

From: [Jose Alvarez](#)
To: [Jeffrey Delapena](#)
Cc: [Jenna Kay](#); [Oliver Orjiako](#)
Subject: FW: Letter & Competinomics Report =- SEPA / Comprehensive Growth management Plan.
Date: Thursday, June 6, 2024 3:39:24 PM
Attachments: [image001.png](#)
[image002.png](#)
[2024-05-06 Memo re Planning for Jobs.pdf](#)
[Memo Clark County Comp Plan Assuptions Analysis \(CE2024.04.22\) FINAL.pdf](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)

Jeff,

Please include in the EIS scoping comments per Oliver's email.



Jose Alvarez he/him/his
Program Manager II
COMMUNITY PLANNING

564.397.4898



Jose

From: Horenstein, Stephen W. <SHorenstein@schwabe.com>
Sent: Thursday, June 6, 2024 1:58 PM
To: Jose Alvarez <Jose.Alvarez@clark.wa.gov>
Cc: Helle, Catherine J. <CHelle@schwabe.com>
Subject: FW: Letter & Competinomics Report =- SEPA / Comprehensive Growth management Plan.

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Good Afternoon Jose,

Per our communications yesterday, attached are two of the documents to be considered in the SEPA

process both from Schwabe and Competinomics prepared for NW partners.

Please distribute internally as appropriate.

I will send the rest of the documents that we filed in the land use proceeding in a separate email.

Stephen Horenstein

Shareholder

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Schwabe

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Sent: Thursday, June 6, 2024 1:54 PM

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Subject: Letter & Competinomics Report

Here you go!

Catherine Helle

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Schwabe

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Memorandum

To: Board of County Councilors
From: Stephen W. Horenstein
Date: May 6, 2024
Subject: Planning for Jobs - the 2025-2045 Comprehensive Growth Management Plan

Updating a 20-year Comprehensive Growth Management Plan (Plan) is a policy driven process that uses data to inform how a community will grow and develop over a long period of time. Its primary goal is to ensure that adequate infrastructure and land exists to accommodate people and jobs, which in the case of Clark County involves the addition of more than 200,000 people to the community – equivalent to adding another city with the current population of Vancouver.

This planning process is more than a math exercise. It involves more than putting numbers into formulas. This memo addresses various topics related to the jobs component of this planning process. It provides information as to the inadequacy of the current planning process for jobs and addresses what else needs to be done.

1. Jobs to Housing Balance. Legislation adopted in 2022 and 2023 by the Washington legislature mandating much more robust planning for housing at all income levels has provided new levels of complexity for updating Clark County’s 20-year Comprehensive Growth Management Plan (20-Year Plan). However, it remains necessary to plan for adequate jobs for the 2025-2045 period. Indeed, requirements for more housing also require more in-depth planning for jobs. In this regard, the housing element of the 20-year plan does require local jurisdictions to address the “jobs-to-housing” balance. See Washington Administrative Code section 365-196-410(2)(B).

To date, information provided by staff analyzes jobs separately from housing and has not publicly identified any balance between the two. And, with the additional housing being planned for under the 20-Year Plan, it is counterintuitive to believe that staff’s position that little if any additional land is needed for jobs to meet the jobs-to-housing balance requirements of the Growth Management Act (GMA).

The Competinomics Report (Report) commissioned by NW Partners for a Stronger Community (NW Partners) is instructive as to additional analysis necessary to ensure that the 20-Year Plan contains adequate land for jobs and meets the jobs-to-housing balance requirement of the GMA. The Report also identifies some refinement necessary in the current planning for jobs that is being undertaken today.

2. Employment Densities. There appears to be a discrepancy between the 2015 and the 2021 Buildable Land Report (BLR) regarding employment projections per acre. Here is the analysis from the Competinomics report:

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

Staff should be requested to review the analysis set forth immediately above and recalculate its jobs numbers accordingly. We believe that this will show a deficit of 20,000 jobs based on staff's early calculations. Although this number of jobs will not fulfill the overall need for jobs over the next 20 years, it is a start.

