

From: [Rebecca Messinger](#)
To: [Sonja Wiser](#)
Subject: FW: Competinomics CV & Population Allocation
Date: Wednesday, April 24, 2024 3:26:01 PM
Attachments: [image001.png](#)
[Competinomics Intro & CV.pdf](#)
[Memo_Clark County Comp Plan Assuptions Analysis \(CE2024.04.22\) FINAL.pdf](#)
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Please see the below email and attachments. Thank you!



Rebecca Messinger
Clerk to the Council
COUNTY MANAGER'S OFFICE

564-397-4305



From: Noelle Lovern <Noelle@biaofclarkcounty.org>
Sent: Wednesday, April 24, 2024 2:00 PM
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Subject: Competinomics CV & Population Allocation

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Good afternoon,

I would like to thank the Council and staff for your continued diligence with the 2025 Comprehensive Plan update. NW Partners and the community stakeholders who scoped this analysis of the Population, Housing, and Employment Allocation by Competinomics intended to underscore a spirit of collaboration by bringing additional knowledge to a very complicated and crucial community matter.

We are delivering this ahead of our projected timeline as we believe there are important findings for each of us to consider. Thank you for allowing the time to do so.

Best,

Noelle Lovern | Government Affairs Director
BIA of Clark County - a Top 30 NAHB Association
Protecting and promoting the building industry.

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COMPETINOMICS

COMPETINOMICS works with private and public sector clients across the Pacific Northwest to identify competitive strategies and policy positions to support economic growth opportunities. Our work seeks to empower leaders with information that keeps in perspective long-run goals alongside informed and realistic short-term decisions. Our specialties include market research and analysis, economic development and real estate development strategies, economic impact analyses, economic forecasting and general economic research and reporting.

Competinomics LLC is led by Ayreann Colombo. Ayreann has over fifteen years of experience working in economic development and real estate development consulting. She is an economist, strategist and advisor with expertise in analyzing projects and markets to identify opportunities and collaborative partnerships which will drive the success of projects. Ayreann has worked with countless communities across the PNW to develop and implement strategies and has worked with developers on rural housing development projects. Until recently, Ayreann was the Executive Director of the Columbia Pacific Economic Development District where she expanded its staff and budget and led development of the organization's five-year regional strategy. Ayreann has a Master of Science in Economics from Portland State University and a Bachelor of Science in Economics from the University of Oregon.



Competinomics LLC

Since 2012, an independent consultancy providing competitive market and industry research, economic/business feasibility analysis and strategic planning services. Clients include institutional investors, real estate developers, private companies and public sector clients.

Select Client Engagements:

Housing & Economic Opportunity Analyses | Performed research, analysis and forecasting to support land use planning for multiple cities. Assessment of Metro Regional Housing Analysis. Assessment of City of Portland startup businesses, patent activity and venture capital investments. Market positioning for private clients. Feasibility and pricing project for residential developers.

Economic Impact Analyses | Analyses supporting local businesses decisions and investments. Designed decision framework based on quantitative and qualitative metrics for choosing expansion locations. Conducted a global hydroponic agriculture market assessment, examining international agricultural supply chains, potential opportunity markets and industry partnership prospects.

Port Strategic Business Plans | Analysis of best strategic actions and investments based on the Port assets, capacity and short- and long-term opportunities. Timber, wood products and agricultural industry market analysis as well as scenario-based demand, growth forecasting and risk analysis.

Economic Development Consultant | Led team implementing economic development strategy. Projects included managing a real estate development project, working with existing businesses to assist with workforce and development needs, partnering with property owners to identify potential industrial tenants, convening a stakeholder group of downtown businesses and property owners, working with local and regional partners, identifying and crafting grant applications, convening partners and resources for community driven innovation center project.

Return on Investment Analysis, Industrial Lands Program, Business Oregon | Studied return on investment for publicly funded pre-development on industrial land as well as analyzed the magnitude of lost opportunities for the state when pre-development doesn't happen. Developed project methodology and led analytical efforts in case studying 19 industrial site readiness projects. Translated highly technical economic impact findings to be used by State of Oregon staff and legislators.

EDUCATION

Master of Science, Economics
Portland State University
Portland
2008

Bachelor of Science, Economics Honors
University of Oregon
Eugene
2004

Graduate of REAL Oregon
Resource Education & Agricultural Leadership
Salem
2018

Occasional Lecturer
Pro Forma Financial Analysis
Market Analysis
Economic Development
Portland State University

OTHER EXPERIENCE

Columbia Pacific Economic Development District

A non-profit Economic Development Administration designated district covering Northwest Oregon that provides regional leadership and coordinates economic development activities.

Executive Director, 2020 - 2023

Managed administration and operations for the district. Provided regional leadership on key topics including infrastructure, housing, financing and local project development. Set regional priorities based on trends in the economy and jobs. Managed team of staff conducting economic impact studies and research projects related to infrastructure, broadband and entrepreneurship. Reported directly to the district's Board of Directors and led a growth in staff from one to five and a 10x growth in budget.

Johnson Reid

Portland-based economic and real estate development consultancy serving a diverse mix of public and private clients.

Associate Consultant, 2007 - 2009

Research and analysis projects for a broad range of local and international clients. Typically teamed with public officials, business owners, developers and/or educators. Conducted housing and land use economics studies, determined potential growth opportunities and forecasted employment and housing growth – and resultant land needs – over the next 20-50 years.



**CLARK COUNTY COMPREHENSIVE PLAN UPDATE
ANALYSIS OF HOUSING & EMPLOYMENT ASSUMPTIONS
APRIL 2024**

SUMMARY

Competinomics LLC was retained by NW Partners for a Stronger Community to evaluate the assumptions being applied within Clark County’s Comprehensive Growth Management Plan update. Our independent analysis primarily focused on a consideration of assumptions applied to the allocation of employment and housing.

This analysis assessed historical data and the trends of key components of Clark County’s demographics and economics in order to consider how current assumptions fit realized activity and development in the county and its cities as well as the range of implications for assumptions that depart from realized and actual trajectories.

