

Chapter 1. Introduction

PROJECT PURPOSE, GOALS AND OBJECTIVES

This report provides an analysis of industrial land supply and demand in the central Puget Sound region through 2040. The study examines existing conditions and anticipated market demand to assess whether the region has an adequate and appropriate supply of industrial land for the future. The report follows a similar effort published by PSRC in 1998.

The study seeks to address the following key questions:

- What is the supply of industrial land in the region? What is the distribution of industrial land within the region? How does that quantity, distribution and development in the region compare to the 1998 study?
- How are jurisdictions in the region planning for their industrial land?
- How much of the region's industrial employment is on industrial land?
- What industrial specializations are occurring on major concentrations of industrial land in the region?
- What is the contribution of industrial land to the regional economy?
- Does the region have an adequate supply of industrial land to meet current and future industry demand?
- What are the region's unique assets that could help retain and expand current industrial activity and attract new industrial uses?
- What actions, investments, or strategies do stakeholders think are needed to ensure an adequate and appropriate supply of industrial land?

REGIONAL CONTEXT

The Central Puget Sound Region

The central Puget Sound region is the largest metropolitan region in the Pacific Northwest. The region includes King, Kitsap, Pierce, and Snohomish counties with 82 cities and towns, represented in **Exhibit 1.1**. It covers an area of nearly 6,300 square miles (4,032,000 acres) with an estimated 2014 population of 3.8 million.

Exhibit 1.1. The Central Puget Sound Region



Source: PSRC, 2014.

The Puget Sound Regional Council

PSRC is the federally designated metropolitan planning organization for the region. PSRC's mission is to ensure a thriving central Puget Sound now and into the future through planning for regional transportation, growth management and economic development. Through PSRC, the four-county Puget Sound region's cities, towns, ports, tribes, transit agencies, and state entities work together to develop policies and make decisions about regional issues.

POLICY CONTEXT AND PAST STUDIES

The impetus and need for this study aligns with current policies and past analyses that shape land management in the central Puget Sound region. Industrial lands in the central Puget Sound region are embedded in a regional policy framework. The Growth Management Act, countywide planning policies, local comprehensive plans, and land use codes all acknowledge the role of industrial land uses and integrate planning for these lands into community visions, infrastructure investments, and economic development objectives.

This section summarizes some of the key laws and programs germane to this study's application.

The Growth Management Act

The Washington State Growth Management Act, first passed in 1990, mandates local comprehensive planning in heavily populated and high growth areas of the state. It establishes 13 goals, such as managing urban growth, protecting agricultural, forestry, and environmentally sensitive areas, protecting property rights, reducing sprawl, promoting economic development, and encouraging efficient multimodal transportation systems.

Countywide Planning Policies

The Countywide Planning Policies (CPPs) are a series of policies that address growth management issues in each county in the central Puget Sound region. The Growth Management Planning Council (GMPC) brings together elected officials from each county and the cities and jurisdictions within it to develop the CPPs.

Adopted and recently updated, the CPPs provide a countywide vision and serve as a framework for each jurisdiction to develop its own comprehensive plan, which must be consistent with the overall vision for the future of the respective county.

Buildable Lands Analysis

The Buildable Lands amendment, adopted in 1997, directs counties and its cities to evaluate capacity for growth based upon the amount of land available for urban development. The four central Puget Sound counties completed the first Buildable Lands evaluation in 2002 and are currently completing updates.

The four counties in this region each produce a Buildable Lands report in compliance with the Growth Management Act. Each analysis follows a distinct methodology, but seeks to address a common concern: ensuring

the land use policies in the counties and cities sufficiently accommodate anticipated growth, given the jurisdictions' vision for land use.

VISION 2040

Adopted under 36.70A.270, PSRC maintains VISION 2040, which contains the region's multicounty¹ planning policies. These policies establish a common regionwide framework that ensures consistency among county and city comprehensive plans and CPPs.

VISION 2040's Regional Growth Strategy groups the region into seven types of geographies:

- Metropolitan Cities (5)
- Core Cities (14, including unincorporated Silverdale)
- Larger Cities (18)
- Small Cities (46)
- Unincorporated Urban Growth Areas
- Rural lands
- Resource lands

