



Comprehensive Plan Policy or Development Regulation Amendment Suggestion

PL15-0383

Planning & Development Services · 1800 Continental Place · Mount Vernon WA 98273
voice 360-416-1320 · www.skagitcounty.net/planning

Per RCW 36.70A.470(2), this form is intended for use by any interested person, including applicants, citizens, hearing examiners, and staff of other agencies, to suggest amendments to Skagit County's Comprehensive Plan policies or its development regulations, which are contained in Skagit County Code Title 14. Please do not combine multiple unrelated Comprehensive Plan policy or development regulation amendments on a single form. This form is for policy or development regulation amendments; use the Comprehensive Plan Map Amendment Request form for changes to the land use/zoning map.

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JUL 28 2016

SKAGIT COUNTY
PDS

Submitted By

Name	<u>Bill Sygitowicz</u>	Organization	<u>Skagit Partners LLC</u>
Address	<u>PO Box 29840</u>	City, State	<u>Bellingham, WA</u> Zip <u>98228</u>
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Proposal Description

Please answer all of the questions below that are applicable to your suggestion.

1. Describe your proposed amendment.

Skagit Partners LLC ("Skagit Partners") proposes several amendments to the Comprehensive Plan and Development Regulations. Please see attached supplement for details.

2. Describe the reasons your proposed amendment is needed or important.

Please see attached supplement.

3. If you are suggesting revision to a particular section of the Comprehensive Plan, please identify which section(s):

Please see attached supplement.

4. If you are suggesting revision to the Comprehensive Plan, would the revision create inconsistencies with existing sections of the Comprehensive Plan? If so, please list those sections:

Please see attached supplement.

5. If you are suggesting revision to the Comprehensive Plan, would the revision require corresponding amendments to the County's development regulations?

Please see attached supplement.

6. If you are suggesting revision to a particular section of Skagit County Code Title 14, please identify which section(s).

Please see attached supplement.

7. If you are suggesting this development regulation amendment as a result of a particular project or permit application, please identify which project or application:

Please see attached supplement.

8. If you are suggesting specific language as part of your amendment, please attach that specific language. Specific language is not required.

Please see attached supplement.

9. *Describe why existing Comprehensive Plan policies should not continue to be in effect or why they no longer apply.*

Please see attached supplement.

10. *Describe how the amendment complies with the Comprehensive Plan's community vision statements, goals, objectives, and policy directives.*

Please see attached supplement.

11. *Describe the anticipated impacts to be caused by the change, including geographic area affected and issues presented.*

Please see attached supplement.

12. *Describe how adopted functional plans and Capital Facilities Plans support the change.*

Please see attached supplement.

13. *Describe any public review of the request that has already occurred.*

Please see attached supplement.

Notices

Fees. No fees are required for a policy or code change suggestion, per SCC 14.08.020(6).

Docketing. SCC Chapter 14.08 governs the process for docketing of Comprehensive Plan amendments; suggestions for changes to the development regulations are docketed following the same process. Docketing of a suggestion is procedural only and does not constitute a decision by the Board of County Commissioners as to whether the amendment will ultimately be approved. Amendments are usually concluded by the end of the year following the request. State law generally prohibits the County from amending its Comprehensive Plan more than once per year.

Submission deadline. Suggestions must be received by the last business day of July for docketing. Suggestions received after that date will not be considered until the following year's docket.

How to Submit. Submit your suggestion via email (preferred) to pdscomments@co.skagit.wa.us or to Planning & Development Services at the address above.

*Comprehensive Plan Policy or Development Regulation
Amendment Suggestion – Application Supplement*

Proposal Description:

1. Describe your proposed amendment.

Skagit Partners LLC (Skagit Partners) proposes several amendments to the Comprehensive Plan and Development Regulations. Collectively, the amendments include additions to the Comprehensive Plan and Development Regulations which establish a process for Skagit County's approval of a new fully contained community. This process is required by the Growth Management Act, RCW 36.70A.350, prior to approval of a new fully contained community.

2. Describe the reasons your proposed amendment is needed or important.

Skagit Partners is contemporaneously submitting a Comprehensive Plan Map Amendment application. This application includes the proposal to preliminarily designate approximately 1244 acres of land for a new fully contained community (Avalon Proposal).

The proposed text amendments are important because the County needs to develop a process for approval of a new fully contained community so that the County can approve the Avalon proposal as a new fully contained community.

3. If you are suggesting revision to a particular section of the Comprehensive Plan, please identify which section(s):

Please see **Attachment A** hereto.

4. If you are suggesting revision to the Comprehensive Plan, would the revision create inconsistencies with existing sections of the Comprehensive Plan? If so, please list those sections:

The proposed text amendments do not create inconsistencies within existing sections of the Comprehensive Plan.

5. If you are suggesting revision to the Comprehensive Plan, would the revision require corresponding amendments to the County's development regulations?

Please see **Attachment A** hereto.

6. If you are suggesting revision to a particular section of Skagit County Code Title 14, please identify which section(s).

Please see **Attachment A** hereto.

7. If you are suggesting this development regulation amendment as a result of a particular project or permit application, please identify which project or application:

The proposed text amendments are needed to approve Avalon, a new fully contained community. Skagit Partners has not submitted a project or permit application as the proposed text amendments if adopted, will provide the application process for a new fully contained community. However, please note that Skagit Partners submitted a Comprehensive Plan Map Amendment application on July 28, 2016, to preliminarily designate Avalon, a new fully contained community.

*Comprehensive Plan Policy or Development Regulation
Amendment Suggestion – Application Supplement*

- 8. If you are suggesting specific language as part of your amendment, please attach that specific language. Specific language is not required.**

Please see **Attachment A** hereto.

- 9. Describe why existing Comprehensive Plan policies should not continue to be in effect or why they no longer apply.**

The proposed additions to the Comprehensive Plan policies establish a process for Skagit County's approval of a new fully contained community. This process is required by the Growth Management Act, RCW 36.70A.350, prior to approval of a new fully contained community.

- 10. Describe how the amendment complies with the Comprehensive Plan's community vision statements, goals, objectives, and policy directives.**

The amendments include additions to the Comprehensive Plan and development regulations which are consistent with existing policies and regulations. Skagit Partners provided extensive documentation in its contemporaneous application for a Comprehensive Plan Map Amendment application which details the Avalon Proposal's consistency with Comprehensive Plan community vision statements, goals, objectives and policy directives. Skagit Partners incorporates its analysis to this question by reference. (See Answer to Question 4, Map Amendment Application, 07/28/16, **Attachment B** hereto).

- 11. Describe the anticipated impacts to be caused by the change, including geographic area affected and issues presented.**

Once the Avalon Proposal obtains final approval, the anticipated impacts are set forth in Skagit Partners' contemporaneous application for a Comprehensive Plan Map Amendment application. Skagit Partners incorporates its analysis to this question by reference. (See Answer to Question 5, Map Amendment Application, 07/28/16, **Attachment C** hereto).