This memorandum summarizes these trends and our preliminary findings regarding VBLM assumptions impacting employment and housing.





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EXECUTIVE SUMMARY OF FINDINGS

HOUSING ALLOCATION

- The introduction of the HAPT tool within the current proposed housing allocation appears to be over-estimating Clark County’s need for new housing for households earning below 80 percent of area median incomes in many jurisdictions.
- If current trajectories in household income in Clark County continue to shift more households into higher income brackets, through 2045 the overestimation of housing for households under 80 percent will become even more severe.
- Allocation A estimates nearly 20 percent or a total of nearly 20,500 units of future housing need will be allocated for Permanent and Non-Permanent Supportive Housing. However, according to HUD’s Housing Inventory Count Report for 2023, Clark County had a total of 1,810 beds available for Supportive Housing and Emergency Housing while Point in Time Counts compiled by the Council for the Homeless estimated a total of 1,300 people needing this type of housing.¹ From the demographic data that we reviewed in our analysis, we are unsure what may justify the need to plan for an annual 12 percent increase in the need for Supportive and Emergency Housing in the County.
- If Supportive Housing is removed from the share of housing allocations, the share of housing allocated to households under 80 percent of median household income is about 42 percent—closer to what we would expect given the shares of households by income bands. The share of housing for households in the 80 percent to 120 percent is about 24 percent and housing need allocated to households earning above 120 percent is about 34 percent.
- While our analysis did not consider how specific regulations might impact housing and employment in Clark County over the next twenty years, we observed that it appears that the real costs of the impact of current and likely future regulations are not being fully considered by the Allocation assumptions. Prevailing evidence suggests that complying with new rules and regulations will likely reduce residential and employment development opportunities and increase costs.
- Those who end up bearing the costs of the impact of regulations are not those who have the ability to shift easily to something different or explore alternative options but those who have less flexibility and socioeconomic mobility and who are most sensitive to changes in prices. Research on this topic specific to Washington estimates that the state’s regulatory framework is responsible for increasing poverty and inequality while reducing the number of jobs.²
- The reasons that housing markets have not been producing housing at historical rates are complex but escalating costs seem to be having a substantial impact. What is at hand for the cities and county is what role they can play in decreasing cost pressures in order to revitalize housing production at all levels. The typical levers at their disposal are ensuring land is available that can

¹ HUD CoC Housing Inventory Counts: https://files.hudexchange.info/reports/published/CoC_HIC_State_WA_2023.pdf and Council for the Homeless: <https://www.councilforthehomeless.org/point-in-time-count/>

² <https://www.mercatus.org/research/policy-briefs/regressive-effects-regulations-washington-0> and <https://www.forbes.com/sites/adammillsap/2019/07/23/how-too-much-regulation-hurts-americas-poor/?sh=717b5904271f>





feasibly be developed (e.g. not constrained by regulatory or environmental barriers) and ensuring permitting processes are as free as possible from unnecessary regulatory barriers, streamlined and not subject to shifting requirements.

- Household incomes in Clark County have improved significantly during the last ten years. It appears that the challenge confronting Clark County is not a problem of an increasing number of low-income households but an increasing pressure on the cost of housing. As the production of housing units is only just outpacing growth in the number of households, housing costs, particularly for those seeking to purchase housing, have far outpaced growth in incomes. Further, it appears that the pressure regarding housing affordability is originating from an outpacing of demand for housing by households earning at or just above the median income.

EMPLOYMENT ALLOCATION

- The adopted employment forecast of 81,100 new jobs, totaling 269,000 jobs, representing an annual 1.6% growth rate is lower than historical growth which has ranged between 2.1% over the last twenty years and 2.8% over the last ten years. It is possible that the reduced growth rate may be overly influenced by activity between 2016 and 2020, the period considered for previous analysis for the Comprehensive Plan update. Employment growth averaging 1.2% annually during this period was lower due to pandemic job losses in 2020. Since 2020, the County has regained lost employment and returned to its long-term trajectory.
- Based on the type of current firms in the county, it seems reasonable that all of the firms in Heavy & Civil Engineering Construction would need to be accommodated on employment land and most, if not all, Construction of Buildings firms. An assumption of closer to 34 percent of firms situated on employment land would be needed to allow the county to accommodate these type of construction firms.
- It appears that the current employment densities being applied to net acres were meant to be gross acre assumptions. If that is the case, then the VBLM model is likely over estimating employment land capacity in all jurisdictions, particularly for commercial land.



HOUSING ALLOCATION

The introduction of the HAPT tool within the current proposed housing allocation appears to be over-estimating Clark County’s need for new housing for households earning below 80 percent of area median incomes in many jurisdictions. Figure 9 shows the estimated share of households within area median income categories for 2022.

Figure 1: Shares of Households with Median Incomes by AMI Band

2022	Median Income	~ Less than 80%	Median Band	~ 120%+
Clark County	90,115	41.1%	14.5%	44.4%
Battle Ground	94,360	37.9%	16.3%	45.9%
Camas*	133,829	37.0%	19.2%	43.8%
La Center*	112,758	45.9%	24.1%	30.1%
Ridgefield*	107,308	42.8%	27.5%	29.7%
Vancouver	73,626	51.1%	15.2%	33.8%
Washougal	97,295	36.2%	15.4%	48.4%
Woodland	78,870	46.1%	20.2%	33.7%
Yacolt	79,479	47.8%	19.7%	32.4%

Source: U.S. Census Bureau American Community Survey Five-Year Tables

* The Median Band for Camas, La Center and Ridgefield is estimated by using the \$100,000-\$149,999 income category while the Median Band for all other cities and the county is estimated by using the \$75,000-\$99,999 income category.

The over estimation of housing in the County for lower income households seems to be about 10 percent if household income shares in 2022 remained static over the projection period. If current trajectories continue to shift more households into higher income brackets, through 2045, the overestimation of housing for households under 80 percent will become even more severe.

Other observations about the estimations of Housing Allocation using the HAPT tool.

- Allocation A estimates nearly 20 percent or a total of nearly 20,500 units of future housing need will be allocated for Permanent and Non-Permanent Supportive Housing. However, according to HUD’s Housing Inventory Count Report for 2023, Clark County had a total of 1,810 beds available for Supportive Housing and Emergency Housing while Point in Time Counts compiled by the Council for the Homeless estimated a total of 1,300 people needing this type of housing.³ From the demographic data that we reviewed in our analysis, we are unsure what may justify the need to plan for an annual 12 percent increase in the need for Supportive and Emergency Housing in the County.
- If we remove Supportive Housing from the share of housing allocations, the share of housing allocated to households under 80 percent of median household income is about 42 percent—closer to what we would expect given the shares of households by income bands. The share of housing for households in the 80 percent to 120 percent is about 24 percent and housing need allocated to households earning above 120 percent is about 34 percent.

³ HUD CoC Housing Inventory Counts: https://files.hudexchange.info/reports/published/CoC_HIC_State_WA_2023.pdf and Council for the Homeless: <https://www.councilforthehomeless.org/point-in-time-count/>



Figure 2 shows the shares of housing in each city for each income band proposed by the current Method A allocation and an alternative allocation which attempts to more closely align with current shares of households by income bands.

Figure 2: Proposed Method A Allocation (HAPT) and Alternative Allocation (2022 Census Household Income Bands)

Proposed Method A Allocation	Total	<80%		>80 -120%		>120%	
Vancouver Unincorporated + Rural Clark County	44,038	22,759	52%	8,270	19%	13,010	30%
Battle Ground city+UGA	6,979	3,589	51%	1,304	19%	2,086	30%
Camas city+ UGA	4,226	2,316	55%	842	20%	1,068	25%
La Center city+UGA	2,123	1,117	53%	406	19%	601	28%
Ridgefield city+UGA	5,815	3,783	65%	1,375	24%	657	11%
Vancouver city	36,527	19,970	55%	7,257	20%	9,300	25%
Washougal city+UGA	3,735	1,894	51%	688	18%	1,152	31%
Woodland city+UGA	105	50	48%	18	17%	37	35%
Yacolt town+UGA	150	72	48%	26	17%	52	35%
Total 2023-2045	103,698	55,550	54%	20,185	19%	27,962	27%

Alternative Allocation	Total	<80%		>80 -120%		>120%	
Vancouver Unincorporated + Rural Clark County	44,038	18,100	41%	6,386	15%	19,553	44%
Battle Ground city+UGA	6,979	2,645	38%	1,138	16%	3,203	46%
Camas city+ UGA	4,226	1,564	37%	811	19%	1,851	44%
La Center city+UGA	2,123	974	46%	512	24%	639	30%
Ridgefield city+UGA	5,815	2,489	43%	1,599	28%	1,727	30%
Vancouver city	36,527	18,665	51%	5,552	15%	12,346	34%
Washougal city+UGA	3,735	1,352	36%	575	15%	1,808	48%
Woodland city+UGA	105	48	46%	21	20%	35	34%
Yacolt town+UGA	150	72	48%	30	20%	49	32%
Total 2023-2045	103,698	45,909	44%	16,623	16%	41,211	40%

Source: Clark County Community Planning Presentation to County Council April 17, 2024, U.S. Census Bureau American Community Survey Five-Year Tables

