

MEMORANDUM

DATE: June 27, 2024

TO: Ryan Ericson and Ruta Bertulis

FROM: Kamal Raslan and Lisa Grueter, BERK Consulting

RE: Friday Harbor 2024 Land Capacity Update

Project Background

BERK Consulting has conducted an initial land capacity analysis for the Town of Friday Harbor to understand the Town's ability to meet its 2045 housing and jobs targets.

The goals of this analysis are to:

- Update Friday Harbor's housing capacity data to reflect recent development and pipeline projects;
- Determine how much housing capacity there is under current zoning that could potentially be developed to serve different household income levels in the future;
- Determine how much employment capacity there is under current zoning that could potentially be developed and increase the overall number of jobs in the town;
- Understand the relationship between land capacity for jobs and housing and potential need for UGA expansion.

The remainder of the memo is structured to address employment capacity and potential methods of identifying employment targets, followed by a review of housing capacity and housing targets. A review of the Town's early draft Housing Needs Assessment is under separate cover.

Employment Capacity Update

The first step in our analysis was to create an employment profile of the town capacity using employment counts from the US Census Bureau Longitudinal Employer-Household Dynamics (LEHD) dataset. The most recent LEHD data for Friday Harbor is from 2021 and provides necessary insight into the number of employees working in each employment sector of the town. A list of these sectors is in Exhibit 1. Employment density was then calculated using a ratio of employees per net developed acre in commercial zones. The density calculation was rooted in the assumption that employment density and the intensity of commercial zone developments that currently exist would persist over the planning period. Additionally, certain parcels that would normally be considered developed acreage and could therefore support job growth were excluded from the analysis. Parcels that include or are entirely encompassed by critical areas or residential-only areas were excluded while public utility and right of way reductions,

and the recommended UGA expansion parcel of the Friday Harbor Airport runway in UGA Area 4 were calculated as deductions in the overall net employment acreage of that study area.

Exhibit 1. Count of Employees by Sector in Town of Friday Harbor

SECTOR	COUNT IN TOWN OF FRIDAY HARBOR (CURRENT LIMITS)
Construction (Residential)	117
Manufacturing	60
Warehousing, Transportation, Utilities (WTU)	72
Retail	279
Services	712
Finance, Insurance, Real Estate (FIRE)	112
Education	207
Government	279

Source: US Census Bureau Longitudinal Employer-Household Dynamics (LEHD) 2021, BERK 2024.

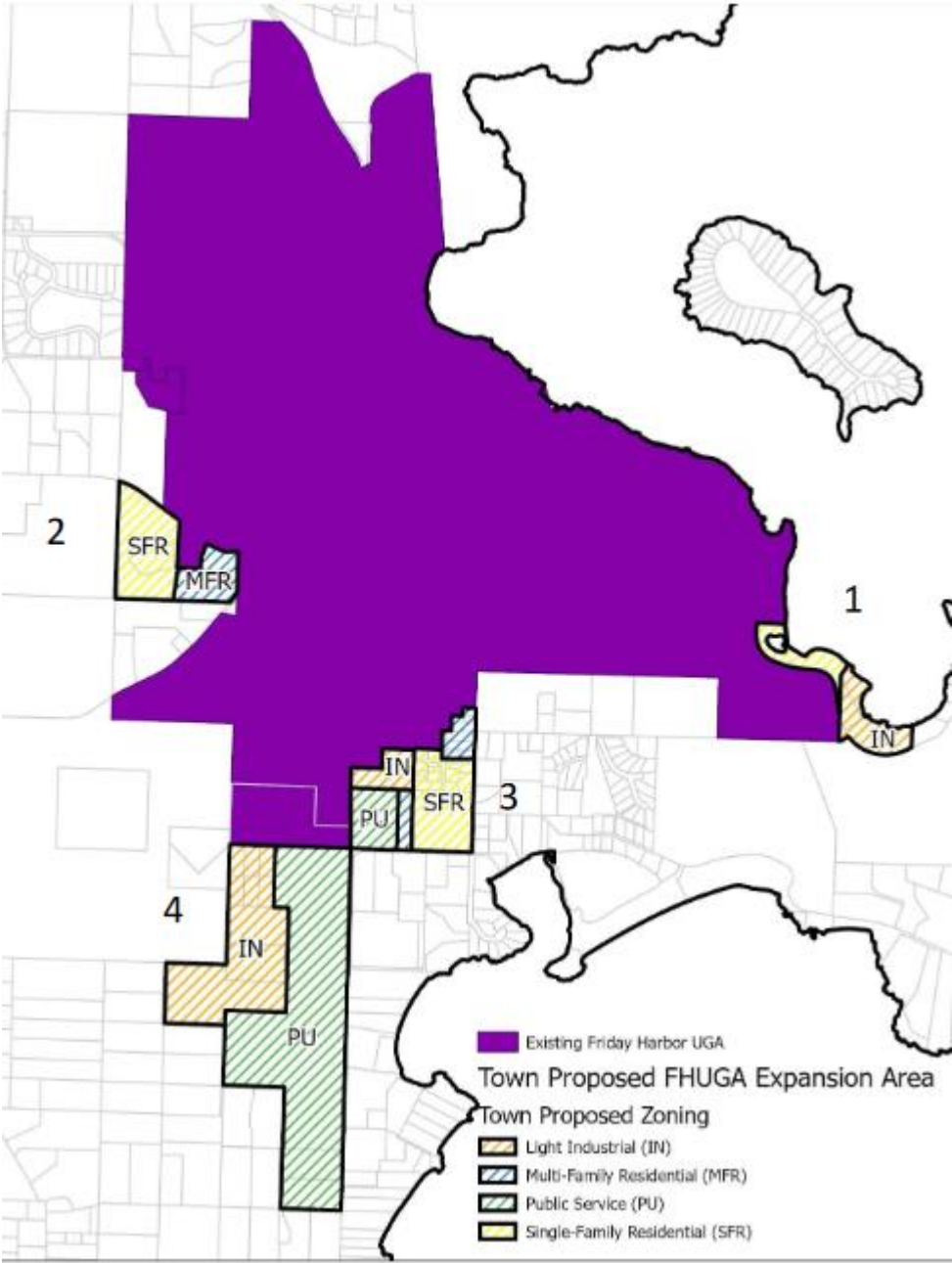
In addition, the analysis discounts vacant and redevelopable land regarding critical areas, need for roads and public purposes, and market factors (described in detail under the Housing capacity section).

