 2131.52</b>

The total reduction of the number of housing units within the reduced land capacity would have to be calculated by zone within the respective jurisdictions; it is clear, however, that the number would be significant, and the resulting *2007 Pierce County Buildable Lands Report Conclusion* would read very differently. Within the Pierce County Moderate Density Single Family (MSF) and Single Family (SF) Zones *alone*, this recalculation would result in a decrease of 6,077 units in the available capacity.

**Recalculation of Unit Capacity in Pierce County’s MSF and SF Zones Assuming 50% of “Underdeveloped” Land is Unavailable Through 2022**

Jurisdiction	Total Adjusted Net Acres Excluding Redev. Acres (50% of Underdeveloped + Vacant)	Assumed Density	Unit Capacity	Decrease in Unit Capacity from Estimate in Draft 2007 Buildable Lands Report
<i>PC MSF Zone</i>	<i>2995.93</i>	<i>5</i>	<i>14980</i>	<i>19684 - 14980 = 4704</i>
<i>PC SF Zone</i>	<i>1117.02</i>	<i>4</i>	<i>4469</i>	<i>5842 - 4469 = 1373</i>
				<b>TOTAL = 6077</b>

**Housing Unit Calculations**

Table 6 and Table 8

MBA contends that the assumed densities included in Table 8 for residential zones are too high. First, the buildable land capacity theoretically allowed from critical area buffers is often not actualized due to other regulatory constraints on density (e.g., minimum lot sizes, minimum lot widths, setbacks, open space requirements, etc.) While net density trends between 2001-2005 increased in unincorporated Pierce County from 4.35 to 4.72 in the MSF Zone, for instance, MBA contends that this is due to the fact that the density figures reflect plats vested prior to the implementation of Community Plans. Density will decrease in the future due to Community Plan regulations applying to developments.

Second, the percentage of land being deducted for roads and public facilities (particularly schools) in Table 6 is low compared to actual developments’ percentages.

Table 16 vs. Table 19 Data

Please clarify how the lot and permit activity included in Table 16 reconciles (or does not reconcile) with the production data included in Table 19. MBA was unable to do so.

Thank you once again for the opportunity to provide feedback regarding the *Stakeholder's Draft of the 2007 Pierce County Buildable Lands Report*. Please contact me with any questions.

Sincerely,

A handwritten signature in black ink that reads "Tiffany Speir". The signature is written in a cursive, flowing style.

Tiffany Speir  
Government Affairs Director

## 2. Master Builders Association of Pierce County, August 27, 2007

### Population Growth Assumptions

Comment: The MBA states that the use of the 2022 mid-range OFM population projection generated through the 2002 OFM GMA population projection series is too low as the basis for determining whether or not there is sufficient buildable land to accommodate future population growth.

Response: RCW 36.70A.215.(3)(a) states that at a minimum the Pierce County Buildable Lands analysis is to “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 requirements of RCW 36.70A.110.” Pierce County in consultation with its cities and towns adopted a 2022 population allocation as required through P.C. Ordinance 2003-104s in March 2004. The total Countywide (urban and rural) population allocation as adopted in the ordinance reflected the OFM’s 2002 mid-range population projection for Pierce County. As noted in a Finding of Fact to the adopted ordinance, the OFM mid-range population projections have historically been accurate. Pierce County and its cities and towns are required to use this latest adopted allocation in the evaluation of sufficient lands to meet future population needs.

OFM will be releasing its 2007 GMA 20-year population projection series in the fall of 2007. It is anticipated that Pierce County in consultation with its cities and towns will update its 20-year population allocation consistent with the new OFM projection series. The MBA will have an opportunity to comment on preliminary allocations through the Growth Management Coordinating Committee (GMCC), Pierce County Regional Council (PCRC), and the Pierce County Council.

### Underdeveloped Lands Assumptions

Comment: The MBA states that the 1) amount of land identified as underdeveloped and 2) the deduction applied to underdeveloped lands to account for “unavailable for development” is too low. The MBA suggests deducting 50 percent of the gross acreage identified as being underdeveloped. The MBA cites various statistics derived from a June 2005 Report entitled *Pierce Buildable Lands Program: Evaluation of Assumptions About Underdeveloped Lands* (Evaluation Report) drafted by ECONorthwest.

Response: Recognizing the significant dwelling unit capacity associated with underdeveloped lands as documented in the 2002 Pierce County Buildable Lands Report, Pierce County contracted with ECONorthwest to evaluate the County’s assumptions as related to lands categorized as underdeveloped. While the MBA cites various statistics from the resulting 2005 Evaluation Report, the Report’s conclusions/recommendations, which are supportive of the approach taken in the 2002 analysis, are not mentioned. Below is a sample of ECONorthwest’s conclusions.

