



Executive Summary

Department: Community Development
Issue Title: Kitsap County Buildable Lands Update
Meeting Date: March 31, 2021
Time Required: 30 minutes
Attendees: Jeff Rimack, Angie Silva, Dave Ward, Liz Williams

Action Requested at This Meeting:

No action requested – DCD will provide a status update on the Buildable Lands Program

Background

Kitsap County, in coordination with local cities, is updating its Buildable Lands Program pursuant to the requirements set forth in the State's Growth Management Act, RCW 36.70A.215 and WAC 365-196-315. This update is due June 30, 2021.

The Growth Management Act requires Kitsap County and its cities to issue a Buildable Lands Report once every eight years. This is one of the first steps counties and cities take prior to updating their Comprehensive Plans, which for Kitsap County is due in June 2024. The purpose and scope of the Buildable Lands Program and subsequent report is to:

- look back at development trends between 2013 and 2019 to review consistency with local policies and plans;
- look forward and evaluate if there is sufficient land supply to accommodate planned population and employment growth, and
- identify reasonable measures, if necessary, to address any inconsistencies that may be identified by the review and evaluation.

In addition to the requirements in state law, Kitsap's Countywide Planning Policies (CPPs) require local jurisdictions to use an agreed-upon methodology for the forward-looking Land Capacity Analysis (LCA) to determine if there is adequate land supply.

Market Factor Guidance

At the March 31st Board of County Commissioners briefing, DCD will provide an update on coordination with local cities to develop an agreed-upon framework for the residential LCA. Specifically, DCD will discuss new statutory requirements passed by the state

legislature in 2017 (SB 5254). For example, new considerations were added for determining a reasonable market factor to evaluate land suitable for new development or redevelopment (RCW 36.70A.215 (3)(b)(ii)).

The Department of Commerce Buildable Lands Guidelines indicate the purpose of the market factor is to, “account for the estimated percentage of developable acres contained within an urban growth area that, due to fluctuating market forces, is likely to remain undeveloped over the course of the 20-year planning period. The market factor recognizes that not all developable land will be put to its maximum use because of owner preference, cost, stability, quality, and location” (Buildable Lands Guidelines - Appendix A: Market Supply Factor Evaluation Considerations).

Passage of SB 5254 resulted in the need for jurisdictions to elaborate beyond landowner intent to sell or redevelop over the 20-year planning period. SB 5254 specifically added the following considerations for how jurisdictions derive market factor assumptions:

- Infrastructure costs, including but not limited to transportation, water, sewer, stormwater, and the cost to provide new or upgraded infrastructure if required to serve development.
- Cost of development.
- Timelines to permit and develop land.
- Market availability of land.
- The nexus between proposed densities, economic conditions needed to achieve those densities, and the impact to housing affordability for home ownership and rental housing.
- Market demand when evaluating if land is suitable for development or redevelopment.

As part of Kitsap County’s Buildable Lands Program Update, Heartland LLC was tasked with developing recommended market factor assumptions for local cities and unincorporated Urban Growth Areas (UGA) across the County. Their approach includes analysis of development patterns by product type (single family or multi-family) over the last 20 years to determine historic delivery and how it aligns with capacity planned for in each area. In addition, market data (Redfin, Costar, Washington Center for Real Estate Research) was used to help inform recommendations.

Jurisdictions are currently reviewing draft market factor assumptions developed by Heartland LLC. These recommendations are subject to change based on continuous coordination with cities; however, initial draft guidance indicates the following ranges be considered depending on geography and product type:

- Low – 5%-20%
- Medium – 20%-35%
- High – 35%-50%

The County and cities will use these ranges to select a market factor assumption to account for local circumstances that may impact the development of and availability of

land in each geography. Jurisdictions must document the considerations used to influence the upward or downward adjustment within the recommended market factor ranges. Heartland LLC has developed preliminary guidance on the specific circumstances that may influence adjustments within a given range. DCD will provide additional information about the recommended ranges and considerations for selecting a market factor assumption at the March 31st briefing.

Public Outreach and Coordination Efforts

Since the Board's last briefing on February 24, 2021, the following are completed and anticipated coordination and outreach efforts for this project:

- March 1, 2021 – City of Bremerton Coordination - *complete*
- March 1, 2021 – City of Port Orchard Coordination - *complete*
- March 3, 2021 – City of Poulsbo Coordination - *complete*
- March 4, 2021 – Kitsap Building Association Developers Council - *complete*
- March 5, 2021 – City of Bainbridge Island Coordination - *complete*
- March 8, 2021 – Kitsap Alliance of Property Owners Consultation - *complete*
- March 15, 2021 – City of Bremerton Coordination - *complete*
- March 16, 2021 – Planning Commission Status Update - *complete*
- March 17, 2021 – City of Port Orchard Coordination - *complete*
- March 30, 2021 – Department Advisory Group Status Update - *complete*
- March 31, 2021 – Board of County Commissioners Briefing
- April 1, 2021 – Kitsap Building Association Developers Council
- April 4, 2021 – Tribal Coordination Meeting
- April 6, 2021 – Planning Commission Briefing
- April 13, 2021 – Kitsap Building Association Work Group
- April 20, 2021 – Planning Commission Briefing

Attachments: