STAFF REPORT

2016 Comprehensive Plan Update
Determination of Urban Growth Boundaries

BACKGROUND
In September 2014, the City of Langley began the process of updating its Comprehensive Plan. The most recent full update to the plan occurred in 2007, while the latest partial update was accomplished in 2013. The State of Washington requires a full evaluation of growth management plans every six years, and the state Department of Commerce provided a $5,000 grant to assist Langley with the current plan update.

Many of the goals and policies in the most recent plan were drafted in 2007 or earlier. For example, the Urban Growth Area (UGA) as seen in the current Comprehensive Plan was first established in the late 1990s, when state and county population projections for Langley estimated growth of more than 100 persons/year. The state’s Growth Management Act (GMA) requires that the city plan for the ability to provide urban services to all lands in the UGA within the 20-year span of our Comprehensive Plan.

Island County has also begun a full plan update, and has provided the city with a draft of its updated Countywide Planning Policies, population projections, and economic growth projections. The population and economic projections are based upon information provided by the United States Bureau of the Census (2010 Census) and the State of Washington Office of Financial Management. The county’s Planning Department also provided a Buildable Lands Analysis to the city in August, 2014.

On August 5, 2015, county planning staff made a public presentation at Langley City Hall. That presentation focused largely on the UGA. The staff presented three options for discussion and consideration. Option A would reduce the UGA to the city’s boundaries. Option B, “Keep Some UGA,” showed a UGA at approximately 50% of its current size. Option C would keep the UGA boundaries as they currently exist. These options are shown in Appendix A.

Per the GMA, the responsibility for drawing UGA boundaries rests with the counties. However, Island County’s Countywide Planning Policies stipulate that the county will not change UGA boundaries except upon the request of a city. The requirements for the establishment of UGAs are set forth in RCW36.70A.110 and 115, as shown in Appendix B.

PAB DECISION
On December 3, 2014, the Planning Advisory Board voted 3 - 0 to reduce the city’s Urban Growth Area to coincide with city limits. A review of meeting minutes indicates that before their vote the
Board had reviewed the draft Countywide Planning Policies and an Interlocal Agreement between the city and the county dated June 28, 1999. The information available to the city in 2014 also included the data contained in the 2007/2013 Comprehensive Plans, such as the 2007 Housing Needs Assessment. On July 15, 2015, the PAB confirmed their earlier vote to eliminate the UGA, by a vote of 4 – 1.

The PAB has been consistent in their determination that the city has sufficient land within its borders to accommodate projected growth through 2036. If county population and economic projections are accurate, and this is the only data relied upon, they may be correct.

**Issues for Consideration**

Each of the issues identified below were largely determined by staff research and other means following the two votes taken by the PAB. The staff suggests that county population and economic projections should not be the sole factors used in considering the city’s future. Other factors should be considered, and those factors are summarized below:

**Accuracy of projections.** The population projections provided by the county are based upon information gathered during the height of the recession, and may not accurately reflect future growth patterns. The county currently estimates that the city will experience an increase of 89 persons within the next twenty years. This is an estimated increase of less than five persons per year. To date in 2015, the city has processed applications for building permits for 11 new single-family residences. Using the standard of 1.89 persons per residence, this year will see a population increase of approximately 21 people, or more than four times the county projection.

The same concern may be applied to the economic growth projections, which suggest that Langley will add 51 jobs in 20 years, or about 2.5 jobs per year between now and 2036. From January through July of 2015, new and existing businesses added at least the equivalent of 15 new, full-time jobs (not including seasonal hires or the brewery opening later this month). Thus, in about half of the year, the city’s economic growth has exceeded projections by a factor of 6.

Even if the 2015 population and jobs growth turns out to be anomalous, it is difficult to imagine a scenario where the county projections would turn out to be accurate over the length of the study period.