- 12. Describe how adopted functional plans and Capital Facilities Plans support the change.**

Once the Avalon Proposal obtains final approval, the anticipated impacts are set forth in Skagit Partners' contemporaneous application for a Comprehensive Plan Map Amendment application. Skagit Partners incorporates its analysis to this question by reference. (See Answer to Question 6, Map Amendment Application, 07/28/16, **Attachment D** hereto).

- 13. Describe any public review of the request that has already occurred.**

No public review has occurred for this application.

**ATTACHMENT A:
Proposed Skagit County Comprehensive Plan Changes**

1. **Table 1 on p. 31:** Add line for Avalon fully contained community. 1,244 acres.
Revise acreage of other land use designations.
2. **First paragraph, p. 33:** Insert following as second to last sentence, “In addition, Skagit County has preliminarily designated one new fully contained community, Avalon, pursuant to RCW 36.70A.350.”
3. **First paragraph, p. 34:** Amend the first sentence to read, “The only unincorporated Urban Growth Areas that are not expected to be annexed by a city or town are the Bayview Ridge UGA, ~~and the Swinomish UGA,~~ and the Avalon UGA upon final approval as a new fully contained community. (Strikethrough deleted; underlined portion added).

4. New 2nd Paragraph after Swinomish UGA on p. 35:

NEW FULLY CONTAINED COMMUNITY - AVALON UGA

Skagit County has preliminarily designated one new fully contained community, Avalon, pursuant to RCW 36.70A.350. Adopted development regulations shall provide for an appropriate planning process to address development criteria including adequate public facilities, infrastructure, buffers, and environmental protection. Final approval of an application authorizing commencement of the development shall be considered an adopted amendment to the comprehensive plan and shall complete designation of the Avalon fully contained community as an urban growth area. Prior to such final approval, a reservation should be made of a portion of the 20-year population projection for the Avalon fully contained community and offset of the population allocation of existing urban growth areas, if necessary to meet the requirements of the Growth Management Act.

The Avalon new fully contained community is located on a 1,244 acre site north of Burlington, northwest of Sedro Woolley, and is adjacent to and east of Interstate 5 (I-5). It is located above the flood plain between two I-5 interchanges and has potential water availability from Skagit County PUD No. 1, sewer services from Samish Water District and sewer treatment services from the City of Burlington. The Avalon new fully contained community includes a championship golf course, large lake and is planned to include a large community center, services, and feature attractive new homes ranging from cottages to larger single family residences.

5. **First paragraph, p. 39 amend first sentence above table to read:** “Urban growth shall be allowed only within cities and towns, their designated Urban Growth Areas and within any non-municipal urban growth areas already characterized by urban growth or designated as a new fully contained community, identified in the County Comprehensive Plan with a Capital Facilities Plan meeting urban standards.” (Underlined portion added).

6. **Amend Table 1 on p. 39** to include line for Avalon with an 8,500 population allocation and a commensurate increase in the total 20-year population forecast for Skagit County.
7. **Amend Land Use Policy 2A-1.4 to include line for “Avalon FCC Upon Final Approval”** under Non-Municipal UGAs.
8. **Chapter 1: Amend language on p. 24 under the section, Growth Forecast, to read:**
The adopted population allocations do not include population numbers for future fully contained communities or non-municipal UGAs such as Bayview Ridge (other than a minor population allocation to Bayview Ridge reflecting existing buildable residential lots). Based on review of historical data and local knowledge, the GMA Steering Committee concluded that new non-municipal UGAs or fully contained communities should not generally be necessary to accommodate future population growth within the 20-year planning period. However, a new amenity-rich fully contained community at Avalon surrounding an existing championship golf course has the potential to draw new residents who would not otherwise come to live in Skagit County. Market information indicates Avalon could draw approximately 8,500 additional persons to Skagit County over the 20-year planning period. It is therefore appropriate to allocate additional population, in the amount of 8,500 persons, to the preliminarily designated new fully contained community at Avalon. The selection of a 20-year planning period number near the medium population forecast recognizes the unique quality of life. . .[continue as written] (Underlined portion added).
9. **Chapter 1: Amend language on p. 27 under the section, Update Themes, to read:**
At the same time, the GMA Steering Committee concluded that projected population growth could be accommodated within cities and towns and their Urban Growth Areas, without need for additional residential capacity in non-municipal urban growth areas such as Bayview Ridge or new fully contained communities. One exception, however, is recognition that development of an attractive new fully contained community at Avalon will draw new people who would not otherwise come to reside in Skagit County and who are not accounted for in prior population forecasts. Hence, there is an additional population allocation to accommodate new population growth arising from development of a new fully contained community at Avalon. (Underlined portion added).
10. **Chapter 7: Amend language on p. 184 under section, Introduction, to read:** The Housing Element recognizes a need to balance a variety of rural residential densities and housing opportunities with the opportunity to provide higher density (urban) housing in areas such as the Swinomish and municipal Urban Growth Areas, and the Avalon fully contained community. (Underlined portion added).
11. **Chapter 8, Amend transportation policy 8A-3.4 to read:** Encourage public transportation services to serve cities, towns, the Avalon fully contained community and Rural Villages, and to link with systems in adjoining counties, when financially feasible and supported by the public. (Underlined portion added).

Proposed Development Regulation – New Fully Contained Communities

NEW CHAPTER 14.22

NEW FULLY CONTAINED COMMUNITY URBAN GROWTH AREA

14.22.010 Purpose and Definition

New fully contained communities are urban-scale planned developments located in the rural area intended to contain a mix of housing types and densities, services, jobs, and recreation. A new fully contained community is an urban development that when initially proposed is located outside an urban growth area. Immediately upon approval of a new fully contained community, an urban growth area is established encompassing the project.

14.22.020 Designation of New Fully Contained Communities

- (1) A new fully contained community may be approved if the following criteria are met. The criteria may be met through conditions in a permit for a new fully contained community and/or an approved development agreement ensuring that:
 - (a) New urban infrastructure is provided for and impact fees are established consistent with the requirements of RCW 82.02.050;
 - (b) Transit-oriented site planning and traffic demand management programs are implemented;
 - (c) Buffers are provided between the new fully contained communities and adjacent urban development;
 - (d) A mix of uses is provided to offer jobs, housing, and services to the residents of the new community;
 - (e) Affordable housing is provided within the new community for a broad range of income levels;
 - (f) Environmental protection has been addressed and provided for;
 - (g) Development regulations are established to ensure urban growth will not occur in adjacent nonurban areas;
 - (h) Provision is made to mitigate impacts on designated agricultural lands, forest lands, and mineral resource lands, where appropriate;
 - (i) The plan for the new fully contained community is consistent with the development regulations established for the protection of critical areas by the county pursuant to RCW 36.70A.170.
- (2) The proposed new fully contained community shall be within an area preliminarily identified for such use in the comprehensive plan. A portion of the 20-year population projection shall be allocated to the new fully contained community prior to final approval. Final approval of an application for a new fully contained community shall be considered an adopted amendment to the comprehensive plan designating the new fully contained community as an urban growth area.