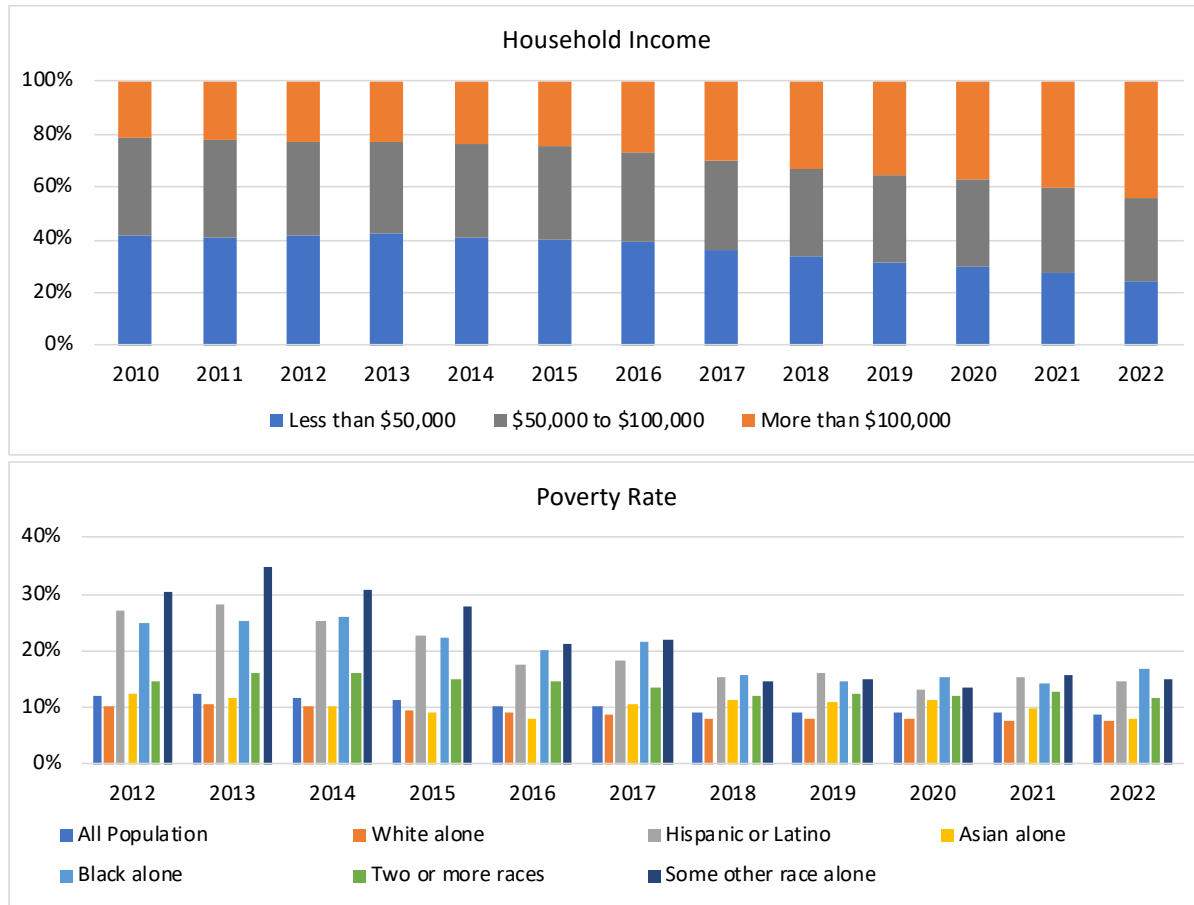


JOBS, HOUSEHOLDS AND HOUSING

HOUSEHOLD INCOME

It appears that the dynamism and diversity of Clark County’s industry composition and employment growth is accomplishing many of the climate and equity goals of its communities. Commute data compiled by the U.S. Census Bureau indicates that fewer residents are needing to leave Clark County for employment, likely resulting in less vehicle miles traveled.⁴ Additionally, household incomes across the county have made extraordinary increases during the last ten years. This significant and widespread improvement has occurred for all income bands and for all races.⁵ The poverty rate had declined from 12 percent in 2012 to 8.9 percent in 2022. Improvements in the poverty rate have been achieved among all races with the most prominent gains impacting Hispanic or Latino, Black and multi-racial residents. Median Household Income in Clark County has increased from \$58,000 in 2010 to \$90,000 in 2022 and the county has more households earning higher incomes and fewer earning extremely low incomes.

Figure 3: Clark County Household Income and Poverty Rate



Source: U.S. Census Bureau American Community Survey, Five Year Tables

⁴ U.S. Census Bureau On the Map. This was also noted in Scott Bailey’s August 2023 memo.

⁵ See Appendix for Household Income for each Jurisdiction.



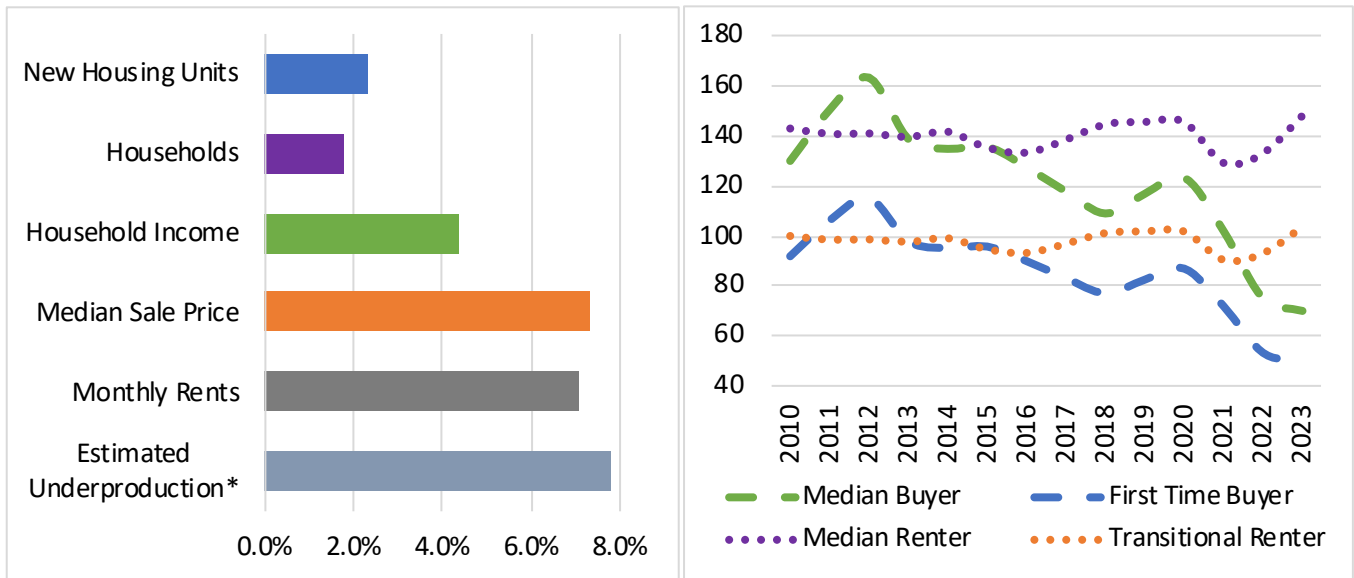
The positive strides made across the county in the betterment of standards of living cannot be overstated. The implication of these trends is that the county has more higher income households needing housing. Further, given the trajectory of improvement in household situations, things are due to get better over the next twenty years. Unless growth is constricted or limited, by 2045, incomes in the county are likely to increase, pulling more households into higher standards of living.

HOUSING COSTS & UNDERPRODUCTION

Continuing improvements in the standard of living for Clark County households is not a foregone conclusion and is less likely if housing costs continue to escalate faster than incomes. As household incomes have improved so significantly, it appears that the challenge confronting Clark County is not a problem of an increasing number of low-income households but an increasing pressure on the cost of housing. As the production of housing units is only just outpacing growth in the number of households, housing costs, particularly for those seeking to purchase housing, have far outpaced growth in incomes. Further, it appears that the pressure regarding housing affordability is originating from an outpacing of demand for housing by households earning at or just above the median income. An analysis of home sales data provided by the Regional Multiple Listing Service indicates that assuming terms of a traditional mortgage, on average, homes in Clark County are affordable to households with incomes about 10 to 20 percent above the Area Median Income.

In further illustration, the following graph shows the University of Washington Center for Real Estate Research Housing Affordability Index since 2010. Assuming an Index of 100 represents housing affordability, households seeking to purchase a home are at the greatest risk of confronting affordability issues, a situation that seems to have begun to worsen quickly in 2014-2015.