#### *Conclusions from the 2005 Evaluation Report*

*“The underdeveloped capacity methods are sound. ECO’s review of the methods used by Pierce County to estimate capacity of underdeveloped lands are consistent with the*

theory on buildable lands inventories and capacity analysis. Moreover, the steps in the method are sound and incorporate appropriate deductions for constraints, infrastructure, other uses, and the market. Moreover, ECO's evaluation of the assumptions applied by Pierce County for the 2002 analysis suggests they are defensible."

*"Better data means better assumptions.* This is a relatively obvious point: more data would provide a better basis for some of the assumptions. This report provides a considerable amount of information and analysis; despite that analysis it is still difficult to arrive at definitive conclusions regarding the underdeveloped assumptions. Continued monitoring and analysis will allow the County to review and refine the assumptions."

*"The methods are conservative.* By conservative we mean that the method and the assumptions may *underestimate capacity*. This is appropriate—in our assessment underestimating capacity is probably more desirable than overestimating capacity. Overestimating capacity means that less land will be needed to accommodate housing and could lead to land supply shortages with corresponding market impacts (e.g., increased land values).

This conclusion, however, needs qualification. The performance of land markets is very complicated and depends on a variety of factors—some of which local government has control over (e.g., development policy and infrastructure investment) and some of which local government has very little control over (e.g., consumer preferences, interest rates, etc.). Thus, the functionality of any given parcel of underdeveloped land is fluid. What appears to be economically infeasible to develop now or five years from now could be attractive at some other point in the 20-year planning horizon.

Moreover, reasonable people can disagree on what policy response is most appropriate for local governments to take. Trade-offs are involved. A tight UGA will bind land supply which can create upward pressure on land prices (and housing prices). Conversely, if UGAs are too loose, they may encourage inefficient development patterns and increase infrastructure costs."

Specific to issues raised by the MBA, ECONorthwest did provide a recommendation to refine the criteria in identifying underdeveloped lands; the report suggests identifying underdeveloped lands using both land acreage and improvement value. Properties would be removed from the underdeveloped lands category if they meet the following criteria: for lot sizes between 1 and 2.5 acres the improvement value is greater than \$250,000; for lots between 2.5 and 9.99 acres and the improvement value is greater than \$500,000; for lots 10 acres or greater and the improvement value is greater than \$750,000. The report clearly states that no changes to the County's assumptions on "land unavailable for development" should be made.

Pierce County and its cities and towns did increase the improvement value threshold for underdeveloped land to \$500,000 or greater as a recommendation through the Pierce County Growth Management Coordinating Committee. Although the recommendation was not fully implemented, a quick review of the underdeveloped properties in the 2007 analysis indicates that only approximately 5% of the 1,832 parcels between one and 2.5 acres within the County's MSF zone have an improvement value greater than \$250,000. All of the inventoried MSF properties

greater than 2.5 acres conform to the cited recommendations. The MSF zone has the highest underdeveloped acreage in unincorporated Pierce County.

A closer review of the gross acreage and final net acreage after various deductions are applied to the underdeveloped properties does illustrate a substantial reduction. For the MSF zone, the gross acreage totals 4,817 acres and after applying various deductions, the net acreage is reduced by 48 percent to 2,492 acres. For the SF zone, the gross acreage totals 1,896 acres and after applying various deductions, the net acreage is reduced by 51 percent to 913 acres. This reduction is applying the 20 percent “unavailable for development” assumption. Other mixed use and multi-family zones have a greater reduction through the application of a 40 percent deduction for “unavailable for development” assumption.

A closer review of each deduction and the order which the deductions are made reveals some of the extra cushion that is incorporated into the net acreage. An example is the deduction of critical areas. For the underdeveloped lands in the MSF zone, a parcel specific deduction is applied utilizing Pierce County CWI and Supplement wetland inventory. This acreage encompasses all underdeveloped lands, not just 80 percent after a deduction for “unavailable for development.” This is also true for the deductions for roads, non-residential uses, etc.

Pierce County needs to continue to monitor the growth and development associated with lands identified as underdeveloped. At this time, it is short-sighted to conclude that there isn’t significant development capacity on underdeveloped lands after a review of a few years of development. As cited, lands may appear to be infeasible to develop in today’s market, may be more plausible in the next 15 or 20 years. As many developers would agree, while vacant green fields are easier and more cost effective to develop, there is a point at which a low inventory of vacant green fields creates a financial incentive to demolish existing structures and redevelop a residential site. If an urban growth area is continually expanded to include additional vacant green fields, there won’t be an incentive to redevelop under-utilized properties within unincorporated Pierce County or its cities and towns.