14.22.030 Permitted Uses

Specific permitted uses in the new fully contained community shall be established through the permit for a new fully contained community or an approved development agreement, pursuant to SCC 14.22.050(1), which shall become the development code for the property, identifying uses, standards, and procedures for project approval, consistent with this chapter.

14.22.040 Application and Approval

Proposals for development in a designated fully contained community shall be in the form of a complete application form provided by Planning and Development Services, with supporting documents as required below that contains sufficient information to determine compliance with adopted rules and regulations as outlined in Title 14 of the Skagit County Code, including the information listed below.

- (1) A registered engineer or a registered land surveyor shall prepare all required maps and legal descriptions. Maps and other documents shall be provided which contain the following information.
 - (a) The name and address of the owner or owners of the property to be planned, the developer, and the registered engineer or land surveyor preparing required maps.
 - (b) The legal description of the boundaries of property to be developed including all separate ownerships with the development area.
 - (c) A map or series of maps at a scale directed by the Planning Director showing:
 - (i) Boundaries of the designated fully contained community including depiction of the Section, Township, and Range;
 - (ii) Total acreage of the designated fully contained community, and acreage of individual phases;
 - (iii) Boundaries of individual ownerships;
 - (iv) The date, scale (written and graphic), and a north arrow;
 - (v) Topographic contours at 5-foot intervals or as otherwise specified;
 - (vi) Scale shall be provided suitable to the size of the fully contained community and provide a clear illustration of proposed development activity and proposed land uses and structures;
 - (vii) Proposed location and dimensions of all open space or parks;
 - (viii) A vicinity sketch at a minimum scale of 2 inches = 1 mile;
 - (ix) Dedicated rights-of-way or easements over, across, and under the property;
 - (x) Existing and known proposed roads, highways, and driveways located on or abutting the site and within one-half mile of the site;
 - (xi) Property ownerships within one-half mile of the site;
 - (xii) Wells within the development area or within 1,000 feet of the boundary of the site, which are uses for domestic use and are identified through well log or water right records;
 - (xiii) A general identification and location of all critical areas on the site or within 1,000 feet of the site and the specific identification of all Type 1, 2, and 3 streams under WDF&W criteria, any streams or water bodies subject to jurisdiction under Chapter 90.58 RCW, the State Shoreline Management Act, and any floodway or floodplain lines;
 - (xiv) Location of existing land uses and activities, significant natural features and amenities, and vegetation types;
 - (xv) A land use plan showing proposed land use categories and areas, circulation, critical area buffers and open space.
- (2) A phasing plan which shows the proposed phases for development and how the phases are designed to assure the overall coordinated development of the site and its integration into the surrounding community, along with the proposed timetable for completion of each phase.
- (3) A description and map showing the specific uses allowed in the new fully contained community; and

- (4) An environmental checklist or a request to proceed directly to scoping under SEPA. Any environmental review shall provide special studies as directed by the Planning Director, which address:
 - (a) On-site and off-site critical areas, issues, protection, and mitigation;
 - (b) Transportation. Present facilities and upgrades, new facilities and phasing, and on-site and off-site impact and mitigation required; and
 - (c) Water, wastewater, stormwater facilities in place, facilities necessary to serve the new development by phase, and potential impact on off-site facilities, critical areas, or water resources; and
- (5) A descriptive narrative detailing the principles and standards used to develop the new fully contained community. Such text shall address how the proposal complies with comprehensive plan provisions on new fully contained communities, the criteria established in Chapter 14.22 SCC, and RCW 36.70A.350.

14.22.050 Approval Process

- (1) Development within a new fully contained community shall require a Level III approval pursuant to 14.06.050(1)(c). Approval shall be in the form of a permit for a fully contained community; except where the applicant requests and the County authorizes a development agreement pursuant to Chapter 14.14 SCC Development Agreements, and RCW 36.70B.170 through 36.70B.210.
- (2) Final approval of an application for a new fully contained community shall be considered an adopted amendment to the comprehensive plan designating the new fully contained community as an urban growth area.

14.22.060 Modifications and amendments to Approved Fully Contained Communities

Modifications to an approved fully contained community may be considered according to the following standards:

- (1) **Minor Modifications.** Minor modifications include minor changes to the timing of an approved development, minor shifting of the location of buildings, proposed streets, public ways, sewer, water, or stormwater facilities, parking areas, landscaping, parks and open space or similar improvements. Minor modifications to a fully contained community shall be subject to a Level I review process.
- (2) **Major Modifications.** All other modifications to an adopted fully contained community, including but not necessarily limited to, uses not previously authorized in the fully contained community or a need for different or expanded facilities, shall be considered as major modifications and shall require an amendment to the fully contained community subject to a Level III review process.

Amendment to SCC 14.02.050 on Vesting to Include Fully Contained Communities

14.02.050 Vesting of applications.

(1) An application for a building permit or land division vests at such time as a complete application is filed with Planning and Development Services and all required permit fees are paid, consistent with RCW 19.27.095(1) and 58.17.033(1). An application for a new fully contained community vests at such time as a complete application is filed with Planning and Development Services and all required permit fees are paid. An application is “complete” on the date a complete application is filed, as subsequently determined in the letter of completeness issued pursuant to SCC 14.06.100. An application vested under this Subsection is not subject to any laws or regulations which become effective after the date of vesting, except as provided below. (Underlined portion added).

Attachment B
Answer to Question 4, Map Amendment Application, 07/28/16

4. Describe how the amendment complies with the Comprehensive Plan’s community vision statements, goals, objectives, and policy directives.

Major Themes of the Community Vision (pp. 14-17) and description how amendment complies with statement.

Statement: Support economic opportunities. (p. 15)

The construction phase of Avalon will create a variety of jobs in the area. The National Association of Home Builders (NAHB) estimates that 2.97 jobs are created with the construction of one single family home. (See Att. X, “Impact of Home Building and Remodeling on the US Economy,” NAHB, 5/1/14). A report recently produced by the Skagit County Affordable Housing Advisory Committee entitled *Building a Skagit Housing Affordability Strategy, June 2016 Update* (“Housing Report”), notes that these jobs can become permanent with the number of housing units needed in Skagit County. (Housing Report, p. 14.). With complete buildout expected to take at least 15 years, based on the Housing Report, it is estimated that Avalon alone will result in 590-650 jobs. The Peterson Report estimates 600-1,000 new full time jobs will be created during the construction season and 100-200 permanent jobs will result.

The economic benefits will manifest themselves in other ways in addition to new job creation. The principal target market of new moderately affluent residents will bring an infusion of capital and customers for existing local shops and restaurants. (See Att. K, Peterson Report). The demographic profile of most anticipated buyers (e.g., retirement or near-retirement age from King County) would place unusually low burdens on local public service providers, such as school districts, but will contribute a significant additional amount to local tax revenue. Peterson Economics estimates new *net* property tax revenue alone could grow by approximately \$1 million per year, reaching about \$10 million per year after ten years of sales. (*Id.*) This kind of additional annual tax revenue could help Skagit County develop and maintain world class parks, roads, schools, and other public services and facilities.

