Appendix A

Existing Conditions Report

DRAFT Woodinville Comprehensive Plan Update, 2031 Growth Targets, 2035 Planning Estimates, and Land Capacity

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MEMORANDUM

DATE: November 1, 2013

TO: Dave Kuhl, Development Services Director, City of Woodinville

FROM: Erik Rundell, Kapena Pflum, and Lisa Grueter, BERK

RE: DRAFT Woodinville Comprehensive Plan Update, 2031 Growth Targets, 2035 Planning Estimates, and Land Capacity

OVERVIEW

The City of Woodinville has been allocated housing and employment growth targets in the King County Countywide Planning Policies. The City's Comprehensive Plan needs to reflect the growth targets and provide land use capacity sufficient to meet the targets. Currently, the growth targets extend to the year 2031. See Exhibit 1.

Exhibit 1 Current Growth Targets 2006-2031

	Housing Target	Employment Target
	Net New Units	Net New Jobs
Growth Target 2006-2013	3,000	5,000

Source: King County Countywide Planning Policies 2012

While the growth targets extend to the year 2031, the new 20-year planning horizon for local governments with a Comprehensive Plan Update deadline of June 30, 2015, such as Woodinville, is actually 2035. However, King County has no plans to formally update growth targets to the year 2035. Given the Growth Management Act (GMA) requirement to plan for 20 years (RCW 36.70A.115), King County and in inter-jurisdictional team of planning directors recommends that local governments start with the 2031 growth target and use either a straight-line projection or consider "bending the trend" towards Vision 2040 in order to derive a 20 year growth number.[1][2]

The following sections of the memorandum describe the process for determining the City's updated residential and employment capacity and how these figures relate to the City's 2031 growth targets. Next the memo describes the process to develop 2035 planning estimates for housing and employment. The

[1] VISION 2040 is the regional land use plan that has been adopted by its 80+ member agencies in King, Kitsap, Pierce, and Snohomish counties and cities. It also serves as the adopted multi-county planning policies required under GMA for Snohomish, King, and Pierce counties.

[2] Technical Memo on Growth Targets Extension, revised October 31, 2013, Michael Kattermann, AICP, Senior Planner, Bellevue. Email to Doreen Booth, Policy Analyst, Sound Cities Association.

memo then compares the updated land capacity figures with the 2035 planning estimates to assess the City's future land use needs. Last, a section on conclusions and next steps is provided.

RESIDENTIAL CAPACITY AND 2031 GROWTH TARGETS

This memo updates the residential land capacity figures prepared by BERK calculated on behalf of the City in summer and fall 2012. The 2012 analysis used a parcel based method that applied proposed zoning rules to each parcel; the method incorporated and expanded the number of properties in the CBD zone considered redevelopable based on City staff knowledge of potential developments through preapplications or informal discussions with property owners. In addition, the 2012 analysis factored in building permit activity and residential development in the development pipeline as part of the City's residential capacity. The results of the 2012 analysis found that using the proposed zoning rule changes, the City would have slightly excess capacity to meet its 2031 housing growth target. Exhibit 2 summarizes the results of the 2012 analysis.

Exhibit 2
2012 Residential Capacity with Adopted Zoning Rules (Now Superseded)

Housing Capacity	
2006-2031 Target	3,000
Permits	573
Pending Development	225
Growth Target Remaining	2,202
Buildable Land Capacity	2,675
Net Surplus/Deficit	**473**

Source: BERK, 2012

This 2013 analysis uses the same methodology as was used in 2012, but incorporates additions and changes. First, this analysis incorporates the most recent pending development figures, notably the addition of the 800-unit Canterbury Square development (a net addition of 672 units above the existing 128 units), which increased the overall capacity within the City. The 2012 analysis assumed a net addition of 532 units on the Canterbury Square site. The second noteworthy change is the correction of an error in the 2012 analysis that counted properties in the Tourist Business zone with a development agreement as part of the buildable lands supply as well as in "pending development" – essentially a double count. Removing the double count reduced the overall residential capacity within the City. The net result between adding the Canterbury development and removing the double count of the Tourist Business zone development agreement is a small reduction in housing unit capacity of equaling 79 units. Exhibit 3 shows the updated 2013 land capacity figures. The overall conclusion is that the City has sufficient capacity to meet its 2031 Housing Target with a surplus of 394 dwellings approximately.