3. Construction Jobs. It appears that there is general agreement that the community will grow by 8,000 construction jobs. Staff has indicated that available land needs to be identified for approximately 2,200 of those jobs. The Report indicates that the category of heavy and civil engineering construction jobs are likely not included in the overall calculations. For this reason, it is our recommendation that the County plan for 2,720 jobs (34% of the total number of construction jobs identified above) with land being made available for industrial jobs. As the Report indicates, the industrial vacancy rate in Clark County remains extremely low. With the plan for a population increase of 200,000 people over the 20-year life of the plan, it becomes increasingly important to provide manufacturing and office space for the growth of the population.

As discussed below, without an adequate in-depth evaluation of the quality of the available inventory of industrial lands, and knowing that there are few if any large parcels available for industrial development, it is not possible with the information staff provided to presently conclude that we have a 20-year supply of land for jobs. We would recommend that staff be directed to provide more information here.

4. Additional analysis of jobs land is required. Historically, far more analysis of industrial lands has taken place than has been done for the current planning effort.

In 2016 and again in 2019, an employment lands inventory for Clark County was developed by the CREDC, utilizing a methodology for identifying and assessing on an “on the ground” basis the true availability of employment land. The focus of this analysis was on single or adjacent lots that either existed or could be accumulated to create 20-acre parcels. All of the sites were located within actual city or urban growth area boundaries and were zoned for either industrial or commercial uses.

Of course, there are smaller sites with the requisite zoning. These sites are also diminishing in availability and do not provide as much opportunity for recruitment and retention of large employers to accommodate the community’s need for jobs.

The starting point for identification of the sites described above was the then-existing Vacant Buildable Lands Model (VBLM). Subsequent to the identification of sites, the following detailed analysis was undertaken to fine-tune and develop a realistic list of sites to be developed for jobs:

- A.** Ownership analysis was conducted to identify single owner sites (including multiple adjacent sites owned in common).
- B.** Net acreage available for development was calculated for each site using professional judgement and not merely the calculations from the VBLM while applying a deduction for critical areas and such not based on real life information.
- C.** Advisor groups were formed to tap into those with information and professional expertise to evaluate the sites involved.
- D.** Infrastructure availability was analyzed for areas including public water, sanitary sewer, stormwater systems, power, natural gas, broadband, brownfields analysis and transportation access along with system mobility including transit access.
- E.** Use restrictions were identified by checking the relevant city or county zoning codes.
- F.** Analysis of market readiness using commercial databases and stakeholder information was conducted to determine which sites may or may not be available for sale or lease.

The complex and detailed analysis identified above were combined into a tier rating system for each identified employment site:

Tier 1 sites – Can be development ready within six months

Tier 2a sites – Those that may be developable in between 7-12 months

Tier 2b sites – Those that may take 13-30 months to make developable because of existing constraints

Tier 3 sites – Sites that require more than 30 months to reach development readiness

Throughout this process, in many cases, expert judgment prevailed over data limitations in evaluating the inventory of land available for jobs using professional judgment and not just the calculations generated by the VBLM.

Attached to this memorandum is the executive summary of the March 2020 Clark County Employment Land Inventory Update described above. Without the level of analysis provided in this update, the Clark County Council and elected bodies in the various cities do not have adequate information to determine what our current inventory of available land for jobs is and whether or not additional land needs to be added to urban growth boundaries to accommodate jobs and meet the mandate of jobs-to-housing balance as required under the Growth Management Act.

We acknowledge that given its bandwidth and time constraints, it would be difficult for existing County staff to prepare the type of analysis that is described above and is necessary. We would request that the County allocate funds to engage in this level of detailed analysis and employ a consulting firm to do so. Community participation in this process would be essential and NW Partners would be pleased to be at the table. With the additional six months the legislature has provided to Clark County to finalize its 2025-2045 Plan, surely sufficient time exists to accomplish this.

There is already much disagreement between staff and private sector planners and engineers over how much industrial land will develop over the top of critical areas and buffers on such lands. Staff has assumed 50% of such areas will redevelop. The record reflects in a report from those that actually permit land for development that the percentage of environmentally constrained land that will convert is far lower. To date, the information provided by the VBLM is about quantity of land available. This is a one-dimensional view. The availability of net acreage for development due to environmental constraints, availability of property for sale and other factors that will truly advise decision-makers on accurate inventory has not yet been provided and we would encourage the BOCC to direct staff to take a far more in-depth look at available lands for industrial jobs, working with an outside consultant to do so.