More recent development in King County illustrates the future possibilities of housing capacity associated with underdeveloped lands. Staff working on the King County capacity analysis has conveyed that in recent years 40 percent of the housing developed in King County has been on lands previously categorized as non-vacant. Consequently, the availability deduction assumptions associated with under-utilized lands range between 10 and 20 percent.

### **Housing Unit Calculations**

Comment: The MBA states that the assumed densities used to convert the net acreage to dwelling units are too high. This is due in part to the deduction of only the critical areas, excluding associated required buffers. They also state that the percentage of land being deducted for roads and public facilities is low compared to actual development being observed. There is also a statement that states future densities will be reduced due to the adoption of community plans for unincorporated Pierce County.

Response: This comment is written as a blanket statement addressing assumed densities within all residential zones in unincorporated Pierce County and its cities and towns. In regards to the deduction of critical areas and their buffers, the calculations that convert the gross acreage

associated with vacant, underdeveloped, and redevelopable lands are reflective of the local adopted regulations. Consequently, the critical area buffers are deducted in a buildable lands analysis for jurisdictions which net-out critical area buffers in their regulations. In regards to deductions for roads and public facilities, jurisdictions reviewed the observed development completed between 2001 and the end of 2005. Various jurisdictions continued the observed trend into the future while a few increased the percentage to recognize future expectations.

The MBA's blanket statement refers to assumptions for unincorporated Pierce County. The analysis for unincorporated Pierce County does not deduct buffers associated with critical areas, reflective of its development regulations. In a consistent approach, the "net" density calculated per year/zone also does not subtract out the associated critical area buffers. If the critical area buffers were subtracted in both instances, the resulting "net" density would be increased. For example, a 65-lot residential development on 20 acres which includes three acres of roads (15%), two acres of wetland, and one acre of critical area buffer. The "net" density per Pierce County regulations would be 4.33 housing units per acre. The "net" density subtracting out the critical area buffer would be 4.64 housing units per acre. The observed MSF density cited in the 2007 Report, if calculated subtracting out buffers, would be increased over the 4.72 dwelling units for the MSF zone. Consequently, the deduction of critical area buffers without a recalculation of the observed density in a consistent approach will underestimate the housing capacity within unincorporated Pierce County.

The MBA also states that the housing density assumptions are too high, especially in light of adopted community plans. The density assumptions incorporated into calculations do reflect the observed densities between 2001 and 2005 if there was a clear trend with a significant number of projects. For those residential zones which either did not have a significant number of projects or did generate a clear trend, the density assumptions were either the minimum density allowed or very close to it. It is recognized that the development data collected between 2001 and 2005 does not incorporate new development pursuant to all adopted community plans. In some instances, there may not be a significant numbers of plats recorded to sufficiently determine the impacts of newer regulations. It should be recognized that Pierce County and its cities and towns are required to complete an housing capacity analysis every five years, the next being 2012. Subsequently, the implications of all newly adopted development regulations will be reflective in the observed development between 2006 through the end of 2011.

Finally, the MBA states that the percentage of land being deducted for roads and public facilities should be increased to reflect actual developments' percentages. As noted in Table 4 of the Pierce County section, a review of developments between 2001 and 2005 indicate that roads average slightly over 14 percent of plats; 15 percent was incorporated as an assumption. In regards to public facilities, a survey of various service providers/agencies was conducted to determine future capital facility needs as reflected again on Table 4. It should also be noted, as illustrated in Table 6 of the Pierce County section, that 16 percent of the net acreage under each residential zone is deducted to account for non-residential uses.

### **Clarification of Tables in Conclusion**

Comment: MBA asked for clarification on how the lot and permit activity included in Table 16 reconciles with the production data included in Table 19.

Response: Table 16 and Table 19 are not intended to be complementary to each other. Table 16, Pierce County, Rural/Urban Development Split, is intended to illustrate the ratio of residential growth occurring within the rural as compared against the urban area. It is an indication as to the success of GMA land use plans in directing growth into the adopted urban growth area(s). The development data encompasses the five-year reporting period, 2001 through 2005. Table 19, Annual Housing Production, is intended to illustrate the rate at which housing construction needs to occur in order for jurisdictions to meet the 2022 housing needs to the actual rate that jurisdictions have experienced. The average housing units produced in this table are derived from the April 2000 and April 2006 OFM housing statistics.