This analysis of current job densities and net available acres helped inform current employment capacity and 2045 job growth projections in Exhibit 4.

Based on this BERK was able to identify study areas with existing surpluses or deficits that could potentially accommodate future job growth or certain changes to zoning and considering possible UGA expansions are strategies to ensure that job growth is able to keep up with population growth in town limits over the next 20 years. The desired outcome of this analysis is to identify opportunities and shortfalls and limit the number of residents who need to commute off-island for work or reduce the number of current residents who are displaced due to a lack of gainful employment opportunities.

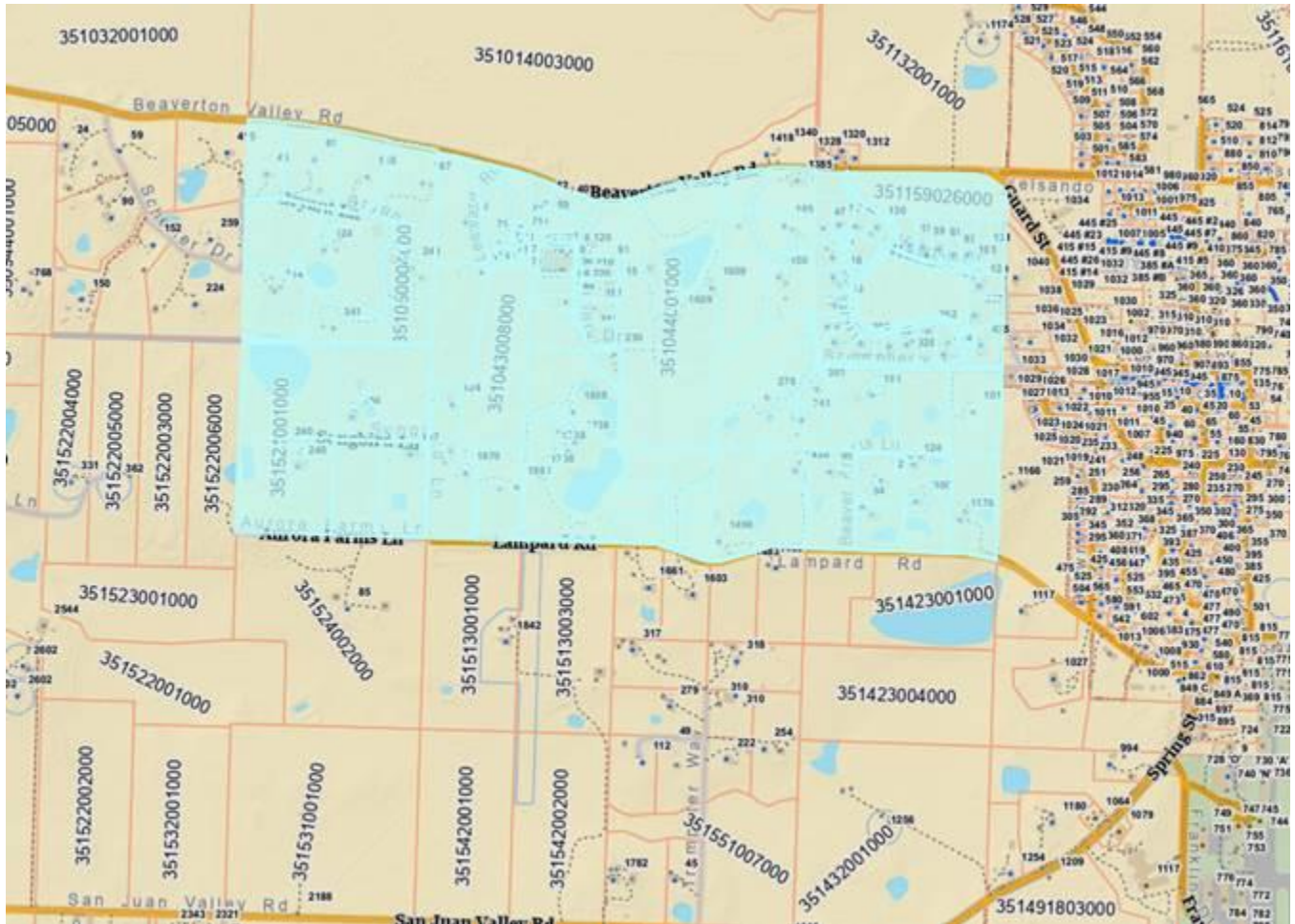
Our first set of results show a capacity of just over 400 jobs in the Town limits and another 75 in UGA expansion areas under review.

Exhibit 2 Map of Town Proposed UGA Expansion



Source: San Juan County Planning Commission, August 2021; BERK, 2024

Exhibit 3 Map of Town Proposed Lampard Road Proposed UGA Expansion Area



Source: San Juan County Parcel Viewer, 2024; BERK, 2024

Exhibit 4: Friday Harbor Employment Analysis

Area	Zone	Vacant Net Acres	Underutilized Net Acres	Jobs per Net Developed Acres	Jobs per Net Acres Not Vacant	Net Employment Capacity - Vacant	Net Employment Capacity - Underutilized	Total Net Employment Capacity
Town of Friday Harbor	CO	10.27	27.73	16.77	10.01	123	36	159
	IN	9.68	30.11	3.63	2.17	25	8	33
	LM	0.84	7.12	15.17	5.97	9	30	39
	PS	1.83	8.34	12.57	6.98	16	12	28