Statement: Increase the housing choices for all residents. (p. 15)

The Avalon proposal will provide a variety of housing types and therefore more housing choices. The homes will be located in a UGA, close to amenities and encouraging walkability to commercial services.

Statement: Balance urban uses and environmental protection. (p. 16)

The Avalon proposal will provide for urban-scale development while protecting the natural environment and open space, including trails and parks that will surround the developed area. The Applicant preliminarily anticipates land uses that will include parks, open space and trails. Also, the existing Avalon golf course will be a part of the new fully contained community. (See Att. F-5, Preliminary Avalon Land Use Summary). The entire Property is outside the flood zone and adjacent to existing urban areas. The Avalon proposal will be required to satisfy all County regulations relating to environmental protection.

Statement: Protect and retain rural lifestyles. (p. 16)

The Property is currently mostly designated as resource land with a minor portion designated as rural land. Avalon will encourage protection and conservation of open spaces and urban development patterns. Directing development into urban areas helps prevent development in rural areas that could lead to urban sprawl and suburban development patterns.

Statement: Protect and conserve the environment and ecologically sensitive areas, and preclude development and land uses which are incompatible with critical areas. (p. 16)

The Avalon proposal will be required to undergo SEPA review if its application is docketed and additional SEPA and critical area review following submission of a project application. The SEPA review and critical area review process will help inform a development design that is ecologically sensitive and which protects critical areas from future development and preserves them for the enjoyment of future generations.

Statement: Respect property rights. By incorporating trends of population growth and resource availability to provide necessary public facilities. By attaining the widest range of land uses without degradation, risk to health or safety, or other undesirable and unintended consequences. (p.16-17)

The useful life of the Property as resource land is nearing its natural end. The highest, best use of the Property for the future is residential use and the facilities and services which support a residential population. Converting the property to development of a new fully contained community will create an opportunity to provide public facilities and services to a central, densely populated area in an efficient manner. Upon project approval, the Property will include a wide-range of land uses, without degradation, risk to health or safety, or other undesirable and unintended consequences.

Chapter 2: Urban, Open Space and Land Use Profile

County Wide Planning Policies:

CPP 1.4 Urban growth areas shall include greenbelt[s], open space, and encourage the preservation of wildlife habitat areas.

CPP 2.1 Contiguous and orderly development and provision of urban services to such development within urban growth boundaries shall be required.

CPP 5.15 The Comprehensive Plan shall support and encourage economic development and employment to provide opportunities for prosperity.

CPP 9.1 Open space corridors within and between urban growth areas shall be identified. These areas shall include lands useful for recreation, fish and wildlife habitat, trails, and connection of critical areas.

Avalon has sufficient land area to meet the above policies.

Goal 2A – Urban Growth Areas - Guide most future development into concentrated urban growth areas where adequate public facilities, utilities, and services can be provided consistent with the Countywide Planning Policies.

Goal 2A-1, Urban Growth Area Designation - Establish Urban Growth Areas in which urban development will be encouraged and outside of which growth can occur only if it is rural in character.

Avalon can meet the above goals. Adequate public facilities, utility and services will be provided to the Property. The eventual establishment of a UGA at Avalon through approval of a new fully contained community will ensure urban level development within specific boundaries, while preventing sprawl in Rural designated lands in the County. The Avalon development will undergo extensive planning to ensure orderly development. Parks, open space, and wildlife habitat corridors will be key features of the development.

Policy 2A-1.1 Work with local jurisdictions to designate and maintain Urban Growth Areas (UGAs) of sufficient size to accommodate the County's 20-year urban population and employment allocations. Areas proposed for UGA designation shall meet the following criteria:

a) Compact development can be accomplished through infill or expansion, while minimizing the fiscal and environmental impacts of growth and assuring opportunities for housing, jobs, and commerce.

Final designation of the holding area for the new fully contained community as a UGA will minimize the environmental impacts of growth by ensuring urban level growth is contained within the geographical confines of the Property. Much needed housing and living-wage jobs will accompany the development.

b) A range of governmental facilities and services presently exists or can be economically and efficiently provided at urban levels of service. These services include sewer, water, storm drainage, transportation improvements, fire and law enforcement protection, and parks and recreation.

The Whatcom Water District #12 (also known as the Samish Water District, "District #12" herein) currently has capacity available to support a third of the development from Avalon proposal. District #12 provides sewer service to a number of communities in Skagit and Whatcom County. District #12 has numerous force mains that connect to its Burlington Force Main, which runs along the old Highway 99 (very near the western boundary of the Property) to the City of Burlington's wastewater treatment plant ("WWTP"). (See Att. G, Samish Water District Comprehensive Sewer Plan, Exhibit A, *General Sewer Facilities Map*; see also Att. H, Whatcom County Water District No. 12 Sewer Force Main Map – Lake Samish to City of Burlington, source: *City of Burlington 2005 Comprehensive Wastewater Plan*). In its 2013 Comprehensive Plan, District #12 notes that potential sewer growth along the Burlington Force Main is possible and that it may serve Glenhaven Lakes (1,250 lot potential at full build-out) in the future. (*Samish Water District Comprehensive Sewer Plan, July 2013*, p. 4-1). Future upsizing of the existing Burlington Force Main and upgrades to the existing Burlington WWTP would result sufficient capacity to serve the entire Avalon development. Additional sewer capacity from service providers with existing infrastructure (District #12 and Burlington) will be procured as urban development proceeds.

The City of Burlington WWTP is at approximately 50% of its capacity (average flow, 1.5 million gallons/day; capacity, 3.8 million gallons/day)¹ and could accommodate the early phases of Avalon. The City of Burlington itself is approaching its maximum size in population and the WWTP has adequate system capacity for regional components, including District #12 (*City of Burlington 2005 Comprehensive Wastewater Plan*, p. 8). The WWTP is scaleable, meaning that it can expand without demolition of the existing plant.

¹ <http://www.burlingtonwa.gov/index.aspx?NID=241> (City of Burlington, Sewer System Data).