Figure 4: Comparative Ten-Year Growth Rates & Clark County Housing Affordability Index

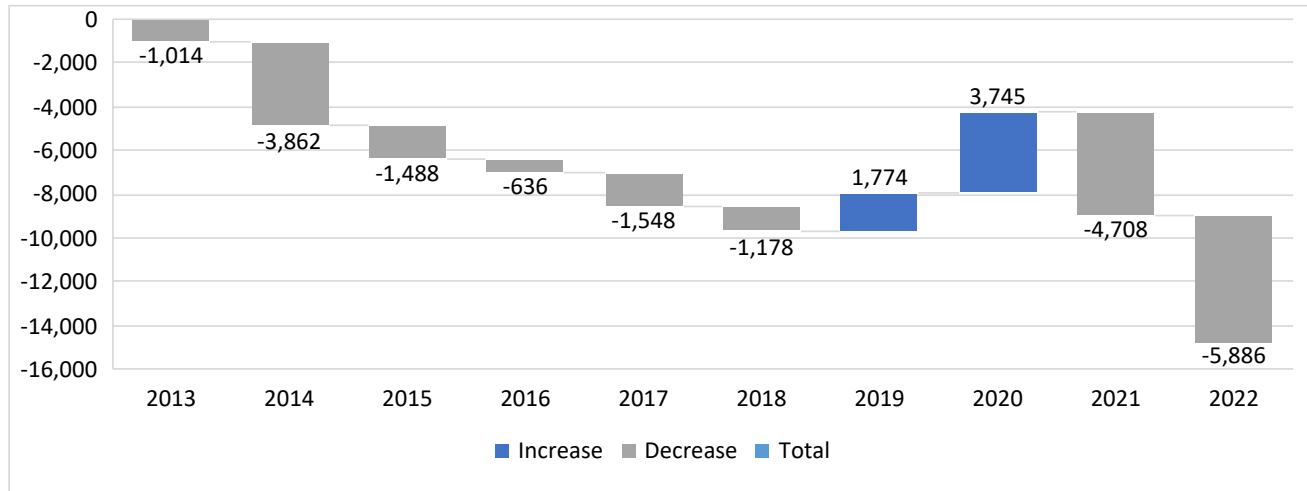


Source: Clark County GIS; U.S. Census Bureau American Community Survey Five-Year Tables; Regional Multiple Listing Service; University of Washington, Washington Center for Real Estate Research, Up for Growth Housing Underproduction Dataset.



According to data from Up for Growth, a national non-profit organization tracking housing underproduction throughout the U.S., underproduction in Clark County was estimated to be as high as over 11,000 units in 2019.⁶ An analysis of Clark County GIS Assessor’s Data compared to Clark County employment data indicates that the county has been trending out of balance in its targeted 1:1 ratio of jobs to housing. As Figure 5 illustrates, housing underproduction has become so acute, it is not surprising that we can observe how the cost of housing has escalated over time, outpacing even significant household income gains.

Figure 5: Clark County Jobs-Housing Balance



Source: Clark County GIS Assessor’s Data, Washington Employment Security Department QCEW and Competinomics

Lastly, one of the dynamics observed during the last ten years is that households, in housing markets such as the one in Clark County with underproduction, tight inventory and escalating prices, are either settling for lesser housing than they could otherwise afford or renovating their existing homes. In either case, it leads to a housing market that provides less of the vitality and diversity of options for home buyers of all income levels than housing markets in the U.S. have historically experienced. Ultimately, housing costs increase and households with less incomes lose out on choices they would have had in the past in a housing market that is able to respond to housing demand.

The reasons that housing markets have not been producing housing at historical rates are complex but escalating costs seem to be having a substantial impact. What is at hand for the cities and county is what role they can play in decreasing cost pressures in order to revitalize housing production at all levels. The typical levers at their disposal are ensuring land is available that can feasibly be developed (e.g. not constrained by regulatory or environmental barriers) and ensuring permitting processes are as free as possible from unnecessary regulatory barriers, streamlined and not subject to shifting requirements.

⁶ <https://upforgrowth.org/>



EMPLOYMENT ALLOCATION

EMPLOYMENT GROWTH

Over the last ten years, Clark County has added more than 46,000 jobs in all sectors. About half of these jobs were located in Vancouver, about a quarter in unincorporated county areas followed by Camas (seven percent), Battle Ground (six percent), Ridgefield and Washougal (both around two percent) and La Center and Yacolt under one percent.⁷ Additionally, during the last ten years employment growth has trended from around three percent to four percent in all jurisdictions aside from La Center and Yacolt.

INDUSTRY GROWTH

The fastest growing industry sectors during the last five years include Construction, Education, Information and Professional Services. Growth rates across industries during the last five to ten years seem to speak to a thriving and diversifying economy. While discussed in more detail in the next section, development of industrial and commercial/office properties during the last four years has primed Clark County for widespread job growth opportunities over the coming years.

Employment impacts from the pandemic were felt across industries while the county lost more than 8,000 jobs in 2020. By 2021, the county had recovered with almost 9,500 jobs. Figure 6 documents Clark County firms, employees, wages and growth rates for the last five and ten years.

CLARK COUNTY EMPLOYMENT GROWTH

The adopted employment forecast of 81,100 new jobs, totaling 269,000 jobs representing an annual 1.6% growth rate is lower than historical growth which has ranged between 2.1% over the last twenty years and 2.8% over the last ten years.* It is possible that the reduced growth rate may be overly influenced by activity between 2016 and 2020, the period considered in previous analysis for the Comprehensive Plan update.

Employment growth averaging 1.2% annually during this period was lower due to pandemic job losses in 2020. Since 2020, the County has regained lost employment and returned to its long-term trajectory.

Ultimately, the future growth rate will depend on the influence of state and local trends, regulations, the costs of development, other potential constrictions such as lack of available land and national and global trends.

For Clark County, the implications of an assumed growth rate of 1.6% will depend on how the County and its jurisdictions otherwise allow for a diversity of options and flexibility in development so that demographic and economic dynamism and opportunities can continue to flourish.