Exhibit 3
2013 Residential Capacity

Housing Capacity	
2006-2031 Target	3,000
2031-2035 Growth Est.	-
2006-2035 Planning Est.	-
Permits	573
Pending Development	225
Growth Target Remaining	2,202
Buildable Land Capacity	2,596
Net Surplus/Deficit	**394**

Note: For the purposes of this exhibit the Canterbury site is included in "buildable land capacity" but is now considered a pending development. We have included it in the capacity figure for ease of comparison with Exhibit 2.

Source: BERK, 2013; City of Woodinville, 2006

EMPLOYMENT CAPACITY AND 2031 GROWTH TARGETS

In 2012, the focus was on residential capacity. For the Woodinville Comprehensive Plan Update a review of employment capacity is also required.

Land Supply by Zone

Of the City's commercial or industrial zoned land, 70.9 (8.0%) gross acres are vacant and 225.4 (25.3%) gross acres are considered redevelopable. Exhibit 4 shows that most of the vacant parcels are in the Industrial zone followed by the General Business zone. Other commercial and industrial zones have limited amount of vacant parcels. The Central Business District zone has by far the most redevelopable parcel area with over 120 acres. Industrial and General Business zones also have sizable amounts of redevelopable parcel area.

Exhibit 4
Commercial Buildable Land by Zone, 2013

	Gross Acres		Net Acres	
Zone	Vacant	Redevelopable	Vacant	Redevelopable
CBD	6.9	121.5	2.8	69.1
GB	18.6	38.9	7.9	23.9
NB	0.3	1.0	0.3	0.8
O	0.5	0.0	0.5	0.0
R-48/O	0.0	0.0	0.0	0.0
TBD	2.0	1.6	0.4	0.6
I	42.6	62.4	28.4	40.5
Total	**70.9**	**225.4**	**40.1**	**134.9**

Source: City of Woodinville, 2013; BERK, 2013

Net buildable acres represent the amount of land available for actually development after critical areas, market factors, right-of-way needs, and other factors are considered. Applying these factors nets the City 40 acres of vacant buildable land and 135 acres of buildable land in its commercial and industrial zones.Net

buildable acres are used to determine the amount of additional building square feet and employment capacity a parcel can support given the current zoning.

Land Capacity Analysis

The commercial land capacity analysis uses two different methods for assessing employment capacity. Both methods used the same 2006 parcel base as the residential analysis and account for development since 2006 through commercial building permit activity. The first method uses the original buildable lands methodology and vacant and redevelopable designations from the 2007 King County Buildable Lands Report. In addition, it also used the same parcels assumed redevelopable in the CBD as in the residential analysis.

The second method uses a method suggested by King County for assessing redevelopable parcels. This alternative method used the ratio of the existing floor area to land area ratio (FAR) of commercial parcels to the maximum potential FAR[3]. This analysis applied this method to parcels in Woodinville's CBD zone to identify additional redevelopable parcels not already included based on the first method.

Consistent with 2007 Buildable Lands Report methodology, we excluded existing building square footage when calculating net building capacity on redevelopable property under either method.

For other assumptions, the analysis used the same residential/commercial split assumption for zones that allow multiple uses as used in the residential analysis. For assumptions such as right-of-way deductions and floor area per employee, the commercial land capacity analysis uses the same assumptions used in the 2007 Buildable Lands Report. Our analysis reviewed assumed floor area ratio (FAR) used in 2007 based on an analysis of achieved FAR from commercial and industrial permit activity since 2007. For the 2013 analysis, the assumed FAR for the Office (O) zone was increased to 0.56 from 0.30 based on commercial permit activity. All other zones used the same assumed FAR as the 2007 Buildable Lands Report given the lack of permit activity and inconsistencies with existing built space.

Lastly, this analysis removed parcels with building permit activity since 2006 from the buildable category, and estimated the employment associated with these permits separately. These employment estimates, which include Woodinville Village development in the Tourist Business zone, are added to the total capacity as pipeline development. The tables below shows the City's current employment land capacity and land capacity figures in relation to the City's 2031 employment target. Exhibit 6 shows that the City has a deficit of 869 jobs with the original redevelopable method and a slightly smaller deficit of 658 with the addition of the FAR based method to meet the City's 2031 employment target.