The Skagit County PUD (PUD) has the authority and capability to provide water service throughout Skagit County. (*Skagit Co. Coordinated Water System Plan Regional Supplement*, p. 6-1) The PUD has sufficient capacity to supply water to the Avalon development. (See Att. O, letter from PUD, 7/14/16). The PUD presently owns and operates an 8" water pipeline along Kelleher Road, which may require upsizing to accommodate the Avalon development. (*Id.*) In 2007, the PUD waterline that runs along old Highway 99 to Burlington was upgraded, increasing its capacity by the installation of a gravity feed transmission pipeline (*PUD 2013 Water System Plan*, p. 2-12; see Att. I, Figure 2-12, Judy System – Transmission Pipeline Loop, *PUD 2013 Water System Plan*). The PUD also completed a high pressure transmission pipeline along Cook Road to the east side of Interstate-5, which brings high pressure to the Old Highway Area 99 adjacent to the Avalon area. (*PUD 2013 Water System Plan*, p. 2-38; see Att. J, Figure 2-8, District Facilities – Rural Areas, *PUD 2013 Water Systems Plan*)

There is sufficient capacity available to further upgrade the PUD system to serve additional phases of the Avalon development. The area already has a booster pump station and that can be upgraded to better accommodate the Avalon area (Att. J, Figure 2-8, District Facilities – Rural Areas, *PUD 2013 Water Systems Plan*)

The relatively flat terrain, gentle slopes, and highly permeable soils on the Property will allow for efficient management of stormwater runoff, as it migrates to Skagit Basin. The Avalon assemblage is well draining at site perimeter which is the natural drainage course for site runoff. Stormwater runoff is anticipated to be fully treated and infiltrated on-site at various locations around the site perimeter.

The Property is centrally located to both Interstate-5 and Highway 99, providing easy vehicular access.

Additional fire and law enforcement protection will be required for the Avalon proposal. Areas for future parks will be set aside as part of the development plan. Area can be set aside for a new school. All of these service needs will be evaluated in the SEPA process and provided as required. The current Avalon Golf Links already provides recreation opportunity on the Property. A lake near the southeast corner of the Property will provide additional recreational opportunities and may be expanded or enhanced. The ability exists to set aside other areas for recreational uses as part of the development plan.

Urban services can be economically and efficiently provided to Avalon at a lower cost than other large scale planned communities. (See Att. Q, Letter from kpff re: Avalon Infrastructure Context, 7/28/16). These services include, transportation, water and sewer. (*Id.*)

c) The area has a physical identity or social connection to an existing urban environment.

The Property is located just east of old Highway 99 and is bordered by Kelleher Road to the south and F&S Grade Road to the east. A portion of the subject property is bordered by the Samish River on the north. (See Att. D, Land Use Map). The Property is well situated and close to existing cities in Skagit County. Residents will have quick and convenient access to Burlington, Mt. Vernon, and Sedro Woolley.

d) Natural features and land characteristics are capable of supporting urban development without significant environmental degradation.

The topography of the Property is capable of supporting urban development without significant environmental degradation. There are no known salmon-bearing streams on the Property. The proposed development will incorporate large swaths of the Property that have been depleted by years of gravel mining, so urban development will not have significant environmental impact. The County's regulations ensure that portions of the Property with environmentally sensitive characteristics will be protected from environmental degradation. In addition, there are promising mitigation areas and opportunities for environmental enhancement on the Property to offset any disturbances. In particular, an opportunity exists to establish a wildlife corridor north of the lake located at the southeast corner of the Property running along the east edge of the Property, and also at the northwest corner of the Property running north to the Samish River.

e) The land does not have long-term, commercially significant value for agriculture, forestry, or mineral production and that can accommodate additional development without conflicting with activities on nearby natural resource lands.

The Property is outside the Skagit County Agricultural land (with the exception of 7 acres). The Property does not support commercial forestry use and mineral resources are depleted or near depletion.

Policy 2A-1.2. ... Urban Growth Area expansion proposals shall demonstrate that expansion is necessary within the 20-year planning period, that public facilities and services can be provided concurrent with development, and that reasonable efforts have been made to encourage infill and redevelopment within existing Urban Growth Area boundaries before those boundaries can be expanded.

The Applicant requests an upward adjustment of 8,500 in the current population forecast, to be reserved for the specific purpose of accommodating the proposed new fully contained community at Avalon, and to allow for appropriate planning for the next 20 years in Skagit County. The current 20-year population forecast does not account for the proposed new fully contained community at Avalon intended to draw additional residents to Skagit County. The current Skagit County Comprehensive Plan, development regulations, or county-wide planning policies do not include any provision authorizing new fully contained communities, so there was no need to allocate or reserve additional population for a proposed new fully contained community at Avalon. Quite simply, a new fully contained community at Avalon, with all the amenities, and intended to draw new residents to Skagit County, was outside the population forecasting parameters used to develop the current population forecast. If a new fully contained community is preliminarily designated at Avalon as proposed, a new population forecast should be approved with a population reserve of 8,500 allocated to Avalon.

The requested upward adjustment to the 20-year population forecast will also provide an additional cushion in the event more capacity than anticipated is needed to meet the housing needs of the community in the 2016-2036 planning period. Population forecasts predict continued growth and economic recovery is resulting in the continued expansion of industry in the area (e.g., Janicki Bioenergy and Hexcel Corporation, as outlined in the response to nos. 2 & 9 herein). Many Skagit County cities have all but reached their growth capacity limits. Public facilities and services can be provided concurrent with development (see details re water and sewer above). In answer to Question No. 1, there is likely insufficient buildable land in the County for the proposed additional population allocation.

Policy 2A-1.5 Overall residential densities within Urban Growth Areas shall be a minimum of four (4) dwelling units per net acre, when urban services are provided. “Net density” is what results when only the area of the residential lots is counted, not roads, open spaces, drainage facilities, or other site uses that are not residential.

The Avalon proposal will be developed to meet or exceed the minimum density requirement, consistent with the above policy.

Goal A-2, Concurrency - Adequate urban public facilities and services shall be provided concurrently with urban development, as appropriate for each type of designated land use in the Urban Growth Area.

Avalon will provide for more than adequate urban facilities and services concurrent with urban level development consistent with the above policy.

Policy 2A-2.1 Encourage growth in areas already characterized by urban development or where the appropriate levels of urban public facilities and services are established in adopted capital facilities plans.

- a) Ensure that adequate urban public facilities and services are provided in Urban Growth Areas concurrent with urban development.

Avalon will be developed such that adequate urban public facilities and services will be provided concurrent with urban level development. The County’s Capital Facilities Plan will need to be updated to reflect the addition of the Avalon development.

Goal A-3, Urban Services - Within the designated Urban Growth Areas, coordinate with the respective local jurisdictions and other service providers within the Urban Growth Areas to ensure that growth and development are timed, phased, and consistent with adopted urban level of service standards.

Policy 2A-3.1 Urban public facilities include: improved streets, roads, highways, sidewalks, road lighting systems and traffic signals; urban level domestic water systems, sanitary sewer systems, storm sewer systems, park and recreational facilities and schools as defined in the Capital Facilities Element with adopted level of service standards.

Policy 2A-3.2 Urban public services include fire protection and suppression; emergency medical services; public safety; public health; education; recreation; environmental protection; and other services as identified in the Capital Facilities Element with adopted level of service standards.

CPP 1.3 Urban growth areas shall provide for urban densities of mixed uses and shall direct development of neighborhoods which provide adequate and accessible urban governmental services concurrent with development.

Consistent with the above goals and policies, the Avalon proposal will provide a variety of housing types, mixed uses (private and public), and walkable neighborhoods. Excellent access will be provided to a broad array of services, parks, and connecting trails, all designed to provide an attractive lifestyle for area residents. All necessary urban public facilities exist nearby, which may be efficiently upgraded to meet required standards.