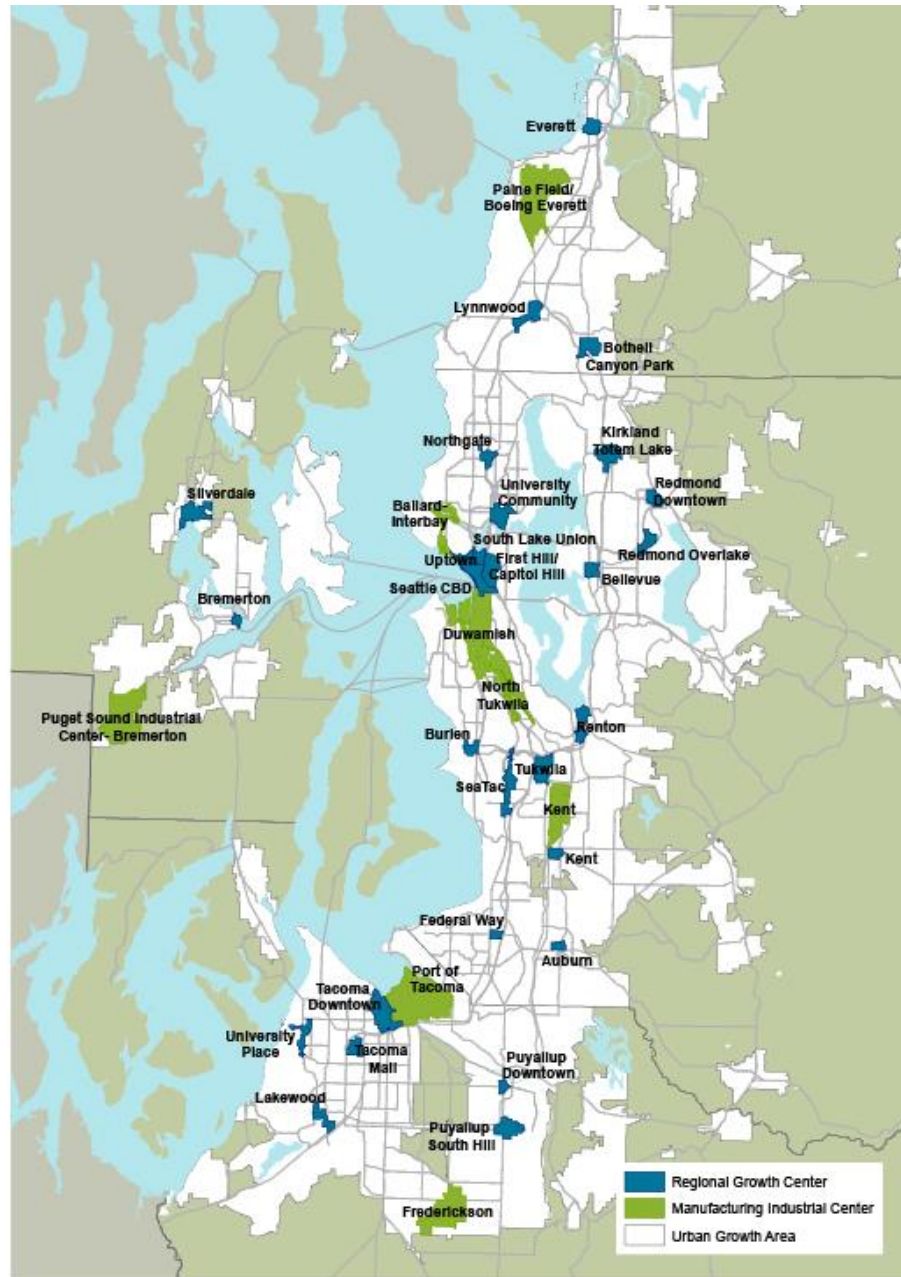
VISION 2040 focuses most of the region's employment and housing growth into metropolitan and core cities, which contain more than two dozen designated "Regional Growth Centers," as shown in **Exhibit 1.2**. Centers in larger cities also play an important and increased role over time as places that accommodate growth.

Overall, VISION 2040 identifies 27 regional growth centers. These places play an important role as locations of the region's most significant business, governmental and cultural facilities. The 18 cities that have one or more regional growth center are expected to accommodate a significant portion of the region's residential growth (53%) and employment growth (71%).

Additionally, eight regional manufacturing/industrial centers (MICs) are designated. These are locations for more intensive commercial and industrial activity. MICs are designated based on an existing minimum employment threshold, land planned specifically for industrial and/or manufacturing uses, protection from incompatible land uses, efficient size and shape, planning for transportation facilities and services and urban design standards. Unlike regional growth centers, MICs have greater total employment as well as greater heavy industrial employment and are typically not appropriate for housing. VISION 2040 also discourages other non-supportive land uses such as retail or non-related offices in MICs.

¹ WAC 365-196-305(8): Multicounty Planning Policies

Exhibit 1.2. Central Puget Sound Regional Growth Centers and Manufacturing/Industrial Centers, 2014



Source: PSRC, 2014.