In 2014, the county retained the consulting firm of Berk and Associates to assist in population and employment allocation forecasting. Their draft technical report, dated November 14, 2014, contains the following cautions regarding forecasts for South Whidbey Island:

“Staff notes that there are a number of factors which could limit future growth and development in this planning area, however there are at least as many reasons to believe that high growth rates could return to the South Whidbey Planning Area.”
“Planning & Community Development recommends that population be allocated to the South Whidbey Planning Area on a strict proportional basis with no adjustments. But noted that some risk exists that growth could fluctuate and forecasts would have to be adjusted.”
(Emphasis added)

Local projections of housing relied on a 2007 Housing Needs Assessment, where data was based upon an estimated average household size of 2.4 persons per household. The current average household size is 1.86 persons per household. The reduced household size indicates that a greater number of households are required to house the same number of people. In addition, the land capacity analysis prepared by the county assumes that all properties within the city will be developed to their highest density. This analysis looks not only at vacant properties, but also at underdeveloped properties within the community. Thus, for example, a property in the RS7200 zone that contains a single-family home on a half-acre of land would be re-developed to add 2.25 new homes to meet the county’s projection.

A more conservative approach would be to assume that future growth would occur on vacant parcels, with redevelopment of under-utilized parcels comprising only a small percentage of projected growth. First, we count the number of vacant parcels located within existing subdivisions, and assume that each of those parcels will accommodate one single-family home. Then, we look at the total number of vacant parcels remaining in the city, which equals 82, totaling 77 acres of land. If we remove the 18 parcels constrained by critical areas (primarily, wetlands and steep slopes), and then adjust for public uses such as streets, we estimate that 64 future lots can accommodate 119 persons at 1.86 persons per household. However, we must also assume that a portion of available vacant land should be set aside for non-residential uses, such as commercial or light manufacturing. **NOTE:** The vacant parcel calculation made here does not include the 36 lots contained in the Langley Passage and Upper Langley developments, as those projects have not yet received final plat approval. If those projects are included, then the total number of lots rises to 100, and the estimated population accommodated reaches 186.

**Market factor.** Any analysis of need for future land use, housing, or economic development must include a “market factor” to ensure that sufficient properties are available for a free market to work. For example, if a limited number of parcels are available in the market, then the owners of those properties are not constrained by competitive forces when they determine the asking price for the purchase of their property. Thus, if projections saw a need for ten new houses, one would want significantly more than ten available lots in order to ensure that free market forces would prevail.

**Seasonal housing.** According to U.S. Census data, the fastest-growing segment of housing construction in Langley is seasonal housing. Between 2000 and 2010, the percentage of seasonal housing in the city jumped from 4.1% to 9.1%. When combined with other factors, the number of housing units devoted to seasonal housing has a significant impact upon the availability of housing for year-round use. There is no evidence that the county considered the impact of seasonal housing in its projections. In addition, recent evidence suggests that some single-family and multi-family dwelling units are being converted to vacation rentals, thus further impacting housing availability.
Land use constraints. While the city permits multi-family residences, there currently exists only one vacant lot in the Mixed Residential (MR) zone, and that property is not for sale. Similarly, there are only two vacant lots zoned for higher-density (RS5000) single-family housing. The vast majority of vacant parcels in the city are zoned for lower-density development (RS7200 and RS15000), and many of those parcels are constrained by streams, wetlands, or steep slopes. In order to have the possibility of a range of housing types (including affordable housing), it is likely that some lower-density properties may need to be re-zoned to allow for higher densities and housing types. This discussion has been introduced at recent PAB meetings, but no determinations have yet been made.

There is currently no provision in the city’s zoning ordinance for light manufacturing uses, although there appears to be an interest in providing for such uses in a limited manner.

Economic development. There are virtually no vacant properties in the Central Business zone, and those that are vacant contribute to the economy by providing needed downtown parking. There is no interest in expanding the downtown commercial core, nor would such an expansion be considered appropriate. If the city’s economy is to continue to expand, other locations for such expansion must be identified and accommodated.

