

## **APPENDIX B**

### **LAND CAPACITY REDUCTION FACTORS**

## Land Capacity Analysis – Reduction Factors

The factors that influence urban development include local and regional land supply and demand, as well as economic and regulatory forces. In an attempt to account for realities affecting land supply, reduction (“discount”) factors are applied to different categories of the urban land base to more accurately estimate developable land. Discounts are typically made for critical areas, roads, public facilities, and the land estimated to be unavailable during the planning period. It is virtually impossible to accurately predict how the development market will act over the 20-year planning period. Therefore, discount and market factors are intended to help ensure that an adequate supply of developable land is available to achieve the City’s land use objectives. Listed below are brief descriptions for each of the reduction factors used in this analysis:

1. **Redevelopment constraints:** Land that contains an existing structure, but which could be developed further based on zoning. However, all land within this will not be developed due to inefficiencies of redevelopment. Basically, this land is not as efficiently developed as raw vacant land.
2. **Unavailable land (discount factor):** A portion of the supply estimated not to be available for sale or development within the 20-year planning period. This accounts for property owners who have no interest in selling or developing their land.
3. **Streets and roads:** A reduction factor is applied to the residential capacity to account for land used for streets and roads. The amount of land needed for roads depends on the type and density of the development in the urban area.
4. **Public facilities:** This reduction factor accounts for future public facilities that will be located within the UGA. These public lands include, but are not limited to, parks, schools, institutions, utility corridors, sewage treatment facilities and open space.
5. **Critical areas:** Designated critical areas (and buffers) are assumed constrained for development pursuant to the Critical Areas Ordinance. This includes wetlands, streams, and geologic hazards.
6. **Market Factor:**<sup>1</sup> A market safety factor is also typically included in the land capacity analysis. This is an additional amount of land (usually expressed as a percent) that is added to account for operation of land markets. It can also be seen as providing a margin of safety so that land supply is not constrained. The market factor is also an acknowledgement that urban land markets are complex and imperfectly understood.

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<sup>1</sup> “Where Counties adopt a land supply market factor between 1 and 1.25 (i.e., of 25 percent) the Board will presume that the factor is reasonable.” (see Bremerton, 5339c, FDO, pp. 42-44).

## **Variation in Reduction Factors**

Reduction factors can be determined through two methods: 1) a percentage method, where each reduction factor is based on a percentage estimate of gross acreage subject to a particular factor or, 2) estimates of actual acres subject to particular constraints or discount factors based on the Geographic Information System (GIS) or land surveys. The County based most reduction factors on information provided by the Washington State Department of Community, Trade and Economic Development (CTED); the East Bremerton Study; and work performed in Snohomish County.

Although the reduction factors used by Kitsap County were largely based on a study of East Bremerton, they do not accurately reflect local conditions found in the Poulsbo area. The City prefers reduction factors be locally calibrated to ensure local differences in the lands physical features are taken into consideration, and the possibility of needing to modify the countywide reduction factors to account for local variation was contemplated early on in this process by county officials.<sup>2</sup> While the City used the County's reduction factors to the extent possible, at least one factor was altered from the County's set of reduction factors. This reduction factor related to critical areas. The City used a slightly higher reduction factor for critical areas than the County. The City's rationale is summarized below.

## **Critical Area Reduction Factor Variation**

Kitsap County used the East Bremerton peninsula as a study area for developing and testing options for land capacity analysis, using the Geographic Information System. This area was selected because it was thought to be representative of unincorporated lands that may be included in Urban Growth Areas. Kitsap County determined that East Bremerton's reduction factor for critical areas was 32 percent for vacant and underutilized lands.

The County's Critical Areas Ordinance allows for the wetland area and associated buffer to be included in the calculation of minimum lot area. In addition, the County's Planned Unit Development (PUD) standards allow the development capacity attributable to wetlands to be utilized on a constrained site. Therefore, through the County's Critical Areas Ordinance and PUD regulation, fifty percent (50%) of the development potential of designated critical area is recaptured. This led the County to determine that 15 percent, rather than 32 percent, would be an appropriate critical areas reduction factor throughout the County.

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<sup>2</sup> It would be helpful for Poulsbo to follow the same methodology & use the same factors when possible..." It is possible that the City may have information regarding land within the UGA that would lead to adjustment of the land capacity reduction factors" January 12, 1998, letter from Commissioner Endresen, chair BOCC to Mayor Mitchusson.

While the City of Poulsbo does have provisions similar to Kitsap County in its zoning code<sup>3</sup>, at best, only twenty-five percent (25%) of the development potential lost to critical areas can be recaptured. Therefore, the County's fifteen percent (15 %) reduction factor for critical areas does not accurately reflect the true amount of land lost to development within the City due to critical areas. City staff reviewed known critical areas throughout the entire City (i.e. built and vacant or available lands) using GIS mapping and determined that a more accurate reduction factor for critical areas within the City proper was 22 percent.

County staff reviewed the City's holding capacity analysis and agreed that it reflected an accurate land need for the future growth and development anticipated to occur during the planning period.<sup>4</sup>

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<sup>3</sup> Poulsbo Municipal Code, 18.21.030(F).

<sup>4</sup> Memorandum from R. Tyner to B. Berezowsky, October 23, 2000.