CPP 1.4 Urban growth areas shall include greenbelt, open space, and encourage the preservation of wildlife habitat areas.

The Avalon proposal will include mixed uses at urban densities and will be developed and built out in conjunction with the provision of urban governmental services. (See discussion re water, sewer and storm water above). Transportation plans, and water and sewer plans will require amendments to properly plan for the development. Also, the Capital Facilities Plan will require amendments to address specific requirements of the development. (See above explanation of available water and sewer capacity). Ample parks and open space will be set aside in the Avalon development. See above. See also, above explanation of potential wildlife habitat corridors.

Goal A-5, Commercial Development - Encourage commercial and industrial development to locate in well-defined centers within the Urban Growth Areas. Prohibit new zoning that furthers the continuation of strip commercial development.

Policy 2A-5.1 Plan for compact commercial and industrial centers in the Urban Growth Areas and provide infrastructure accordingly.

Policy 2A-5.2 Attract commerce and industry to designated areas within Urban Growth Areas by ensuring an adequate supply of land with adequate urban public facilities and services.

The Avalon proposal will include small planned commercial and possibly light industrial centers, with infrastructure sufficient to support the centers. Centers and pockets for conveniently located commercial development will be designed and sited to blend in with the surrounding community. Strip commercial development will not be allowed.

Goal A-6, Quality of Life - Ensure a high quality of life within Urban Growth Areas.

Policy 2A-6.1 Foster development within Urban Growth Areas that creates and maintains safe, healthy and diverse communities. These communities should contain a range of affordable housing and employment opportunities, and school and recreational facilities, and be designed to protect the natural environment and significant cultural resources.

The Avalon proposal can be planned to ensure that a safe, healthy and diverse community is developed. Diverse and walkable neighborhoods will be located near commercial centers and pockets for shopping and services. Residents will be able to conveniently walk, bike, or drive to shops and stores integrated into the community. In addition to some affordable housing, commercial and possible small scale light industrial development at Avalon will create new jobs. The new community of 8,500 will include a population who require services, which will result in the creation of professional service-related jobs. Avalon will include space for a new school, public athletic facilities, public parks, walking and bicycle trails, and other amenities. One of the centerpieces of the community will be the existing Avalon Golf Course.

Policy 2A-6.2 Adopt plans, policies, codes and development standards that promote public health by increasing opportunities for residents to be more physically active. Such actions include: concentrating growth into Urban Growth Areas, promoting more compact urban development, allowing mixed-use developments, and adding pedestrian and non-motorized linkages where appropriate.

The Avalon proposal will provide compact urban development in places, and will provide a series of pedestrian and non-motorized sidewalks, pathways, and trails to promote physical activities among and interaction between its residents and guests.

Policy 2A-6.3 Concentrate facilities and services within Urban Growth Areas, using urban design principles, to make them desirable places to live, work, and play; increase the opportunities for walking

and biking within the community; use existing infrastructure capacity more efficiently; and reduce the long-term costs of infrastructure maintenance.

The urban design of the Avalon proposal, which enjoys the advantage of being a “blank slate” around a beautiful high end golf course, will be carefully planned to strategically locate public facilities and services in centers or pockets so as to provide residents with easy access by foot, bike, or car, and to blend into the community. Furthermore, subject to capacity increases, Avalon intends to use nearby portions of District #12’s (Samish Water District) and the City of Burlington’s existing infrastructure for sewer service and treatment; and Skagit County PUD No. 1’s existing infrastructure for municipal water service.

Chapter 3: Rural Element

As noted, approximately 49 acres of the Property is designated Rural Reserve (“RRv”). RRv contains a maximum allowed residential gross density one residence per five acres. (CP 3C-1.1) These few properties border the larger area designated with Rural Resource-NRL. The RRv parcel in the northeast corner of the Property is adjacent to RRv to the east. The RRv parcel in the northwest quadrant of the Property is adjacent to RRv to the west. There is currently 70,378² acres in the County designated RRv. (CP Chapter 2, Table 1, p. 31). Therefore, the Avalon proposal seeks to convert a very tiny percentage of the overall RRv to UGA. And, given the contained nature of the Avalon proposal, the addition of these few parcels will not result conversion of additional rural land. Further, by providing a variety of housing types in an attractive community, the Avalon proposal should reduce pressure for more intense development of rural lands in other parts of the County.

Goal 3A: Protect the rural landscape, character and lifestyle by...:

Policy 3A-1.1: ... Analyze development trends to determine if changes in land use designations are necessary or additional regulatory techniques or measures are needed to assure compliance with targeted urban/rural population distribution goals.

The Avalon proposal is consistent with Goal 3A, and helps protect the rural landscape, character, and lifestyle. (CP 73). The Avalon proposal is also consistent with the above policy as re-designation of rural land is necessary for the County to reach its urban distribution goals. Rather than sprawling development, the Avalon proposal presents an opportunity for a contained well-planned urban development.

Chapter 4: Natural Resource Lands Element

As noted, approximately seven (7) acres of the Property is designated Agricultural on the north side of Kelleher Road and west of a drainage ditch. The parcel is not presently used for agriculture because it is wet. It is understood that in the last three years the parcel has only been mowed and no agricultural production is taking place. The parcel has no long term commercial significance for agricultural uses. Also, the landowner Butler is in favor of including his land in the Avalon proposal. Certain land was included in the Agricultural Resource lands designation in order to create logical boundaries to the designation and not because it meets the criteria for designation as agricultural land. There is one such parcel, in the lower

² Or 70,740 acres, per Comprehensive Plan, Chapter 3, Table 1, p.62.

southeast corner of the Property (parcel id no. 36088). (See, Att. B, Parcel Information and Att. D, Land Use Map). Therefore, this parcel is ripe for de-designation from the Agricultural designation.

Policy 4A-3.1 Designation of Agricultural Lands is intended to be long-term. De-designation is discouraged, but may be considered only when compelled by changes in public policy, errors in designation, new information on resource lands or critical areas, circumstances beyond the control of the landowner, or an overriding benefit to the agricultural industry. ...

The parcel at issue is not being utilized for long term commercial production and was probably erroneously designated in the first place. Due to the need for additional buildable land, de-designation is compelled by this new information.

CPP 8.4 Mining sites or portions of mining sites shall be reclaimed when they are abandoned, depleted, or when operations are discontinued for long periods.

Goal 4D-1, Mineral Resource Designation Criteria - Designate and map long-term commercially significant mineral resource lands as an overlay to the Comprehensive Plan Map.

Policy 4D-1.1 Mineral Resource Designation Criteria

- a) Marketability. ...
- b) Minimum Threshold Volume. ...

Policy 4D-1.3 Mineral Resource Designation Considerations. All lands meeting the criteria in Policy 4D-1.1 shall be further reviewed considering the following additional criteria. ...