[3] Pers com, Chandler Felt, King County, email to Dave Kuhl, City of Woodinville, and Lisa Grueter, BERK, et al, email June 27, 2013, "Buildable Lands: instructions for measuring updated capacity."

Exhibit 5
Employment Capacity Breakdown

Employment Capacity	Original Redevelopable Method	FAR Based Redevelopable Method
Land Capacity	3,360	3,571
Permits, 2006-2013	359	359
Development Agreement	413	413
Employment Capacity	**4,131**	**4,342**

Source: BERK, 2013; King County, 2007, City of Woodinville, 2013

Exhibit 6
Employment Capacity and 2031 Growth Target Comparison

Employment Capacity	Original Redevelopable Method	FAR Based Redevelopable Method
2006-2031 Target	5,000	5,000
Job Change, 2006-2011	-2,125	-2,125
2011-2031 Increment	7,125	7,125
Buildable Land Capacity	4,131	4,342
Capacity from Job Loss	2,125	2,125
Net Surplus/Deficit	**-869**	**-658**

Source: BERK, 2013; City of Woodinville, 2013; Puget Sound Regional Council, 2013; King County, 2007 Buildable Lands Report

Exhibit 6 shows a job loss during the recession (excluding construction jobs), which is not unexpected. This should be acknowledged in planning efforts. Because the jobs were once "housed" in current buildings or sites, we assume the lost jobs would not require new land capacity to accommodate them.

PLANNING PROJECTIONS TO 2035

Woodinville will plan for 20 years of growth in its Comprehensive Plan Update with a planning horizon of 2015-2035. As described in the introduction, an inter-jurisdictional team of planning directors suggests that local governments start with the 2031 growth targets and use a straight-line projection to derive a 2035 planning estimate. Alternatively jurisdictions could align with the regional vision to focus growth in centers, effectively "bending the trend" towards Vision 2040. Jurisdictions are not required to use a particular approach, but should document their methodology and assumptions to extend the growth targets beyond 2031. It is anticipated that the straight line method would be used by most jurisdictions in King County.

A range of approaches is discussed below including:

- Straight line absolute annual average, 2006-2031: described below
- Woodinville bend curve to Vision 2040: described below

- King County annual average % growth rate, 2010-2035: This approach considers the annual average growth rate in King County as a whole between 2010 and 2035 using growth target information through 2031 and a straight line method from 2031 to 2035.
- Woodinville absolute annual average, 2003-2013: This approach annualizes City growth between 2003 and 2013 and applies that annual increase to the years 2031 to 2035.

The two approaches described in the inter-jurisdictional memo are described below. The results for all four methods are presented following the discussion.

Straight Line Method

To determine the 2035 planning estimates, the analysis used PSRC's Land Use Targets Representation (LUT). This dataset provides forecasts of housing units, households, and population and employment by major sector for all jurisdictions in the four-county region for 2035. BERK grouped current employment totals and LUT employment targets into two categories: industrial (including manufacturing, warehouse, transportation, and utility sectors) and commercial (including all other industry sectors). Construction jobs are not included in the current job totals or future estimates.

The 2035 planning estimates represent an increase over 2031 growth targets established in the current Countywide Planning Policies. The 2035 estimates are based on an extension of the 2031 targets using the same annual growth rate projected for the 2006-2031 planning period. The table below shows the City's 2031 growth targets for housing and employment from the Countywide Planning Policies and the new 2035 estimates.

Exhibit 7
Woodinville Growth Target Comparison: Straight Line Method

	2031 Target	Growth Increment	2035 Estimate
Housing Units	3,000	480	3,480
Employment	5,000	800	5,800

Source: BERK, 2013; City of Woodinville, 2006; Puget Sound Regional Council, 2013

Woodinville Bend Curve to VISION 2040

PSRC does not generate growth estimates for individual cities to the year 2040, but rather considers groups of cities that meet certain characteristics (e.g. large cities have a combined population + employment >22,500, and Woodinville is in this category). However, the inter-jurisdictional team of planning directors describes a potential process to account for the VISION 2040 growth share. Because later Comprehensive Plan review cycles after 2015 would likely need to account for the regional VISION 2040 plan and the curve of growth between 2035 and 2040 could steepen, we are providing an analysis of the "bend curve" approach for informational purposes. A description of the general rationale and method described by the inter-jurisdictional team follows:

> *VISION 2040 seeks a higher proportion of growth occurring in Metropolitan, Core, and Large cities than planned for with the 2031 targets and a lower proportion of growth in rural areas. With a nine year span between the 2031 targets and VISION 2040, cities have a time period available to adjust planning to become more consistent with the regional plan. As cities extend their planning horizon to 2035 they may want to align further toward VISION 2040 so as to avoid a larger adjustment that would be needed otherwise as cities approach the year 2040.*

For example, 2031 targets assign 28.3% of population growth to Core cities while VISION 2040 assigns about 32.2%. To adjust growth planning toward VISION, Core cities may choose to recognize a planning horizon based on a mid-point between the target and the VISION, or about 30.0%.

Regional Geography	***Shares of population growth from 2000 to 2031 based on adopted Targets***	***Shares of population growth from 2000 to 2040 based on Regional Growth Strategy***	***New shares of population growth from 2000 to 2035 based on bending the trend***
Metropolitan cities	*39.8%*	*40.6%*	*40.2%*
Core cities	*28.3%*	*32.2%*	*30.0%*
Large cities	*13.9 %*	*14.9%*	*14.4%*
Small cities	*8.4%*	*4.8%*	*6.8%*
Uninc. Urban Areas	*6.2%*	*4.8%*	*5.6%*
Rural	*3.3%*	*2.8%*	*3.1%*

Cities could then assume a city share of the regional geography growth consistent with their share of the 2031 targets. For example, if a city's 2031 target is 10% of the total of targets for Core cities, 10% could be applied to the adjusted 2035 growth for Core cities as discussed above to determine the approximate adjusted target for the individual city.

Applying this method for Woodinville, results in an additional 706 dwellings to accommodate for the years 2031-2035.[4] See Exhibit 8

A similar approach of applying shares of growth to jobs results in a reduction of jobs to plan for through the year 2035 of 468 jobs. See Exhibit.

Exhibit 8
Woodinville Growth Target Comparison: Bend Curve Method

	2031 Target	Growth Increment	2035 Estimate
Housing Units	3,000	706	3,706
Employment	5,000	468	5,468

Source: BERK, 2013; City of Woodinville, 2006; Puget Sound Regional Council, 2013

COMPARISON 2035 PLANNING PROJECTIONS TO CAPACITY

Exhibit 9 compares the City's 2031 housing and employment targets, the 2035 planning estimates, 2013 land capacity figures, and 2031 and 2035 land capacity deficits or surplus.

[4] Detailed assumptions and steps included: 1) assuming the year State Office of Financial Management 2040 medium population forecast for the 4-county region that is a little lower than the VISION 2040 plan due to the Great Recession, 2) continuing the King County share of the region's growth (42%), 3) continuing the Large City share of growth (14.9%), 4) carrying forward Woodinville's current share of 2006-2031 growth targets (10.7% of Large Cities in King County), 4) determining net population increases between 2031 and 2040 and converting that to households using declining household sizes (derived from LUT data described under the straight line method) and a vacancy rate of 2.2% (based on Year 2000 Census rather than 2010 Census that reflected the Great Recession), and 5) determining four-ninths (4/9) of the housing units for the period 2031-2040, to address the period 2031-2035.

Exhibit 9
Woodinville 2035 Targets and Buildable Land Capacity

	Housing					Employment (Original Redev. Method)		Employment (FAR Based Redev. Method)			
		2035						2035			
	2031	*Straight*	*Curve*	*KCAGR*	*WAA*	2031	2031	*Straight*	*Curve*	*KCAGR*	*WAA*
2006-2031 Target	3,000	3,000	3,000	3,000	3,000	5,000	5,000	5,000	5,000	5,000	5,000
2031-2035 Growth Est.	-	480	706	288	502	-	-	800	468	1,103	-480
2006-2035 Planning Est.	-	3,480	3,706	3,288	3,502	-	-	5,800	5,468	6,103	4,520
Permits	573	573	573	573	573	359	359	359	359	359	359
Pending Development	225	225	225	225	225	413	413	413	413	413	413
Growth Target Remaining	2,202	2,682	2,908	2,490	2,704	4,229	4,229	5,028	4,697	5,331	3,748
Buildable Land Capacity	2,596	2,596	2,596	2,596	2,596	3,360	3,571	3,571	3,571	3,571	3,571
Net Surplus/Deficit	**394**	**-86**	**-312**	**106**	**-108**	**-869**	**-658**	**-1,458**	**-1,126**	**-1,760**	**-177**