In our view, the BOCC does not have enough information to presently determine if Clark County and its cities have enough developable land available to meet the community's need for jobs for the 2025-2045 period.

Memo to: Board of County Councilors
May 6, 2024
Page 5

As the Report states on page 13, “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 20 years.”

Thank you for your consideration of these comments.

SWH:cjh

cc: Oliver Orjiako
Jose Alvarez

EXECUTIVE SUMMARY

In 2016, the Columbia River Economic Development Council (CREDC) produced a detailed report that identified large sites suitable for new employment across Clark County. Supported by two stakeholder advisory groups, the 2016 Employment Land Study defined criteria by which to evaluate potential employment sites. This report presents an update to the 2016 analysis and updates an understanding of employment sites across the county. Additionally, a new, robust online application, presents the employment lands inventory with detailed findings for each employment site.

2019 Inventory Findings

A total of 42 sites greater than 20 acres are potential employment sites in Clark County. Together they total approximately 3,250 gross acres in Clark County's cities and unincorporated UGA boundaries. Additional findings follow:

- These sites include: 14 Tier 1 sites, three Tier 2a sites, 23 Tier 2b sites and two Tier 3 sites.
- Sites comprise 1,520 net buildable acres and deducting constrained acres total more than 1,130 acres.
- A total of 24 sites are single-owner sites, requiring less site aggregation and typically aggregate fewer tax lots.
- 67% of sites or 28 sites are less than 50 gross acres. Seven sites are larger than 100 acres.

Site Selection Criteria

Each site met the following criteria to be considered for the inventory:

- 20 gross, contiguous, vacant or underutilized acres
- Located within municipal or Urban Growth Boundaries or Urban Reserves
- Zoned or planned for commercial, mixed-use – employment, or industrial uses.

Tier Definition

The sites were then assigned to tiers that described the time required to make the sites ready for new development, as follows:

- **Tier 1:** 6 months or less
- **Tier 2a:** 7-12 months
- **Tier 2b:** 13-30 months.
- **Tier 3:** more than 30 months.

Exhibit ES1. Distribution of Sites by Tier and Gross Acres, 2019

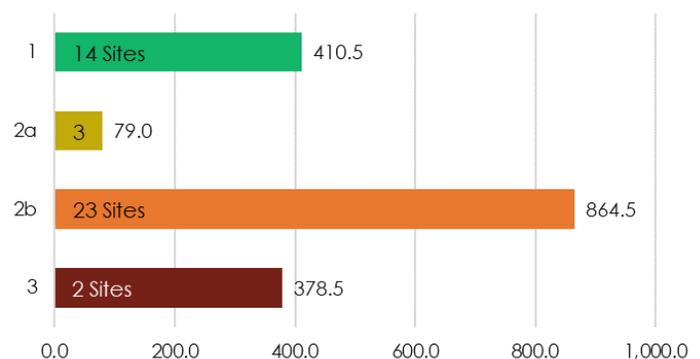
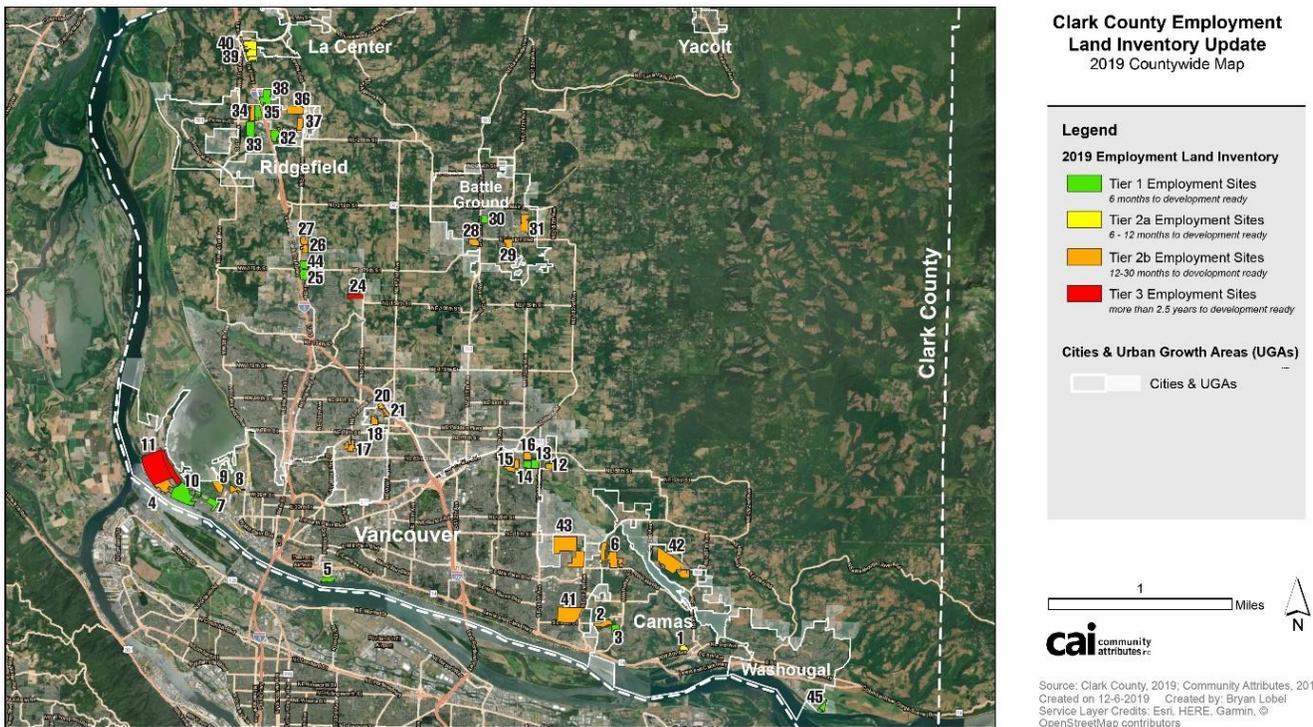