- g) Depth of the resource or its overburden does not preclude mining;

See answer to Question No. 3 above for the reasons why the Avalon proposal is consistent with the above goals and policies.

Chapter 5: Environmental Element.

The Environmental Element contains many policies and goals which pertain to the County's identification of critical areas and adoption of regulations which protect critical areas. The Avalon proposal is required to comply with all of the County's regulations.

Policy 5A-5.2 Land uses that are incompatible with critical areas shall be discouraged.

The majority of the Avalon Property is outside critical areas; the wetlands and lake on the Property will be protected from development in compliance with County policies and regulations. The Applicant will be required to comply with all Skagit County regulations and plans, including Shoreline Master Plan, Natural Hazards Mitigation Plan, and the various Regional Water Resource Plans.

Chapter 7: Housing Element

This chapter supports the Avalon proposal because it identifies market trends for an aging "baby boomer" population that need places to live, and prefer a newly built home. It also identifies the need for more dwelling units in Skagit County. The Avalon proposal seeks to satisfy both of these needs.

Trends show that younger buyers are more likely to buy older homes or previously owned homes because of the price benefits and value compared to a new home, while baby boomers are more likely to buy a new home in order to cut down on renovation

and maintenance (National Association of Realtors, 2014). In addition, younger buyers place a high priority on proximity to their job and associated commuting costs and other amenities and don't necessarily [intend on] staying in their home for the long-term (National Association of Realtors, 2014). (p. 189)

The 2013 ACS estimated an average overall household size for renters and owners of 2.6. At this household size, there would be a total demand for more than 13,700 new occupied dwelling units, not accounting for vacancy. Assuming a future vacancy rate between 5 and 10 percent, the total need for housing in 2036 would be between 14,489 and 15,294 units. At a steady rate of production between 2015 and 2036, this will mean that between 690 and 728 units will need to come on line each year, with around twenty percent of these new units in rural areas and the remaining in urban areas. This annual future need is significantly more than the rate of production in recent years, which averaged less than 250 annually between 2009 and 2013. See Table 16. (p.207-208)

CPP 4. Housing - Encourage the availability of affordable housing to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock.

CPP 4.1 Local governments shall allow for an adequate supply of land use options to provide housing for a wide range of incomes, housing types and densities.

CPP 4.3 The Comprehensive Plan should support innovative land use management techniques, including, but not limited to, density bonuses, cluster housing, planned unit developments and the transfer of development rights.

CPP 4.6 Comprehensive Plan provisions for the location of residential development shall be made in a manner consistent with protecting natural resource lands, aquatic resources, and critical areas.

Goal A – Housing Quantity – Ensure that the supply of housing and sufficient land capacity keep pace with population growth in the County.

Policy 7A-1.1 Work with housing producers and stakeholders in urban and rural areas to apply creative solutions to infill and development using techniques such as attached dwelling units, co-housing, home-sharing, accessory dwelling units, clustering, planned unit developments and lot size averaging, consistent with the community's vision for urban growth areas and rural character.

Policy 7A-1.4 Ensure zoning and subdivision regulations provide for the efficient use of lands for residential development where appropriate to increase available land supply and opportunities for affordable housing to match the demographic and economic housing needs of the County's current and projected population.

Policy 7B-1.3 Establish development standards and design guidelines for Urban Growth Areas, Rural Villages, and large CaRD developments, to promote efficient, pedestrian friendly, and attractive communities.

Consistent with the above goals and policies and as discussed in detail in the response to question no. 2 above, there is a need for additional housing in the County. Moreover, a principal market for the Avalon proposal is retired or near-retirement aged moderately affluent people from the greater Seattle-King County metropolitan area looking for a new home at a lower price. See Att. K, Peterson Report. These new residents are expected to produce an ongoing significant net positive outcome for local communities in revenue growth. In addition, designation of the Property to a UGA now will help ensure that the County has a sufficient land supply (including urban densities) and time for proper urban planning to meet the needs of forecasted population.

The Applicant will work with the County to develop a plan to ensure that an efficient, pedestrian friendly, and attractive community is built.

Goal 7C – Housing Distribution And Accessibility - Strive to ensure that a variety of housing types, densities, and values can be produced in the rural area, Urban Growth Areas, and Rural Villages appropriate to the character of the individual communities. Additionally, ensure sufficient infrastructure capacity is available to accommodate growth and provide housing opportunities for all economic segments of the population.

Policy 7C-1.1 Allow mixed residential and commercial uses in Urban Growth Areas and Rural Village commercial districts to promote housing affordability and availability.

The Avalon proposal will provide a variety of housing types from small cottage homes to larger more traditional single family homes. The variability in housing choice will produce a wide price range which will greatly enhance the affordability and availability of housing in Skagit County. As previously stated, the Property enjoys excellent access to existing infrastructure capable of additional capacity, which should lower development costs.

Chapter 8, Transportation Element:

Goal 8A-6, Non-Motorized Transportation Network - Provide a safe and efficient network of trails and bikeways, including both on- and off-road facilities that link populated areas of the County with important travel destinations. Achieve high standards in meeting the needs of non-motorized users through appropriate planning, design, construction and maintenance of user-friendly facilities. . . .

8A-6.4 Provide for the diverse needs of bicycle, pedestrian and equestrian modes through appropriate routing and the utilization of single-use and shared-use facilities. . . .

8A-6.9 Promote non-motorized transportation as a viable, healthy, non-polluting alternative to the single-occupancy vehicle.

Consistent with the above goal and policies, the Avalon proposal will be designed to include sidewalks along streets, and also a comprehensive network of paths and trails that allow users to travel within the UGA by foot, bicycle and other non-motorized means. These paths and trails will be located so as to provide residents with easy access to commercial services and recreational amenities within the community. As the development of the Property progresses, it is expected that the Avalon proposal will be connected to more regional paths and trails outside the development area.

Goal 8A-13, Land Use and Development - Incorporate transportation goals, policies, and strategies into all County land use decisions.

Policy 8A-13.1 Impacts of Growth – Growth and development decisions shall ensure that the short- and long-term public costs and benefits of needed transportation facilities are addressed concurrently with associated development impacts.

Policy 8A-13.2 Directing Growth – Mitigate transportation impacts, wherever possible, by directing new development into areas where long term capacity exists on the arterial and collector system.

Policy 8A-13.7 Right-of-Way Dedication – The County shall require dedication of right-of-way for needed roads in conjunction with the approval of development projects.

Consistent with the above goal and policies, the Avalon proposal will be developed with awareness of local and regional transportation needs. Its location very near two Interstate-5 interchanges and Old Highway 99 provides accessibility and an excellent starting point from

which to make the reasonable transportation improvements needed to provide long term capacity for future population. (See Att. Q, Letter Re: Avalon Infrastructure Context, KPFF)

Concurrency Goal 8A-14 - Ensure that suitable mitigation measures for addressing the impacts of growth are fair and equitable, and that transportation impacts at the project and system levels are mitigated concurrently with the project.

