

SULTAN CITY COUNCIL AGENDA ITEM COVER SHEET

ITEM: D-3

DATE: February 28, 2008

SUBJECT: Population Employment and Housing Forecast

CONTACT PERSON: Deborah Knight, City Administrator

ISSUE:

The issue before the City Council is to review Draft 2 - Technical Memorandum #1 (Attachment B) describing the population, employment and housing forecasts for the City of Sultan from 2008-2025.

This information is the foundation on which the City will build the Comprehensive Plan Update. This is the bottom of the pyramid (Attachment A) that Brad Collins presented to the City Council at its Retreat on February 9, 2008.

The City Council should review the information presented, ask questions and provide feedback to the Reid Shockey on Draft 2 - Technical Memorandum #1.

PLANNING BOARD:

The Planning Board reviewed this information at its February 5, 2008 meeting. The Board identified several areas of concern and made suggestions to further improve the report:

1. The report should include a table of key numbers that will be used as the basis for all further technical analysis performed by consultants. These numbers should be widely distributed to the community. Key numbers for this report include:

	Starting Point	2012	2025
Population ¹	4,530	6,570	11,119
Housing units ²	1,739	-	4,464
Persons/household ³	2.74	-	2.62
Employment ⁴	1,010	-	2,000

¹ 2007 Washington State Office of Financial Management

² 2007 Washington State Office of Financial Management

³ Divide population by housing units using 5% vacancy rate

2. The housing section (pages 10-12) should be modified to provide an apples-to-apples comparison between the 2000 median income⁵ (\$46,619) and the 2000 median home cost (\$160,800). The analysis provided in Draft 1 (February 5, 2008) presented to the Planning Board leads to a conclusion that the City needs additional affordable housing which seems inconsistent with the current stock of housing defined as "affordable"⁶ in the community.
3. The Planning Board recommended the Planning Consultants provide "version control" on all documents submitted to the City.
4. The Board also directed staff and consultants to bring back changes to documents at future meetings so that the Board can ensure that requested changes are incorporated into later versions.

The City Council may want to discuss and provide direction to City staff and consultants as to how changes and suggestions should be tracked and incorporated into the Technical Memoranda.

SUMMARY:

The following briefly summarizes the sections of the Technical Memorandum:

Introduction

The introduction sets the stage and describes the conditions under which the City is conducting its current update to the Comprehensive Plan. There is a bullet list of items that describe the approach the City is using to address the Growth Management Hearings Board orders. The City Council should review this list to ensure the key tasks are identified.

Land Use

For this Plan update, the Land Use section shows where development will occur as a basis for a Capital Facilities Plan. It considers the general location, intensity and density of land uses so traffic, drainage, community services, utilities, etc. can be properly planned for and provided.

For this analysis, information was updated to 2006/2007. Conflicts between City, County, and other sources of information should be resolved. The Planning Board should carefully check the population and employment figures, financial estimates and other assumptions to ensure consistency.

⁴ 2007 Buildable Lands Report

⁵ 2000 US Census

⁶ Affordable housing is defined as paying less than 30% of monthly income for housing

The 2004 Land Use Map is now divided into the City's 2007 Traffic Analysis Zones (TAZ) and critical areas information is quantified for each TAZ. The result is a refined, accurate and internally consistent picture of Sultan in 2008 and a credible estimate of how it will grow through 2025. This is further discussed in the housing, employment and buildable lands section of the Technical Memorandum.

Population Growth Trends

Population forecasts were taken from two sources. The 2007 Snohomish County Buildable Lands Report is an official estimate and must be used by Sultan for its planning. Estimates of Sultan's future population are derived from the Washington State Office of Financial Management for all of Snohomish County.

The City used the official population estimate of 11,119 for its growth and capital facilities planning. **Table 1** on page 6 shows the Urban Growth Area (UGA) Summary for years 1990-2025.

The City Council should carefully review Table 1 and other tables within the Memorandum to ensure the average reader can understand the information presented and conveyed.

Although there is no doubt regarding the City's future population allocation, there have been questions in the past regarding how the future population of 11,119 was allocated to the City. The City Council may want to discuss this issue with the planning consultants and address this in the Technical Memorandum.

Population Density

Population or housing density is the average number of people occupying an area relative to the area's size. Density is an important factor in determining how much land will be needed to accommodate the estimated 2025 population.

The Growth Management Act requires that development within the Urban Growth Area occur at an "Urban Density" which is defined by most communities as four (4) dwelling units per net acre.

Table 2 is taken from the County's Buildable Lands Report and shows new residential development and densities between 1995 and 2005. Average densities for Sultan are 3.99 dwelling units/acre.