Exhibit ES2. Clark County Employment Lands Inventory, 2019



- Vancouver, Clark County's largest city, has the most sites with 18; these sites represent 55% of total gross acres of employment sites.
- Camas has five sites representing 15% of total gross acres.
- Ridgefield has seven sites, totaling 13% of total gross acres.
- Every jurisdiction except La Center has at least one Tier 1 site.
- La Center's two sites are both Tier 2a sites.

Comparison of 2016 with 2019 Inventory Findings

The 2016 inventory identified 56 sites totaling approximately 3,950 gross acres, while the 2019 study identified 42 sites totaling 3,250 acres. Among the 56 sites identified in 2016, 24 are included in the 2019 analysis. Notable differences from 2016 to 2019 include:

- A total of 10 sites from 2016 have been developed or are potentially under development based on stakeholder feedback and analysis.
- Among the 56 sites from 2016, 15 were excluded in 2019 based on site selection criteria. Some sites are classified as built by the Vacant Buildable Lands Model, some sites are classified as residential zoning or other non-employment zones.
- A total of seven sites identified in 2016 were excluded based on stakeholder feedback collected in the 2019 process. Feedback indicates that some sites are highly constrained, unwilling to transact, or are not interested in appearing in the inventory.



**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

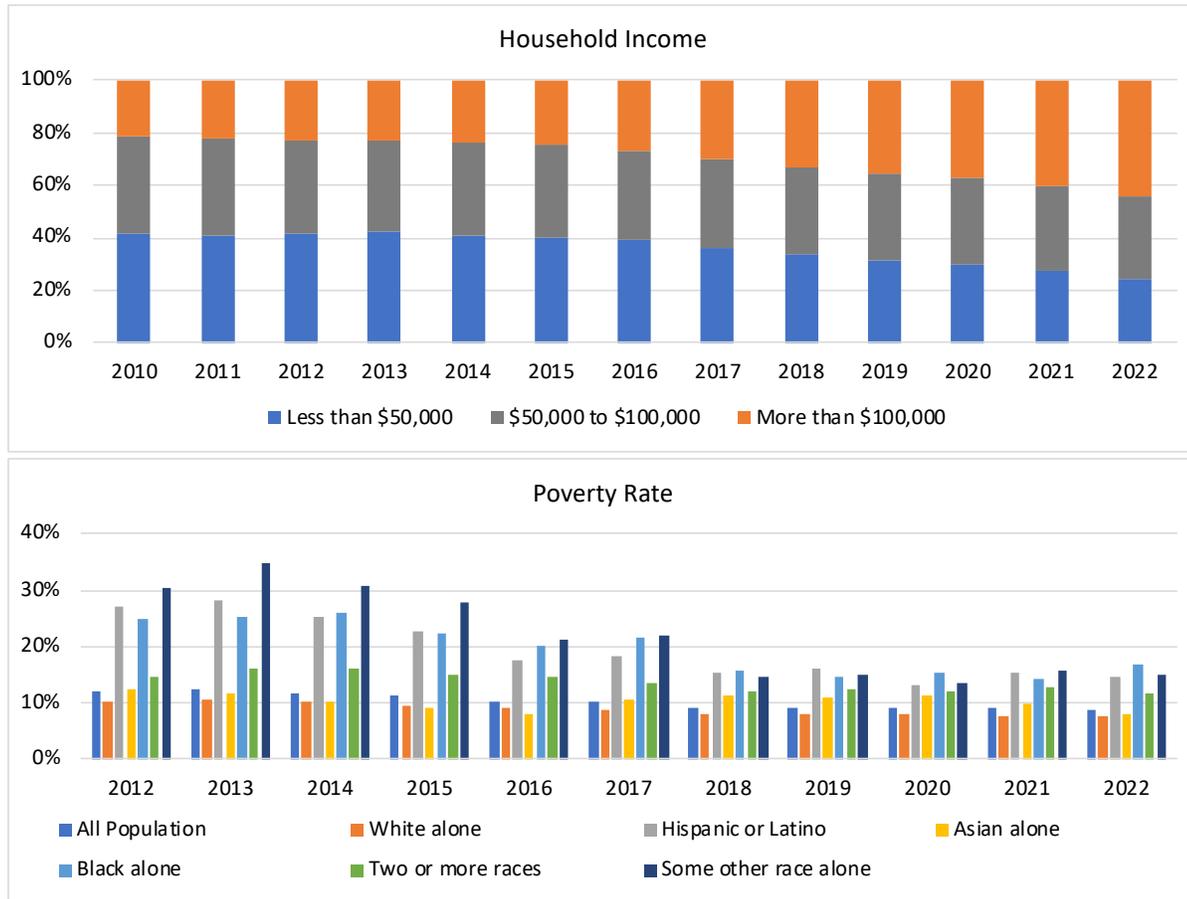


JOBS, HOUSEHOLDS AND HOUSING

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.



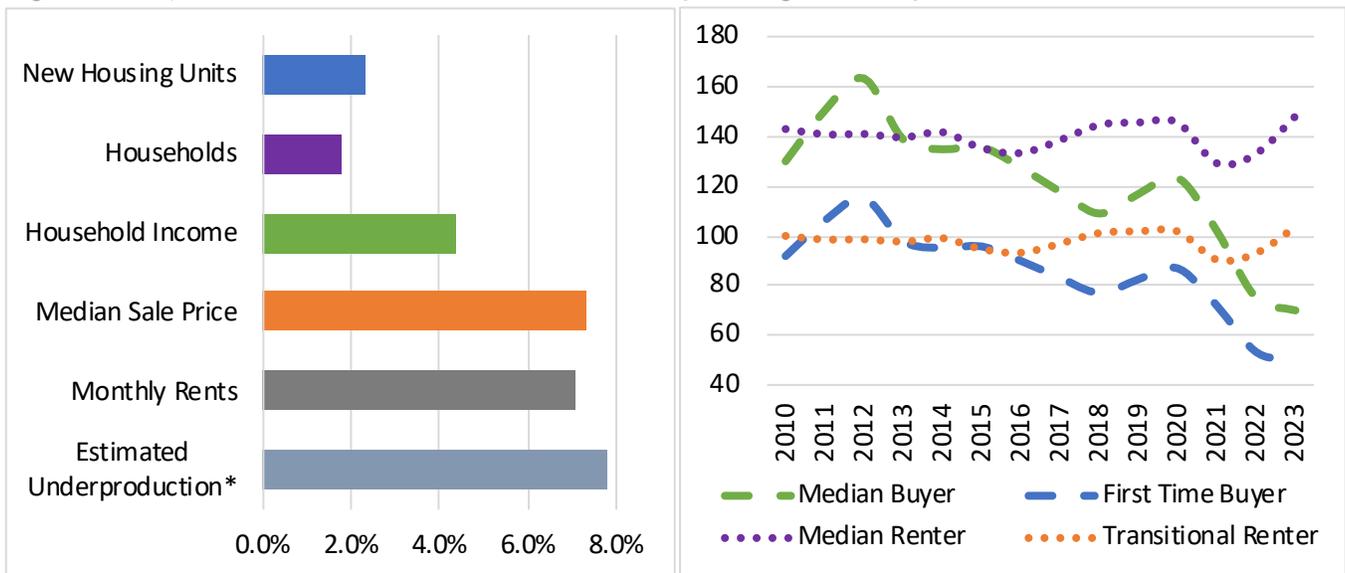
The positive strides made across the county in the betterment of standards of living cannot be overstated. The implication of these trends is that the county has more higher income households needing housing. Further, given the trajectory of improvement in household situations, things are due to get 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