Industrial Land Compatibility

When zoning was first introduced in the early 1900s, the purpose of zoning, and industrial zoning in particular, was to offer protection from incompatible uses. Many industrial uses in the central Puget Sound region still create impacts which make them incompatible with sensitive uses such as residential. Typical impacts of heavy industrial uses can include:

- Machinery and trucks creating loud noises and vibration
- Industrial processes creating odors
- Freight traffic and industrial processes creating air pollution, leading to asthma and other public health concerns
- Freight movement creating road safety impacts
- Lighting creating visual impacts such as glare

Stakeholders interviewed for this study report that some non-industrial uses, when adjacent to industrial uses, can have negative impacts on industrial uses as well. These can include:

- Retail, services, and other uses generating traffic congestion, impacting freight mobility
- Residential, office, and other development increasing land values in the immediate area, resulting in industrial businesses not being able to afford land prices and rents
- Residents near industrial uses complaining about noise, odors, and other impacts listed above, leading to nuisance investigations

These are reasons to separate and buffer industrial uses that have such impacts. Zoning codes are typically where this issue is or should be addressed. Many zoning codes allow a wide variety of uses in industrial zones. This can create compatibility problems. Concerns about public health, environmental justice, and industrial competitiveness have raised the prominence of this issue.

While land in the region needs to be set aside to avoid these industrial compatibility impacts, it is important to recognize that some industrial uses do not have compatibility impacts, and can therefore be mixed with other uses. Evaluating zoning and land use based on these issues can increase compatibility and industrial economic development.

1998 Industrial Lands Report and Addendum Summary

In 1998, PSRC published *Industrial Land Supply and Demand in the Central Puget Sound Region*, a snapshot of industrial employment and demand and supply of industrial land in the region. The report included data collected for 60 major concentrations of industrial land. It allowed an understanding of the concentrations in terms of type of industrial area, readiness for development, development activity and potential for conversion of industrial land to non-industrial development. An addendum published in 2000 addressed issues discovered in the 1998 report, including analysis of employment by subsector, zoning and development regulations, infrastructure, workforce proximity, and other characteristics of major industrial concentrations.

Data from the 1998 study showed that, through the year 2020, on an aggregate basis, demand for industrial land in the region is projected at 5,600 to 7,100 acres with an estimated net supply of 21,000 acres. Supply exceeded demand by a factor of three, although there were two important caveats. First, one-third of the supply was not served by infrastructure and adequate transportation. Second, the supply was located over a four-county area and was predominantly found away from areas of strong market demand, such as the Kent Valley.

For example, the study found that only 8% of the region's net supply existed in the industrial corridor from the Duwamish MIC to Auburn. The majority existed in Snohomish, Pierce and Kitsap counties (81%). Data in the initial 1998 study also showed that traditional industrial employers such as aerospace, warehousing and transportation were growing. They needed land appropriate for their use with truck access, rail options and means to minimize conflicts with commercial and residential uses. The study also noted the portion of the region's job base that is non-industrial was growing faster than industrial jobs; therefore, pressure to use industrial land for commercial and office uses continued to mount.

The 2000 addendum concluded that industrial jobs were important because of their quantity as well as quality. Although the percent of total employment attributed to industrial jobs was projected to decrease from 37% in 1980 to 28% in 2020, the employment base is a significant component of the regional economy. The addendum also concluded that most local governments included preservation language in their industrial zoning code and specifically limited non-industrial uses. Nevertheless, a wide range of non-industrial uses were permitted on industrial lands. Several factors created pressure to use industrial land for non-industrial purposes, including growth in service, retail and other non-industrial jobs, population growth and the need for residential land.

REPORT ORGANIZATION

This *Industrial Lands Analysis* of the central Puget Sound region covers the past, current and future of local, regional and global trends that affect local industrial lands policies and the markets that utilize industrial lands. The remainder of the report is organized into the following chapters:

- Chapter 2. Review of Industrial Trends and Peer Regions.** A review of regionwide and local trends, and best practices, challenges and opportunities from peer regions.
- Chapter 3. Industrial Lands in the Central Puget Sound Region.** A catalog of the existing regulations and available supply of industrial land within the central Puget Sound region.
- Special Insert. Subarea Profiles.** Individual presentation of each industrial subarea in the central Puget Sound region, including defining land uses and land supply.
- Chapter 4. Contribution of Industrial Land to the Regional Economy.** Regional and local impacts and changes since the 1998 study.
- Chapter 5. Regional and Subarea Employment Forecasts.** The forecasted growth in employment for the central Puget Sound region.
- Chapter 6. Growth Capacity for Industrial Land in the Central Puget Sound Region.** An analysis of growth capacity at both regional and sub-regional scales.
- Chapter 7. Policy and Zoning Strategies for Enhancing Industrial Land in the Central Puget Sound Region.** Recommended strategies and actions for industrial growth and retention.