Existing urban services. On September 2, 2015, Pace Engineers presented to the PAB and to the public a draft of the city’s Sewer Comprehensive Plan. That plan clearly shows that the city’s existing sewer line runs through three properties north of Sixth Street, near the intersection of Coles Road. Each of these properties lie outside the city limits, and within the current UGA. The city negotiated an easement with each of those property owners in 1991, and a provision in each of those three easement deeds allows, as partial compensation for the acquisition of the easement, that each of those property owners a waiver of connection charges for hookups for two single-family homes. If these properties are removed from the UGA, state law will prohibit sewer access.

Staff Recommendation
The staff recommends that the City Council vote to REDUCE the city’s UGA by approximately sixty (60%) percent, as shown in on the map in Appendix C. This recommended reduction is more than what is shown in the county’s “Option B,” but it is larger than the recommendation of the PAB to eliminate the UGA in its entirety.

The staff recommendation is made reluctantly, as it differs from the recommendation of the Planning Advisory Board. However, the votes of the PAB occurred before any review or analysis was made of the Land Use, Economic Development, Utilities, or Housing elements of the Comprehensive Plan, or any review of the issues set forth above, occurred. The review of this information, especially the presentation made by the City Engineers regarding the location of the existing sewer line, suggests that the PAB’s vote may have had a different outcome if this information had been available to them at the time of their vote.

The current UGA includes 62 properties. The staff recommendation removes 38 of these properties, and leaves 24 properties within the UGA. The map shown in Appendix C shows separate UGAs to
the east, west, and south of the city. The East Section, generally located to the north of Sixth Street, shows areas that are bounded on three sides by city limits. This section contains ten properties. In addition, the sewer line that leads to the wastewater treatment plant runs through three of these properties. If these properties are excluded from the UGA, some of the property owners will be deprived of a property right guaranteed to them in writing by the city in 1991. While it is unlikely that all of these properties would be developed in the near future, these properties can provide a sufficient "market factor" to enable reasonable and affordable development.

The seven properties in the West Section are located on Sandy Point Road, and are within easy reach of the existing sewer line. The upcoming Sewer Comprehensive Plan shows that these properties can be served by city sewer lines within the next 10 – 20 years. Further, these sewer line extensions would be developer-driven, meaning that the extensions will be paid for by developers, and not by the city.

The South Section properties -- seven in all -- are located on Langley Road, on the "Langley Loop" near the Fairgrounds at the main entrance to the city. These properties allow the greatest potential for future economic development, and also provide the city with its best chance of controlling the first impression that we make on visitors. None of these properties should be considered as available for residential use. Instead, the city should consider drafting "gateway zoning" that will enable these properties to be developed in a manner that provides a welcoming, commercial entryway into the city. Sewer line extensions to these properties would also be developer-driven, and expected to occur within the next 15 – 20 years.

This limited UGA will enable the city to utilize flexibility as it determines the most appropriate location for economic and housing growth, especially for affordable, multi-family housing and long-term commercial development.

Respectfully submitted,
Michael Davolio, AICP
Director of Community Planning
September 14, 2015
APPENDIX A
Langley City Limits; County Options
Option A – Langley City Limits

Option B – Keep Some UGA
Option C – Keep UGA Boundaries
APPENDIX B
RCW 36.70A.110 and 115

RCW 36.70A.110
Comprehensive plans — Urban growth areas.

(1) Each county that is required or chooses to plan under RCW 36.70A.040 shall designate an urban growth area or areas within which urban growth shall be encouraged and outside of which growth can occur only if it is not urban in nature. Each city that is located in such a county shall be included within an urban growth area. An urban growth area may include more than a single city. An urban growth area may include territory that is located outside of a city only if such territory already is characterized by urban growth whether or not the urban growth area includes a city, or is adjacent to territory already characterized by urban growth, or is a designated new fully contained community as defined by RCW 36.70A.350.