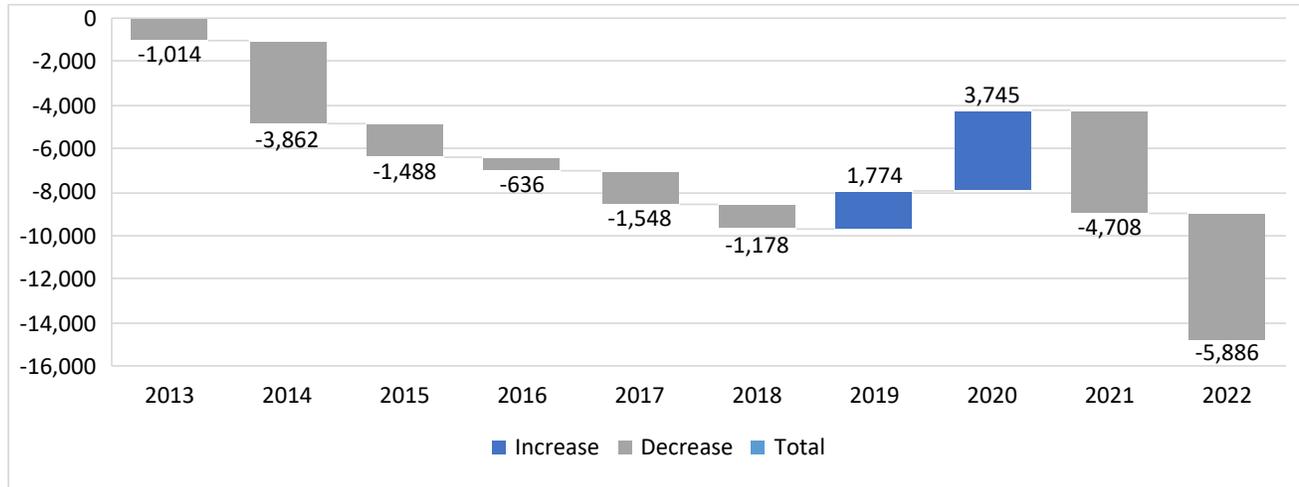


Source: Clark County GIS; U.S. Census Bureau American Community Survey Five-Year Tables; Regional Multiple Listing Service; University of Washington, Washington Center for Real Estate Research, Up for Growth Housing Underproduction Dataset.