**Employment Growth Sources: Bureau of Labor Statistics County Employment, Clark County Comprehensive Plan Update Library Issue Paper 3.1.*

⁷ Source: U.S. Census Bureau On the Map



Figure 6: Clark County Employment by Industry

Clark County (2022)	Firms	Employees	Avg Firm Size	Avg Wages	Ten Yr GR	Five YR GR
Construction	2,121	16,984	8	71,451	7.9%	6.6%
Manufacturing	586	14,332	24	71,963	1.7%	1.3%
Trade, Transportation & Utilities	1,534	10,488	7	85,912	1.6%	0.8%
Retail Trade	843	19,158	23	42,279	2.7%	0.9%
Information	554	3,852	7	107,345	4.3%	5.6%
Finance & Insurance	1,063	9,537	9	99,585	4.9%	3.9%
Professional Services	3,631	23,430	6	84,625	4.8%	4.1%
Education	239	1,612	7	38,771	5.4%	6.4%
Health Care & Social Assistance	2,812	27,668	10	64,419	4.3%	3.1%
Entertainment & Accommodation	897	16,813	19	28,135	3.0%	2.1%
Other Services	1,136	5,374	5	49,711	-3.6%	2.4%
Public Administration	124	25,857	209	71,556	1.2%	0.1%
Total	15,539	175,105	11	74,334	3.1%	2.5%

Source: Washington Employment Security Department QCEW

CONSTRUCTION JOBS ASSUMPTIONS

Below is a breakout of construction firms and jobs in the county. Currently, the Employment Allocation assumptions assume that no land will be needed to accommodate future employment need. This assumption may be relaxed according to an update to County Council on April 17. Upon direction from the Employment Security Department, Community Planning is considering a 25 percent allowance for construction employment within the Employment Allocation. Based on current firms in the county, it seems reasonable that all of the firms in Heavy & Civil Engineering Construction would need to be accommodated on employment land and most, if not all, Construction of Buildings firms. An assumption of closer to 34 percent of employment will likely need to be accommodated on employment lands. However, it would require a more extensive analysis to determine what would be the most accurate assumption.

Figure 7: Clark County Construction Industry (2022)

	Firms	Share of Firms	Employees	Share of Employees	Avg Firm Size
23 Construction	2,121		16,984		8
236 <i>Construction of Buildings</i>	641	30.2%	3,551	20.9%	6
237 <i>Heavy & Civil Engineering Construction</i>	83	3.9%	2,230	13.1%	27
238 <i>Specialty Trade Contractors</i>	1,397	65.9%	11,204	66.0%	8

Source: Washington Employment Security Department QCEW

MARKET & DEVELOPMENT TRENDS

Commercial and industry market reports as of Q1 2024 indicate that Vancouver/Clark County has generally low vacancy rates that have not shifted significantly during the last five years.



OFFICE

A survey of office vacancy rates indicates a range of 7.4 to 8.9 percent in Clark County, well below the Portland area vacancy rate of 22.5 percent. Clark County’s office vacancy rate has ranged between 6.7 to 8.9 percent in the last three years, indicating that it has maintained overall stability when many markets have not. Commercial real estate companies report that Vancouver’s central business district has an office vacancy rate of 3.1 to 5.8 percent while the Portland central business district has a vacancy rate of 25.3 to 37.6 percent.⁸

INDUSTRIAL

In 2020, Clark County had an average industrial vacancy rate of 1.6 percent. Since then, until first quarter 2024, the vacancy rate has ranged between 1.6 percent and 2.6 percent despite projects under construction and new space entering the market. In first quarter 2024, the industrial vacancy rate jumped to 5.3 to 5.8 percent. The increase in vacancy rates is due to an influx of Warehouse/Distribution and Flex space during the last three years. The vacancy rate for Manufacturing space remains extremely low. Increasing the quantity, quality and diversity of manufacturing space will be a critical components of the future of high paying, goods-producing jobs, particularly considering recent initiatives such as reshoring of manufacturing firms.

Figure 8: Vacancy by Industrial Space Class

Clark County Industrial Space		
2021 Q1	Total Inventory SF	Vacancy Rate
Warehouse/ Distribution	18,280,508	2.8%
Manufacturing	4,786,799	1.0%
Flex	1,846,602	4.9%
TOTAL	24,913,909	2.6%
2024 Q1		
Warehouse/ Distribution	22,413,888	6.2%
Manufacturing	5,024,582	1.3%
Flex	2,817,058	10.8%
TOTAL	30,255,528	5.8%

Source: Portland Metro Industrial Market Reports

RETAIL

Vacancy rates for retail properties in Clark County for first quarter of 2024 range between 5 to 7 percent. Vacancy rates have not changed significantly in the last three years.

In every property market, Clark County has had projects under construction every year since 2020, often being the only Portland area submarket that has had project under construction. Given the vacancy rates above and increases in prices across property classes, the market is absorbing new construction well.

⁸ Market reports produced by Kidder Matthews, CBRE and Colliers



EMPLOYMENT DENSITIES

The 2021 Buildable Lands Report (BLR) states that VBLM employment densities of 20 employees per net acre for commercial land and 9 employees per net acre for industrial land were used in the 2015 BLR and established by the 2007 BLR.

However, it appears that the 2015 BLR misstated the 2007 assumptions. The actual employment densities applied in 2007 were 7.9 for net commercial acre and 8.2 for net industrial acre. In the 2002 BLR, the County observed and applied assumptions of 22 employees for gross commercial acre and 10 employees for gross industrial acre.

It appears that the current employment densities being applied to net acres were meant to be gross acre assumptions. If that is the case, then the VBLM model is likely over estimating employment land capacity in all jurisdictions, particularly for commercial land. Figure 9 compares current VBLM land capacity with estimated land capacity using 2007 BLR employments densities.

Determining reasonable employment densities without the ESD parcel-specific employment data is challenging. For example, if VBLM assumed densities are applied to BLR reported development between 2016 through 2020 of 340 commercial acres and 476 industrial acres, Clark County should have roughly 11,000 new jobs. Actual new jobs between 2016 and 2020 in the County were 6,239. If we assume that 27 percent of new jobs were accommodated on redevelopment sites, then presumably around 4,554 jobs were accommodated on 816 acres. The 2007 BLR estimated net acre employment densities of 7.9 for commercial land and 8.2 for industrial land. The 2015 BLR estimated net acre densities of 9.3 for commercial land and 10.9 for industrial land. The 2022 BLR did not report achieved densities for development.