	PU	8.66	51.43	6.39	2.07	39	115	154
	SA	2.12	3.75	1.33	.67	2	1	3
	UT	-	-	.33	.33	-	-	-
UGA Possible Expansion Area 1	IN	1.71	-	3.63	2.17	4	-	4
UGA Possible Expansion Area 3	IN	-	-	3.63	2.17	11.45	2.85	
Lampard Road Possible UGA Expansion Area	CO	4.39	1.49	16.77	10.01	53	16	69
TOTAL:	-	39.5	129.97	80.22	42.55	282.45	220.85	489

Source: US Census LEHD, 2002-2021, BERK 2024.

Employment Targets

The Growth Management Act requires that counties, cities, and towns plan for the 20-year population growth as well as “needs and uses that will accompany the projected urban growth including, as appropriate, medical, governmental, institutional, commercial, service, retail, and other nonresidential uses.” (RCW 36.70a.110) Some methods to develop future job projections or related land needs are highlighted below. These methods can inform development of an employment target or demand for such land.

Employment Growth Rate

Friday Harbor’s employment growth has been less than 1% based on use of Census LEHD data. Employment growth has been 0.6% annually for the longer 2002-2021 period or 0.9% annually for the 2010-2021 period. These periods have had cycles of downturns (Great Recession and recovery and Pandemic) as well as upturns.

Exhibit 5. Friday Harbor Jobs: 2002-2021

Year	Jobs /Rate
2002	1678
2003	1701
2004	1764
2005	1751
2006	1660
2007	1727
2008	1727
2009	1752
2010	1706
2011	1788
2012	1915
2013	1939
2014	1936
2015	1963
2016	2166
2017	2150
2018	2154
2019	2133
2020	1928
2021	1880
2002-2021	0.6%
2010-2021	0.9%

Source: US Census LEHD, 2002-2021 , BERK 2024.

