

Attachment “B” – Draft Infrastructure & Market Factor Reductions (Revised – October, 2003)

Infrastructure Reductions

Infrastructure reductions account for that percentage of buildable land dedicated to Right Of Way, Stormwater management and Public Facilities (parks, schools, fire, police, utilities, and churches).

- Right Of Way

An analysis of 50 single family plats and 25 multi family projects completed since 1990 in the City and UGA shows an average of 17% dedication for Right Of Way in single family and 7% dedication of Right Of Way in multi family development. The residential projects in the sample represent an equitable variety of sizes both in total area and number of units.

Single Family

Survey sample comprised of 50 single family plats completed since 1990 in Bellingham and the UGA.						
Plat Size in Acres	# of Plats in Sample	Total # of Lots	Avg. # Lots Per Plat	Total Acres	ROW Acres	ROW Pct.
0 to 5	15	203	14	48	7	14.6%
5 to 10	10	336	34	76	12	15.8%
10 to 20	12	600	50	172	28	16.3%
> 20	13	1,262	97	419	73	17.4%
Totals	50	2,401	48	715	120	16.8%

Multi Family

Survey sample comprised of 25 multi family projects completed since 1990 in Bellingham and the UGA. Right Of Way includes actual dedicated City ROW and private paved street areas used for automobile use in access to projects. Does NOT include parking spaces.						
Project Size in Units	# of Projects in Sample	Total # of Units	Avg. # Units Per Project	Total Acres	ROW Acres	ROW Pct.
0 to 50	7	184	26	14.0	0.7	5.0%
50 to 100	9	656	73	30.3	2.6	8.6%
> 100	9	1,391	155	82.7	5.9	7.1%
Totals	25	2,231	254	127	9	7.2%

To gain a broader perspective on Right Of Way dedications an informal survey of City and County jurisdictions in western Washington completing *buildable lands* studies was made. The survey included 48 jurisdictions in Snohomish, King, Kitsap and Clark Counties. The survey showed an average Right Of Way dedication of 16.5% for single family residential land. Due to inconsistent methodologies in determining Right Of Way dedications (primarily the inclusion or exclusion of parking areas) a meaningful comparison for multi family projects could not be found. The values reported for Right Of Way dedications for Commercial and Industrial land varied between 5% and 25%. While some jurisdictions reported observed

Commercial and Industrial development with Right Of Way dedication as high as 70%, the methodologies for these observations included parking lots as part of the overall Right Of Way total. The buildable lands studies completed by the surveyed jurisdictions can be found at the following web-sites:

<http://www.co.clark.wa.us/ComDev/LongRange/CompReview/buildablelands.pdf>

http://www.metrokc.gov/budget/buildland/Appdx_2.pdf

<http://www.kitsapgov.com/dcd/bla.pdf>

<http://www.co.snohomish.wa.us/pds/1000-SCT/report.asp>

Based on these findings, the recommended reductions for Right Of Way dedication are 15% overall for Residential and 25% overall for Commercial & Industrial lands.

- Public Facilities

The 1996 City of Bellingham Comprehensive Plan recommended Public Facility reductions in the UGA for parks, schools, utilities, and churches totaling 355 acres. Residential uses comprise about 45% of the total UGA. Assuming residential zones will absorb 45% of the future public facilities, 160 acres or 8% of the available unconstrained vacant residential land in the UGA should be deducted. Because the Public Facility infrastructure within the existing city limits is already in place, no additional deductions are necessary.

- Stormwater Management

Recommendations from local engineers and City Public Works staff indicate that the Washington State Department of Ecology runoff model requires between 15% and 20% of buildable land be dedicated to stormwater management (18% of a typical 10 acre forested site on 10% slopes).

Existing stormwater facilities in the City and UGA total 27 acres of land. Of those 27 acres 10.5 acres (39%) are in areas already removed from the land supply because of Critical Areas (excluding steep slopes).

Given the relatively large percentage of Critical Areas in the remaining developable areas of the City and UGA the future percentage of stormwater facilities placed partially or wholly within Critical Areas could easily be as high as 50%. To account for this relationship between stormwater facilities and Critical Areas, 33% to 50% of the overall stormwater reduction is assumed to be in areas already covered by Critical Areas. This 33% to 50% translates into a reduction of 5% to 10% of the gross developable area in the Land Supply.

An additional reduction of 10% for stormwater facilities beyond the area included in the Critical Areas reduction will result in an overall stormwater reduction of between 15% and 20%.