Housing Needs

The types and density of housing are crucial elements of the Comprehensive Plan. The Growth Management Act requires a Housing Element to include the following:

- a. An inventory and analysis of existing and projected housing needs
- b. A statement of goals, policies, and objectives for the preservation, improvement and development of housing
- c. Identification of sufficient land for housing
- d. Adequate provisions for existing and projected housing needs for all economic segments of the community (Housing Strategies)

This section of the Technical Memorandum contains detailed information regarding Sultan's housing market. The majority of the data is gathered from the 2002 Housing Evaluation Report and the 2000 Census.

The Technical Memorandum states it is Sultan's policy to use the ratio of income to housing costs as a measure of affordability. When housing costs exceed 30% of income, the housing is no longer considerable affordable.

In summary, Sultan households are predominantly housed in owner occupied single-family and mobile home units that are less expensive than the surrounding region. Rental housing is also lower cost than the surrounding region. Even with lower priced housing, a significant percent of Sultan households are paying more for housing costs than they can afford. This trend may continue in the future and the City will be required to address future housing needs within its Comprehensive Plan.

The future housing analysis estimates the City will need 4400 total housing units to accommodate the future population of 11,119. This estimate takes into account future household size (2.65 persons/house) and a vacancy rate of 5%. This is an increase of 2725 units of housing over the 1739 that existed in 2007.

Table 7 distributes future housing demand based on population, economic and zoning criteria. The 2007 Buildable Lands Report indicates that Sultan has sufficient buildable land to accommodate 1,966 additional single family units and 759 multiple family units (1,966 + 759 = 2725 units).

There is an assumption in the Technical Memorandum (page 13) that a code amendment may be considered in late 2008 to approve residential units in the Highway Oriented Development (HOD) zone. If approved, the HOD zone has additional capacity for 708 units.

Although there is a proposed Comprehensive Plan docket item to review the HOD zone, the City Council has not yet considered this proposed amendment.

The City Council may want to discuss with the Planning Consultant whether this amendment is likely and if necessary consider whether the HOD zone is likely to include housing at a future date.

The GMA requires the City to consider "adequate provisions for existing and projected housing needs for all economic segments of the community." In other words, what are the "housing strategies".

Despite the availability of lower-end, low-cost housing, the report presented to the Planning Board assumed there is still an affordability gap that needs to be addressed.

The City Council should discuss with its Planning Consultants whether the Housing Element should be amended to ensure a diverse balance of housing options or whether the existing affordable housing strategies contained in the Plan are adequate.

Employment Growth Trends

Employment growth trends are directly tied to economic development. The 1990 Growth Management Act established a statewide economic development goal:

"Encourage economic development throughout the state that is consistent with the adopted comprehensive plans; promote economic opportunity for all residents of the state, especially for unemployed and disadvantaged persons; and encourage growth in areas experiencing insufficient economic growth all within the capacities of the state's natural resources, and local public services and facilities."

The 2007 Buildable Lands Report found there were approximately 1,010 jobs located in the Sultan area. The Comprehensive Plan estimates an increase to 2,000 jobs in Sultan. Most of the 1,000 additional jobs in the community will be located along the US 2 corridor and in the Industrial Park.

Table 8 of the Technical Memorandum (page 17) illustrates the development history between 1995 and 2005 within the commercial zones in Sultan. **Table 9** presents a breakdown of employment by category in 2006. There is also a section on the strengths and challenges of the Sultan economy.

The City Council may want to discuss with its Planning Consultant whether an analysis and table indicating how the City will accommodate the number, types and location of future job growth should be included in this Comprehensive Plan update.

Buildable Land

The Buildable Lands section describes the method used to determine where and how much buildable land exists to accommodate the people, jobs and house described earlier in the report.

Only a portion of the land within the City limits and Urban Growth Area (UGA) is available to accommodate residential and commercial development. Wetlands and other GMA identified critical areas must be set aside. **Table 11** (page 24) shows the amount of buildable land within each Traffic Analysis Zone (TAZ). Housing and employment densities are calculated based on projected housing and employment growth on the currently vacant buildable land. The total density projected for housing is 7 dwelling units/acre and employment (11.6 employees per acre).

Preliminary estimates show that there is sufficient land available to accommodate housing and employment estimates. These figures will undergo continual review as other elements of the Comprehensive Plan and Capital Facilities Plan are updated to ensure consistency of information and accuracy of the final Plan elements.

ANALYSIS:

This is the first of several Technical Memoranda that will be provided to the Planning Board describing the methodology and findings in support of the City's updated Comprehensive Plan. It is important to evaluate this foundation information before the planning consultants proceed to the next tier and address facilities inventories and levels of service.

The City Council may want to ask the planning consultants how this Technical Memorandum will be incorporated into the final Comprehensive Plan Update.

RECOMMENDED ACTION:

Review Draft 2 - Technical Memorandum #1(Attachment B) describing the population, employment and housing forecasts for the City of Sultan from 2008-2025.

ATTACHEMENTS

A – Approach to Building a Compliant Comprehensive Plan

B – Draft 2 (February 28, 2008) Population, Employment and Housing Forecast 2008-2025