Depending on the growth rate the number of new jobs in the period through 2045 could equal almost 300 or almost 500.

- Rate 0.6% 2022-2045: Total 2,170 jobs, net 290
- Rate 0.9% 2010-2021: Total 2,324 jobs, net 444

The number of jobs could be related to the land capacity analysis to identify the demand for employment land.

Tourism and Equivalent Population/Demand for Services

Growth Management Hearings Board case law has identified a need to relate land needed for jobs to population growth. GMA growth allocations are based on permanent population forecasts. However, some communities (e.g. City of Chelan) have identified the demand for parks and recreation and other services based on a year-round equivalent population using taxable retail sales as a means to convert visitor population into equivalent year-round population. A similar approach could relate the change in seasonal visitors/travel to associated jobs.

For example, the Town could review whether seasonal population trends show upticks that differ from historic trends then the Town could consider if it needs more land for hospitality and food services in the future, which could bring more jobs.

Industrial Land, Essential Public Facilities and Unique Uses

Some communities have considered the relationship between regional population as well as local population that may drive the need for unique employment facilities or land needs. For example, Douglas County uses a combination of its East Wenatchee Urban Growth Area population and a share of the rural population and the amount of available industrial land to consider if it needs more industrial land, both general purpose industrial land and aviation industries within the Pangborn Industrial Urban Growth Area. The airport is an essential public facility and there is industrial land that supports it with opportunities for aviation dependent or related uses. Below is an example table that shows the method. This may be a consideration in the Friday Harbor Airport and nearby industrial land.

Exhibit 6. Industrial Land Capacity Analysis, 2018 and 2021.

		2018 ANALYSIS	2021 ANALYSIS
Step 1	2020 Population EWUGA + Rural MPO	30,760	31,557
Step 2	Developed Industrial Acres (Occupied + Underutilized + ROW - Airport)	1,374.41	1,426.19
Step 3	2020 Developed Industrial Acres per 1,000 pop.	44.68	45.19
Step 4	2040 Population (EWUGA + Rural MPO)	39,804	39,804
Step 5	Proposed 2040 Developed Industrial Acres per 1,000 pop.	47.5	47.5
Step 6	2040 Industrial Acres Derived from Proposed Ratio	1,890.69	1,890.69
Step 7	Difference between 2020 Developed Acres and Projected 2040 Developed Acres	516.28	464.50
Step 8	Industrial Acres (step 7) + 25% market factor	645.35	580.62
Step 9	Industrial acres (step 8) + average deductions (ROW, Critical Areas, Power Lines)	777.52	734.90
Step 10	2040 Industrial Acres Needed Minus Current Vacant Land	158.75	217.37
	Land Proposed for Non-Aeronautical Use		-21.67
	Subtract added land for non-aeronautical industrial use		195.69

Source: Douglas County 2018, BERK 2021.

Housing Capacity Update

BERK obtained relevant data from the San Juan County Parcel Database and the ongoing Town of Friday Harbor Housing Needs Assessment to inform estimates on housing capacity. We created a methodology based on the Washington State Department of Commerce best practices on buildable lands using its 2018 guidebook.¹ First we calculated net acreage considering deductions for critical areas, future rights of way, public purposes, and market factor. Next, using San Juan County Assessor data, we estimated characteristics of the property based on certain characteristics of the primary use data field. Characteristics include land vacancy, habitability, number of existing housing units, and possibility of lot splitting. Parcels were then further categorized as “developed, vacant, underutilized, or excluded”. After categorizing these parcels certain assumptions were made to determine the amount of land capacity there is in residential zones of Friday Harbor. The assumptions are as follows:

Vacant Land:

- 20% reduction of buildable land for public purposes including rights of way
- 10% reduction of buildable land due to market factor

Underutilized land

- 10% reduction of buildable land for public purposes including rights of way
- 25% reduction of buildable land due to market factor

The analysis also includes an assumption that landowners and developers tend to build out at densities below the maximum allowed under zoning, this amount reduced maximum allowed density by 25% based on past development trends. For example, in single family zoned areas of the town, the maximum allowed density is four units per acre. In the model, capacity assumptions for this zone mean that we estimate that three homes will be built per acre.

These are imperfect assumptions and were built into the model in a way that is adjustable to the analysis as new information becomes available.