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

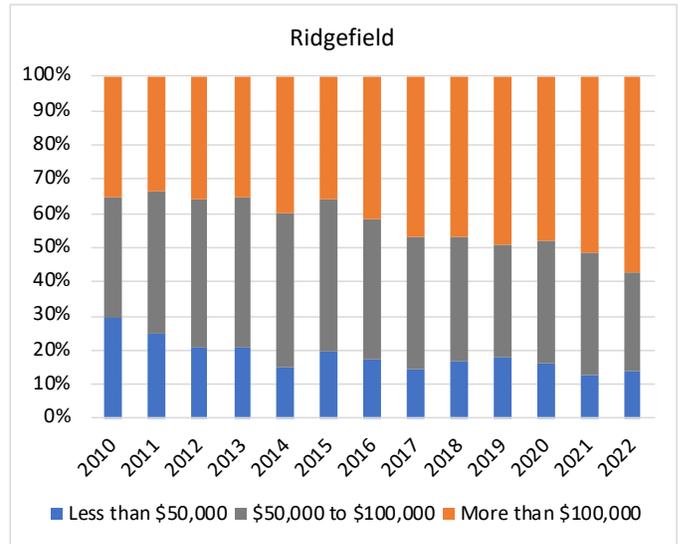
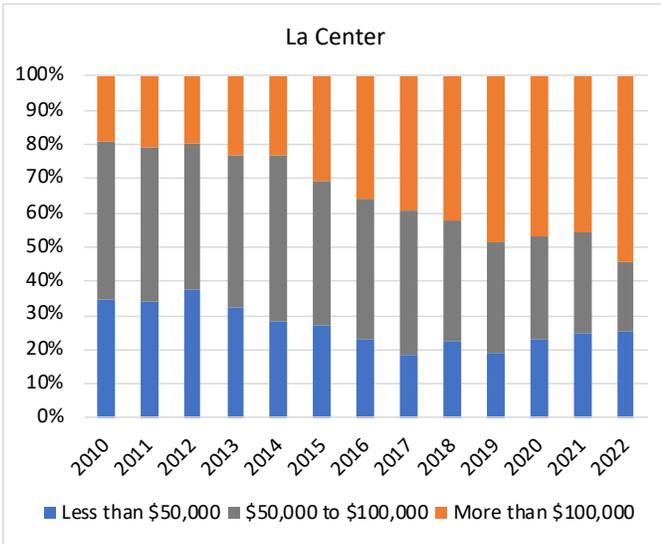
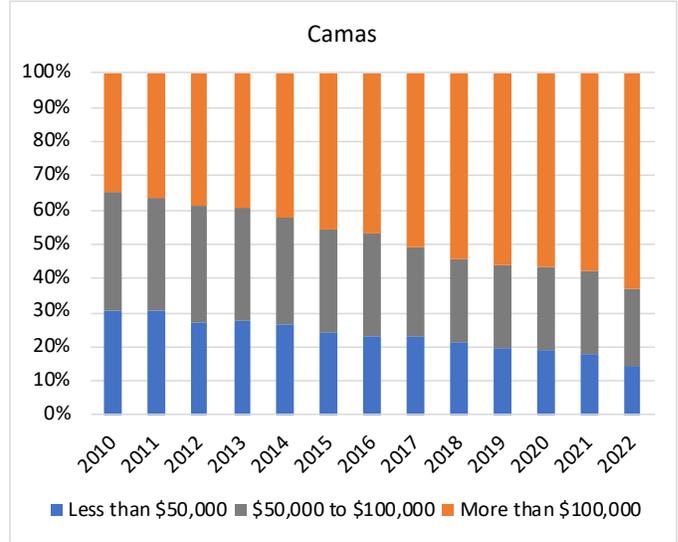
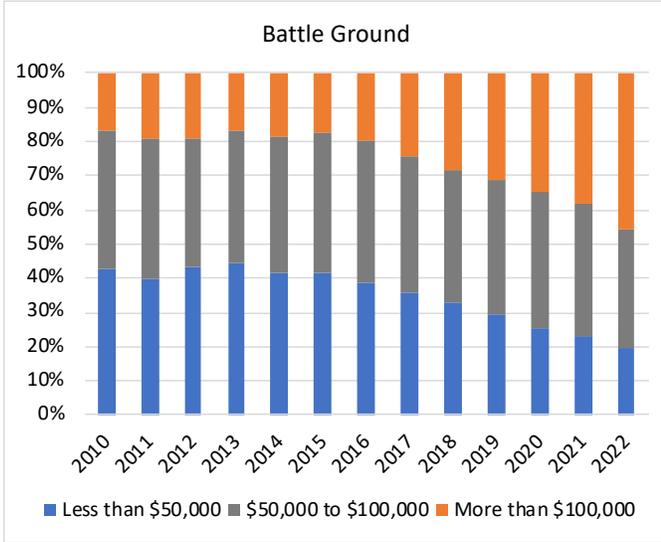
In our opinion, the allocation of future jobs to cities based on the assumption of capacity is a starting place but it should not be the sole and final assumption. Employers, more so than households, are extremely dependent on locational factors in order to sustain the operation of their business. Further, 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