(2) Based upon the growth management population projection made for the county by the office of financial management, the county and each city within the county shall include areas and densities sufficient to permit the urban growth that is projected to occur in the county or city for the succeeding twenty-year period, except for those urban growth areas contained totally within a national historical reserve. As part of this planning process, each city within the county must include areas sufficient to accommodate the broad range of needs and uses that will accompany the projected urban growth including, as appropriate, medical, governmental, institutional, commercial, service, retail, and other nonresidential uses.

Each urban growth area shall permit urban densities and shall include greenbelt and open space areas. In the case of urban growth areas contained totally within a national historical reserve, the city may restrict densities, intensities, and forms of urban growth as determined to be necessary and appropriate to protect the physical, cultural, or historic integrity of the reserve. An urban growth area determination may include a reasonable land market supply factor and shall permit a range of urban densities and uses. In determining this market factor, cities and counties may consider local circumstances. Cities and counties have discretion in their comprehensive plans to make many choices about accommodating growth.

Within one year of July 1, 1990, each county that as of June 1, 1991, was required or chose to plan under RCW 36.70A.040, shall begin consulting with each city located within its boundaries and each city shall propose the location of an urban growth area. Within sixty days of the date the county legislative authority of a county adopts its resolution of intention or of certification by the office of financial management, all other counties that are required or choose to plan under RCW 36.70A.040 shall begin this consultation with each city located within its boundaries. The county shall attempt to reach agreement with each city on the location of an urban growth area within which the city is located. If such an agreement is not reached with each city located within the urban growth area, the county shall justify in writing why it so designated the area an urban growth area. A city may object formally with the department over the designation of the urban growth area within which it is located. Where appropriate, the department shall attempt to resolve the conflicts, including the use of mediation services.
(3) Urban growth should be located first in areas already characterized by urban growth that have adequate existing public facility and service capacities to serve such development, second in areas already characterized by urban growth that will be served adequately by a combination of both existing public facilities and services and any additional needed public facilities and services that are provided by either public or private sources, and third in the remaining portions of the urban growth areas. Urban growth may also be located in designated new fully contained communities as defined by RCW 36.70A.350.

(4) In general, cities are the units of local government most appropriate to provide urban governmental services. In general, it is not appropriate that urban governmental services be extended to or expanded in rural areas except in those limited circumstances shown to be necessary to protect basic public health and safety and the environment and when such services are financially supportable at rural densities and do not permit urban development.

(5) On or before October 1, 1993, each county that was initially required to plan under RCW 36.70A.040(1) shall adopt development regulations designating interim urban growth areas under this chapter. Within three years and three months of the date the county legislative authority of a county adopts its resolution of intention or of certification by the office of financial management, all other counties that are required or choose to plan under RCW 36.70A.040 shall adopt development regulations designating interim urban growth areas under this chapter. Adoption of the interim urban growth areas may only occur after public notice; public hearing; and compliance with the state environmental policy act, chapter 43.21C RCW, and under this section. Such action may be appealed to the growth management hearings board under RCW 36.70A.280. Final urban growth areas shall be adopted at the time of comprehensive plan adoption under this chapter.

(6) Each county shall include designations of urban growth areas in its comprehensive plan.

(7) An urban growth area designated in accordance with this section may include within its boundaries urban service areas or potential annexation areas designated for specific cities or towns within the county.

RCW 36.70A.115

Comprehensive plans and development regulations must provide sufficient land capacity for development.

Counties and cities that are required or choose to plan under RCW 36.70A.040 shall ensure that, taken collectively, adoption of and amendments to their comprehensive plans and/or development regulations provide sufficient capacity of land suitable for development within their jurisdictions to accommodate their allocated housing and employment growth, including the accommodation of, as appropriate, the medical, governmental, educational, institutional, commercial, and industrial facilities related to such growth, as adopted in the applicable countywide planning policies and consistent with the twenty-year population forecast from the office of financial management.
APPENDIX C
Map of Proposed Urban Growth Area