August 29, 2007

Mr. Dan Cardwell  
Pierce County Department of Planning and Land Services  
2410 South 35<sup>th</sup> Street  
Tacoma, Washington 98409

Dear Mr. Cardwell:

**Subject:** Comments on the Stakeholder Draft *Pierce County Buildable Lands Report*, August  
July 2007  
Sent via e-mail and U.S. mail

Futurewise is very impressed with the *Pierce County Buildable Lands Report*. The data the county and cities have gathered and analyzed is impressive. We also appreciate that you have included information on development in both the urban and rural areas. We congratulate you on your hard work on the *Buildable Lands Report*.

At the stakeholder meeting we attended, the issue of the level of redevelopment that the market can support came up. Futurewise has observed buildable lands reports in several counties including King County. The level of residential construction occurring on redeveloped land is impressive in King County and your county is seeing demand for redevelopment as well. We foresee that over the course of the next five to ten years a high level of redevelopment activity will likely take place in Pierce County too. Factors such as the price of gasoline, the desirability of living and locating businesses in urban places such as Tacoma, and other factors will drive this trend.

In addition, the draft Buildable Lands Report includes several factors that significantly discount the supply of redevelopable land. The report assumes that residential lots smaller than either an acre or half acre will not redevelop.<sup>1</sup> The report also assumes that 20 percent of the single-family residential redevelopable land is unavailable for development and 40 percent of the multi-family redevelopable land is unavailable for development.<sup>2</sup> While we are concerned about what is in effect a 40 percent market factor for multi-family redevelopment land, market factors usually top out at 25 percent; as long as the county is open to monitoring redevelopment during the next five years and revisiting that assumption in 2010 we can accept these assumptions. These and other assumptions provide a capacity cushion for those who doubt the market's willingness to engage in redevelopment and the willingness of property owners to make their land available for redevelopment.

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<sup>1</sup> *Pierce County Buildable Lands Report* Stakeholder Draft p. 18 (August 2007).

<sup>2</sup> *Id.* at p. 17.

Mr. Dan Cardwell  
Pierce County Department of Planning and Land Services  
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We also appreciate that the county will again prepare another report further analyzing the data and how the actual development compares with the goals and requirements of the Growth Management Act on county and city comprehensive plans.<sup>3</sup> We also appreciate that this report will again recommend reasonable measures. While the data and analysis in the Buildable Lands Report and whether adequate capacity exists in the urban growth areas is important, equally important is whether Pierce County and its cities are getting the kinds of development called for in their comprehensive plans and, if not, what steps are needed to achieve the desired development. Reasonable measures are the steps the county and cities can take to get the kind of development they want.

Thank you for considering our comments. If you require additional information please contact April Putney, telephone 206-343-0681 Ext 120 and e-mail [april@futurewise.org](mailto:april@futurewise.org), or me, telephone 206-343-0681 Ext. 118 and [tim@futurewise.org](mailto:tim@futurewise.org)

Sincerely,

A handwritten signature in blue ink, consisting of two large, stylized, overlapping loops that resemble the letters 'S' and 'T'.

Tim Trohimovich, AICP  
Planning Director

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<sup>3</sup> Id. at p. 2.

### **3. Futurewise, August 29, 2007**

#### **Residential Redevelopment**

Comment: Futurewise is supportive of the “unavailable for development” assumptions associated with underdeveloped residential lands. They note the experience in King County and the likelihood of higher redevelopment occurring in Pierce County in the next five to ten years. There is some concern with the 40 percent market factor applied to multi-family underdeveloped lands in unincorporated Pierce County.

Response: As cited in response to the MBA letter, Pierce County contracted with ECONorthwest to evaluate the County’s assumptions as related to lands categorized as underdeveloped. They recommended not changing the “unavailable for development” assumption. It should be noted that the “unavailable for development” assumption incorporated in the methodology should not be confused with the safety factor, which is a comparison between the housing needs and calculated housing capacity.

Comment: Futurewise appreciates Pierce County’s preparation of a second report further analyzing the data and how the actual development compares with the goals and requirements of the Growth Management Act on county and city comprehensive plans.

Response: Pierce County will prepare a follow-up “consistency” report to the 2007 Pierce County Buildable Lands which will identify jurisdictions that may be required to adopt “reasonable measure” to rectify inconsistencies between assumptions incorporated in the 2007 housing capacity analysis and the observed development trends between 2001 and 2006.