Exhibit 7 and Exhibit 8 shows the results of our analysis. The net residential capacity column shows housing land capacity by zone. The assumed density column shows the amount of housing units per acre accounting for the 25% reduction from maximum allowed density in the zoning code since not all persons will build to the maximum. The furthest right column shows the net residential capacity after additional reductions and exclusions. About half of the calculated capacity is in the Town limits and the remainder in the current UGA and the potential UGA expansions.

¹ See: [Buildable Lands Guidelines Final 12-3.pdf](#) | [Powered by Box.](#)

Exhibit 7. Friday Harbor Current Housing Land Capacity

Area	Zone	Net Parcel Acres	Vacant Net Acres	Underutilized Net Acres	Partially Utilized Net Acres	Developed and Excluded Net Acres
Town of Friday Harbor	SF	270.14	58.86	-	33.55	177.73
	MF	127.08	40.22	40.31	-	46.54
Unincorporated UGA	SF	3.82	.19	-	-	3.63
UGA Possible Expansion Area 1	SF	5.54	2.41	-	3.13	-
UGA Possible Expansion Area 2	SF	16.84	9.07	-	7.77	-
	MF	7.52	5.31	-	-	2.20
UGA Possible Expansion Area 3	SF	15.02	0.71	-	11.45	2.85
	MF	5.88	0.19	5.38	-	0.30
UGA Possible Expansion Area 4	-	-	-	-	-	-
Lampard Road Possible UGA Expansion Area	SF	278.01	62.68	-	193.30	22.04
TOTAL:	-	729.01	179.64	45.69	249.2	255.29

Sources: Friday Harbor, 2024; Eco Northwest 2024; BERK, 2024.

Exhibit 8. Friday Harbor Current Housing Capacity

Area	Zone	Net Housing Capacity - Vacant	Net Housing Capacity - Underutilized	Net Housing Capacity - Partially Utilized	Total Net Housing Capacity
Town of Friday Harbor	SF	127	-	58	185
	MF	304	137	-	441
Unincorporated UGA	SF	-	-	-	-
UGA Possible Expansion Area 1	SF	5	-	6	11
UGA Possible Expansion Area 2	SF	19	-	15	34
	MF	40	-	-	40
UGA Possible Expansion Area 3	SF	1	-	22	23
	MF	1	31	-	32
UGA Possible Expansion Area 4	-	-	-	-	-
Lampard Road Possible UGA Expansion Area	SF	135	-	385	520
TOTAL:	-	632	168	486	1,286

Sources: Friday Harbor, 2024; Eco Northwest 2024; BERK, 2024.

Housing Targets

The County and Town are addressing housing growth allocations including affordability by income. See the separate evaluation of the Housing Needs Assessment for additional review. Once available the growth allocations can be compared to the capacity, and the potential for the zones to produce housing at different income levels.

Next Steps

BERK will work to improve the assumptions of the LCA through ongoing coordination with the Town, County, and residents. Examples of improving these assumptions include improving the methodology to cross-reference existing permit data and identify pipeline projects, in addition, through conducting community outreach and interviews with Town staff, we can consider if there are more tailored measures of potential land capacity deductions such as public services, rights of way, and market factor reductions. By verifying and adjusting these assumptions, the LCA will be a better representation of the town's current and future capacity for housing and employment. This improved LCA will allow BERK to better shape recommendations on land use changes to address the housing or employment deficits and provide quantitative data to the Planning Commission.

Per the Requirements of HB 1220, BERK will also be conducting an analysis of the housing capacity for STEP housing (defined as permanent supportive housing, emergency shelters, emergency housing, and transitional housing) and housing at all income levels. This additional analysis will build on the work completed in this initial land capacity analysis and will be included in the Comprehensive Plan Periodic Update. This will give San Juan County staff adequate time to provide affordable housing allocations and give Town and BERK staff adequate time to complete the analysis and identify areas that can accommodate affordable and STEP housing.

BERK will also be doing related work to conduct adequate provisions analysis. Adequate provisions analysis is part of the new GMA housing element requirements, and Commerce has released [draft guidance for how to do the analysis](#). Per this guidance, the Town is required to study whether there are barriers in place to developing housing that will meet the 2045 housing targets and to document actions needed to overcome barriers. Such actions could include but are not limited to strategies like streamlining permitting, modifying tree/parking requirements, adopting incentive programs for certain developments, partnering with affordable housing developers. Implementation of the Town's identified actions may be done after the Comprehensive Plan is adopted, in recognition of the time it will take to do this work.