Figure 9: Estimated Capacity using 2007 BLR Assumptions

Jurisdiction	Land Capacity	
	Current BLR Assumptions	2007 Applied Densities
Battle Ground	7,677	3,705
Camas	11,363	7,784
La Center	2,096	903
Ridgefield	7,998	5,404
Vancouver (City)	18,025	14,398
Vancouver (UGA)	15,168	11,288
Washougal	2,404	3,039
Woodland	-	-
Yacolt	360	268
UGA Total	65,091	46,789

Sources: Clark County Community Planning Presentation (4/17/2024), 2021 BLR, 2015 BLR, 2007 BLR

Figure 10: Employment Density Assumptions by BLR

Source	1994 Vacant Lands Report	2002 Buildable Lands Report	2007 Buildable Lands Report	2015 Buildable Lands Report	2021 Buildable Lands Report
Years in Analysis		1995 - 2000	2000 - 2006	2006 - 2014	2016 - 2020
Acre Assumption		Gross Acre	Net Acre	Net Acre	Net Acre
Commercial					
Employees		36,133	26,945	16,972	
Acres Developed		1,641	3,405	1,819	
Achieved Employees/Acre		22.0	7.9	9.3	
Applied Employees/Acre	12.0	22.0	7.9	20.0	20.0
Industrial					
Employees		24,585	15,345	3,093	
Acres Developed		2,475	1,881	284	
Achieved Employees/Acre		9.9	8.2	10.9	
Applied Employees/Acre	9.0	9.9	8.2	9.0	9.0



OBSERVATIONS ABOUT MODELING & CRITICAL AREA CONVERSION ASSUMPTIONS

REGULATIONS

Laws and regulations have always been an important component in organizing the framework around which human activities may be directed or curbed. Often they can be effective in providing solutions to societal challenges. However, what we regularly fail to fully consider is that they always present a trade off and the extent to which they may or may not outweigh costs is often not a consideration. According to data from the Regulatory Studies Center at George Washington University, the number of economically significant rules published during the last ten years averages about 150 new rules each year, and this is just at the federal level.⁹ Some states pile an even more intense regulatory framework and the State of Washington is one of the top ranked in this category according to research from the Mercatus Center at George Mason University.¹⁰ Between 2019 and 2023, the Washington legislature enacted 40 new expansions or revisions to laws regulating housing.¹¹ Further, the county has yet to fully realize the significance of the impacts of recent regulations, particularly from the FEMA NFIP ESA Implementation, new rules from Fish & Wildlife, ongoing complexity around wetlands and critical areas...to name only a few of the environmental regulations impacting development. While our analysis did not consider the relative merits of the regulatory regime that will impact housing and employment in Clark County over the next twenty years, we observed that it appears that the real costs of the impact of current and likely future regulations are not being fully considered by allocation assumptions. Prevailing evidence suggests that complying with new rules and regulations will likely reduce residential and employment development opportunities and increase costs.

According to analyses conducted by associations of home builders both national and in Washington, the cost of complying with regulations has been steadily increasing during the last ten years. Estimates suggest that regulations increase the cost of housing by about 25 percent, about 44 percent of this cost is due to lot development and 56 percent due to regulations impacting construction.¹² While one may argue that it is in the interest of these organizations to make this case, one must also acknowledge that those on the ground developing and building structures are in the best position to experience and to understand the reality of how regulations impact both the costs and trends of development. Further, one cannot deny that the burden of the federal, state and local regulatory structure has increased significantly, particularly related to land use and development during the last thirty years and that the extent to which it has both limited opportunity and increased costs is likely considerable.

The reason that it is important to understand the impact of this issue within the framework of assumptions incorporated into the Housing and Employment Allocations is because every assumption that departs from the reality of how demographic and economic activity is occurring and changing in Clark County may tend to further reduce flexibility for a range of human activities, restrict opportunity and increase costs, both

⁹ <https://regulatorystudies.columbian.gwu.edu/reg-stats>

¹⁰ <https://www.mercatus.org/research/policy-briefs/regressive-effects-regulation-2022-edition>

¹¹ <https://www.commerce.wa.gov/serving-communities/growth-management/growth-management-topics/planning-for-housing/>

¹² <https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2021/special-study-government-regulation-in-the-price-of-a-new-home-may-2021.pdf> and <https://www.biaw.com/research-center/real-cost-of-regulations-in-washington/>



directly and indirectly. Further, those who end up bearing the costs of reduction in opportunity and increases in costs are not those who have the ability to shift easily to something different or explore alternative options but those who have less flexibility and socioeconomic mobility and who are most sensitive to changes in prices. While there is a body of research on this topic, research specific to Washington estimates that the state’s regulatory framework is responsible for increasing poverty and inequality while reducing the number of jobs.¹³

Moreover, while Clark County seems to have largely escaped this demographic and economic situation for the moment, the data reported in this study indicate that the county is losing ground and its middle class, despite making significant strides in higher incomes, is being priced out of its increasingly constricted housing market. In our opinion, a future housing allocation that does not provide as much flexibility as possible to ensure that the bulk of future housing units is aimed at the households that can afford to pay for housing could put the county at the risk of a perpetual downward spiral in housing affordability.