Legend: Straight = Straight Line Method, Curve = Bend Curve Method, KAGR = King County Average Annual Growth Rate, WAA = Woodinville absolute annual average

Source: BERK, 2013; City of Woodinville, 2012; Office of Financial Management, 2013; Puget Sound Regional Council, 2013

The results show:

- The City can meet its 2031 housing target. There is an estimated capacity surplus of 394 dwellings.
- The City has slightly less capacity for residential housing units than is needed to meet the straight line 2035 planning estimate with a small capacity deficit of 86 housing units. Considering the "bend curve" approach to align with the VISION 2040 regional growth strategy, the City would have a capacity deficit of 312 dwellings, the greatest deficit of the approaches evaluated. The use of the King County annual average growth rate results in sufficient capacity of +106 dwellings; however the growth rate is less than Woodinville has experienced. The Woodinville "absolute annual average" method results in a capacity deficit of 108 units, not much different than the straight line method.
- Based on current assumptions, the City cannot meet the 2031 employment growth targets with its current land capacity under either the original redevelopable method or the FAR-based method with a deficit of either 869 or 658 jobs.
- The City is well short of employment capacity compared to the 2035 straight line planning estimate, and has a potential capacity deficit of 1,669 jobs (not shown in Exhibit above) with the original Buildable Lands Approach method and a deficit of 1,458 (shown in Exhibit 9) with the addition of the newer 2014 FAR based method. Broken down by estimated commercial and industrial employment needs, the need is tilted toward more commercial jobs with a deficit of 1,434 jobs for commercial employment and a deficit of 235 jobs for industrial employment under the original redevelopable method. The "bend curve" method would result in a similar but smaller deficit of 1,126 jobs. With a greater growth rate than Woodinville itself, the King County annual average growth rate method produces the largest deficit of 1,760 jobs.

  With Woodinville's annual average approach carried forward (reflecting the job losses in the last decade), there would be less growth and therefore a much smaller job capacity deficit of 177 jobs. It should be noted that the 10-year historical period considered for the annual average approach is not likely representative of long-term 20-year trends. Also, if this method were carried forward it would effectively reduce the City's 2031 employment growth target. It would be more advisable to consider zero adjustment to the 2031-2035 period rather than a reduction.

CONCLUSIONS AND NEXT STEPS

The City has sufficient housing capacity under the 2031 growth targets. With present assumptions, the City appears to be deficient in land capacity for employment in 2031.

The City must plan for 20 years of growth to the year 2035. The City has several methods to consider. The method that is most likely to be used by other local governments for its simplicity and progress towards local plans is the "straigt line" method. That method produces a small deficit of housing (-86 dwelling units) and continues a deficit of job capacity (-1,458) at the year 2035. Other methods relating to Woodinville specific trends or countywide trends "bracket" the straight line approach with some results higher or lower. As the City moves forward with an environmental review process under the State Environmental Policy Act, these ranges of results could be studied as growth alternatives.

The Comprehensive Plan Update also provides a process to help identify the City's land use plan and zoning options to meet its vision and the estimated growth. For example, land use plan alternatives can explore a new mix of uses in industrial areas. The Northern Gateway Study may produce ideas for the Comprehensive Plan Update about growth potential and mix of uses there. The Comprehensive Plan Update could also review potential locations to expand designations allowing mixed uses with housing (e.g. adding ~5 acres of land at a higher density such as 36 units per acre or higher floor area ratio could address housing and job needs if considering the "straight line" results).

Regarding the zoning code, some items identified in the 2012 policy analysis could be helpful to address housing or jobs, such as: should some incentives in the CBD zone be adjusted? Are there ways to improve the permit process for Accessory Dwelling Units? In the CBD, are incentives and parking standards practical towards achieving the zoning potential?