It should be noted that these reductions are general in nature and should be viewed as relevant only in the context of a land supply analysis. Individual reductions at the parcel level vary widely depending upon the specific characteristics of the site and project.

Platted lots of record zoned for single family residential use, need no additional stormwater reductions.

Undeveloped parcels that will be further platted with residential, commercial and industrial projects should have a stormwater reduction of 10% of the gross developable area (beyond the 5% to 10% stormwater reduction included with the Critical Areas).

- Recommended Infrastructure Reductions for Right Of Way (ROW), Stormwater (SW), and Public Facilities (PF).

City

0%	SF Residential (Platted)	(0% ROW + 0% SW)
25%	Residential Yet to be platted	(15% ROW + 10% SW*)
35%	Commercial & Industrial	(25% ROW + 10% SW*)

UGA

8%	SF Residential (Platted)	(8% PF + 0% ROW + 0% SW))
33%	Residential Yet to be platted	(8% PF + 15% ROW + 10% SW*)
43%	Commercial & Industrial	(8% PF + 25% ROW + 10% SW*)

* As stated above, the overall stormwater reduction is 15% to 20%. Of that 15% to 20%, 5% to 10% of the reduction is already covered through Critical Areas reductions.

Market Factor Reductions

Market factors account for that percentage of buildable land that for market-driven reasons will not be available for development during the 20-year planning period. Examples of market factor constraints fall into two general categories:

1. Buildable land that is held off the market due to owner preference. This can include owners of individual smaller properties that for a variety of reasons choose not to develop or redevelop their land, or owners of large land areas assembled for holding purposes that plan to reconfigure the land for sale or development at a later time. In many cases these owners are awaiting development of adequate transportation and utility infrastructure to realize the maximum value of development on their property.
2. Buildable land that develops at lower than maximum density due to developer or market preference. This would include single family residential development occurring in multi family zones, and land that is platted with lot sizes that are larger than the minimum to accommodate larger home and yard sizes.

The 48 jurisdiction survey completed for the infrastructure study also included information related to market factors. Of the jurisdictions in the survey 38 made specific reductions for vacant land with an average reduction of 15%. A market factor for redevelopable land was specifically identified by 30 jurisdictions with an average reduction of 24%. A market factor reduction

for partially developed land was more consistently grouped with that of redevelopable land than for vacant land.

Redevelopable land that has an improvement to total value ratio of 0.25 or less is assumed to have a relatively high likelihood of redevelopment within the 20 year planning period and is given a constant market factor reduction of 25%. As the improvement to total value ratio approaches 0.5 the likelihood of redevelopment becomes increasingly marginal. In recognition of this unpredictability the market factor reductions for lands with improvement to total value ratios between 0.25 and 0.5 have been taken directly from the ratio itself. For example, a home with an improvement value of \$80,000 on a \$90,000 lot has a total value of \$170,000 and an improvement to total value ratio of 0.47 ($\$80,000 / \$170,000$). Assigning a market factor of 47% to this property emphasizes that marginal nature of its redevelopment potential.

Based on these assumptions the following market factors have been applied to the buildable land supply:

- Partially Developed Land
25% for all cases
- Vacant Land
15% for *Residential* land
25% for *Commercial & Industrial* land
- Redevelopable Land
25% for land where the improvement to total value ration is less than 0.25
25%-50% for land where the imp. to total value ratio is greater than 0.25

Note:

The Buildable Lands jurisdictions whose methodologies were examined did not "inflate" the demand side of the equation in their analysis. The general consensus among those jurisdictions was that the "market factor reduction" was most appropriately applied to the supply side of the equation.

The 50% "market factor" (safety factor) applied in the City's 1993 methodology and used in the original 1995 comprehensive plan was later reduced to 25% for the 1996/97 county comprehensive plan/UGA boundary planning process. This was done primarily because it was decided to use a higher population growth projection and partly because the state said the original 50% factor was too high (would require too large a UGA, therefore contribute to sprawl) and would not stand up on appeal in their opinion. These demand side "market factors" were never completely/adequately separated from the "market factor" reductions applied to the supply side. This makes meaningful comparison between supply and demand very difficult because of the overlap and double counting of the market factors. It makes more sense to keep the market factor reductions on the supply side and not make the population forecast any fuzzier than it already is.

This is not to say that the market factor reduction cannot be increased if that is deemed appropriate, just that it needs to be well-documented and kept in one place.

If it is deemed necessary to apply an overall "safety factor" to the analysis to then this should be applied at the end of the analysis so as to not compromise the validity of the density and buildout calculations.