DEVELOPMENT TRENDS & EMPLOYMENT LANDS

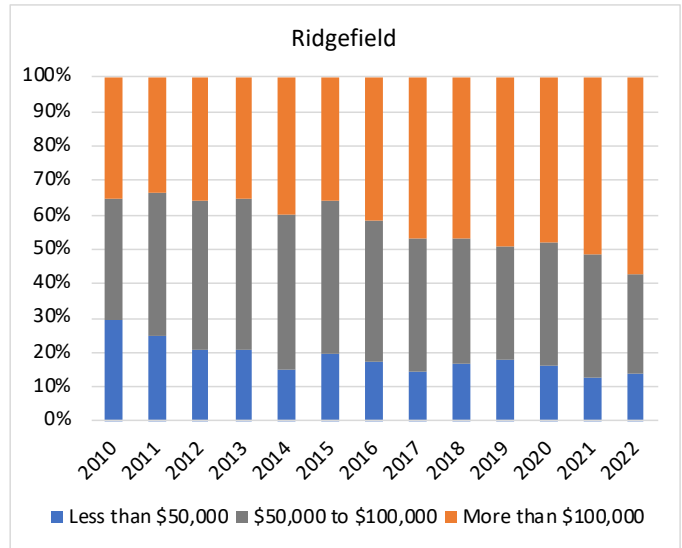
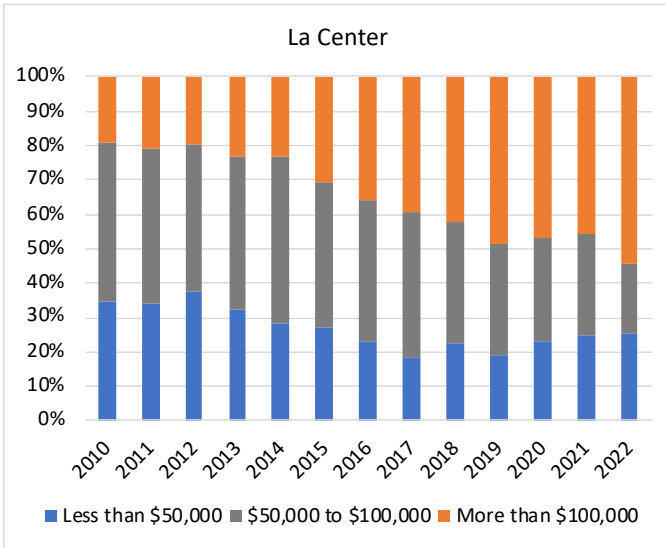
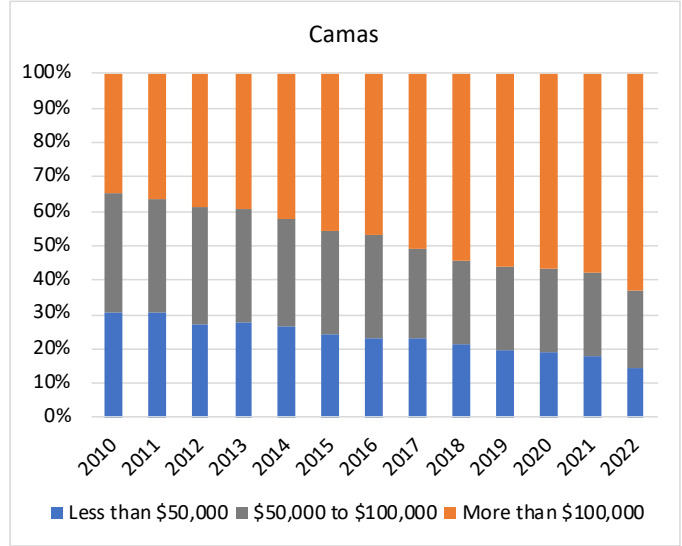
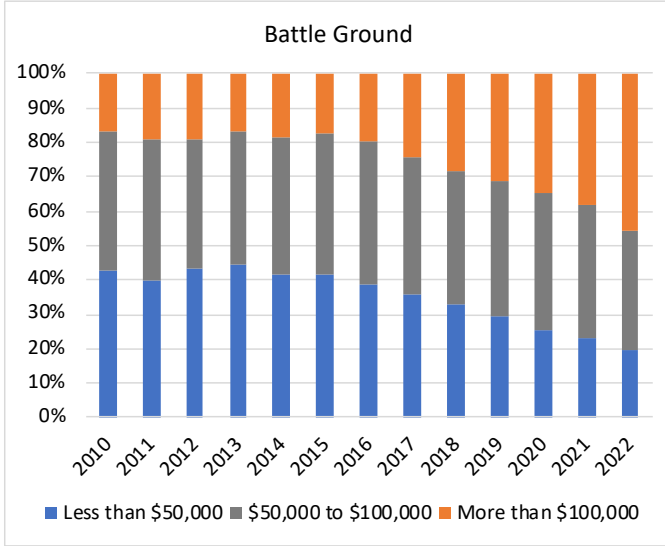
In our opinion, the allocation of future jobs to cities based on the assumption of capacity is a starting place but it should not be the sole and final assumption. Employers, more so than households, are extremely dependent on locational factors in order to sustain the operation of their business. Further, the type of buildings on which they depend are more sensitive to factors of land development than the typical residential development. For these reason, it seems sensible that the assumptions and allocations within a future employment lands inventory take into consideration the reality of employment development trends. For example, it is likely that most employment land that will actually develop during the next twenty years will do so similar to the way it has developed: primarily in cities along major transportation corridors. Based on development reported in the BLR for 2016 to 2020, most employment land developed in Vancouver and in cities located along the I-5 corridor followed by the Camas/Washougal area. Further, as the Columbia River Economic Development Council (CREDC) tracks, not all employment land is equal and the feasibility of development decreases for lands that have multiple owners, land that lacks nearby infrastructure and land that is constrained by regulatory barriers such as critical lands.¹⁴ In order to ensure that Clark County maintains its current flexibility for future job growth, assumptions within the Allocation model should be adjusted to account for on-the-ground information about what is actually feasible during the next twenty years.

¹³ <https://www.mercatus.org/research/policy-briefs/regressive-effects-regulations-washington-0> and <https://www.forbes.com/sites/adammillsap/2019/07/23/how-too-much-regulation-hurts-americas-poor/?sh=717b5904271f>

¹⁴ <http://credc.org/wp-content/uploads/2022/03/CAI.CREDCEmploymentLandsInventorySummary.pdf>



APPENDIX
HOUSEHOLD INCOMES BY JURISDICTION



HOUSEHOLD INCOMES BY JURISDICTION