Policy 8A-14.1 When a development project has a particular impact on the safety, structure or capacity of the County's road system, suitable mitigation shall be required in the form of improvements or through the use of adopted impact fees.

Policy 8A-14.4 The County may consider the use of impact fees and SEPA mitigation fees as a means to ensure that adequate facilities (including but not limited to transit, pedestrian, bikeways, or roadways) are available to accommodate the direct impacts of new growth and development.

Policy 8A-14.5 If an impact fee ordinance is not in place, the County may require large developments to make traffic impact contributions if the development significantly adds to a road's need for capacity improvement, to a roadway safety problem, or to the deterioration of a physically inadequate roadway. Such traffic impact contributions are in addition to transportation facility improvements required in the immediate area for access to and from the development.

The Applicant will work with the County and other agencies to improve impacted roads and fully mitigate growth and transportation impacts within Avalon and outside Avalon all of which is required for new fully contained communities under RCW 36.70A.350. It is expected that the County will fully review and require appropriate mitigation for these impacts as part of the SEPA process.

Chapter 9, Utilities Element:

Water – Goal 9A-8, To influence the development and use of the water resources of Skagit County in a manner that is consistent with the Countywide Planning Policies and the Comprehensive Plan.

Policy 9A-8.1 Cooperation with water districts and other water providers shall be extended to support them in their responsibility to provide a reliable service to assure an adequate quality and quantity of potable water and high quality water supply within their service areas.

Policy 9A-8.4 Water supply development and service shall be consistent with all related plans, including but not limited to, the Coordinated Water Systems Plan, the Anacortes-Fidalgo Island Coordinated Water System Plan, this Comprehensive Plan, and related purveyor plans as they are developed.

The Applicant will work with the Skagit PUD and other purveyors to ensure that its water supply is developed consistent with each agency's comprehensive plan and with the Skagit County Coordinated Water System Plan. Amendments to such plans will be pursued as necessary. The Applicant further intends to explore the re-use of reclaimed water for the existing Avalon Golf Course and other water conservation methods to conserve water use and enhance local water resources.

Stormwater Policy 9B-1.8 Natural Drainage – Natural drainage shall be preferred over the use of pipelines or enclosed detention systems, where possible.

The natural topography of the Property includes gently sloped hills and highly permeable soils, which will allow for efficient natural drainage management of stormwater runoff toward the Skagit Basin.

Chapter 10 – Capital Facilities Element:

Goal 10A-1, Capital Facility Needs - Establish the baseline for the types of capital facilities to be addressed, levels of service, needed capital improvements to achieve and maintain the standards for existing and future populations, and to repair or replace existing capital facilities.

Policy 10A-1.4 [Excerpt]

Urban water service provided by a utility and designed to meet the needs of the designated service areas consistent with the Skagit County or City Comprehensive Plan, the Coordinated Water System Plan, and the designated water utility's Water System Plan shall meet the design criteria of the Coordinated Water System Plan.

The Applicant will work with the County to ensure compliance with the Coordinated Water System Plan and all other County planning documents. The Applicant expects that the Capital Facilities Plan and the comprehensive plans of service providers will require amendments to capture the new development. (*See also* detailed responses re water and sewer services herein).

Goal A-2, Financial Feasibility - Provide means to balance needs with available funding.

Policy 10A-2.4 Future Needs – New growth shall pay its fair share of capital improvements cost necessary to support its demands. This may include voluntary contributions for the benefit of any capital facility, impact fees, mitigation payments, capacity fees, dedications of land, provision of public facilities, and future payments of user fees, charges for services, special assessments and taxes. These revenue sources shall not be used to pay for the portion of any public facility that reduces or eliminates existing deficiencies.

Policy 10A-2.14 Ensuring Concurrency – Impacts of development on capital facilities occur when development is constructed. The county may issue development permits only after it has determined that there is sufficient capacity of Category-A and Category-B public facilities to meet the LOS standards concurrent with the proposed development.

Policy 10A-2.17 Capital Facilities and Concurrency in Non-municipal UGAs – Capital facility requirements and concurrency within county-governed, non-municipal UGAs shall be developed for the specific urban growth area using a combination of county- and non-county-provided services at adopted urban levels of service appropriate to the planned urban development.

CPP 12. Public Facilities and Services. Ensure that those public facilities and services necessary to support development shall be adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards.

CPP 12.5 Lands designated for urban growth by this Comprehensive Plan shall have an urban level of regional public facilities prior to or concurrent with development.

CPP 12.6 Development shall be allowed only when and where all public facilities are adequate, and only when and where such development can be adequately served by regional public services without reducing levels of service elsewhere.

CPP 12.7 Public facilities and services needed to support development shall be available concurrent with the impacts of development.

CPP 12.8 The financing for system improvements to public facilities to serve new development must provide for a balance between impact fees and other sources of public funds and cannot rely solely on impact fees.

CPP 12.9 New development shall pay for or provide for its share of new infrastructure through impact fees or as conditions of development through the environmental review process.

As stated herein and consistent with the above policies, the Applicant will work with the County and all other agencies to ensure capital facilities are built concurrently with the development phases, to ensure impacts are addressed with appropriate mitigation or impact fees, and to ensure that sufficient urban levels of services are provided as needed. The costs of facilities upgrades made necessary by the development will be paid for by the developer. Most of the foregoing policy objectives are included as requirements for any new fully contained community under RCW 36.70A.350.

Attachment C
Answer to Question 5, Map Amendment Application, 07/28/16

5. Describe the impacts anticipated to be caused by the change, including geographic area affected and issues presented.

Expansion of urban governmental services and facilities will be required to fully develop the Property. This will include improvements to streets and roads, sidewalks, traffic systems; sanitary sewer; water systems; storm sewer systems; park and recreational facilities and schools.

Avalon will impact urban public services, including fire protection and suppression; emergency medical services; public safety; public health; and recreation. Avalon's impact on schools will be less than most new developments because most new home buyers will be beyond childrearing years.

The geographic area affected by the proposed amendment will be mainly limited to the approximately 1244 acres involved in this proposal. Additionally, there will be impact on surrounding roads and highways outside the Avalon area such as, old Highway 99, Kelleher Road, Butler Hill Road and F&S Grade Road.

As Avalon is developed, from breaking ground to final occupancy, the County will collect various permit and development fees. The purpose of said fees are to mitigate the impact of the costs associated with the increased and improved public services and facilities to the Property. The Applicant will implement required mitigation of other impacts through the SEPA process. Additionally, once homes and businesses are built on the Property, the County will see increased tax revenues on an annual basis. Furthermore, Avalon will contribute to the vitality of Skagit County's economy through establishment of new businesses and permanent job creation. (See Att. W, "Jobs Created in the U.S. when a Home is Built," *Eye on Housing*, 5/2/14; see also, Att. K, Peterson Report).

The Avalon proposal will have the beneficial impact of locating future population growth in a concentrated area near important services and infrastructure. It has close access to two Interstate 5 interchanges and other existing road networks, and easy access to adjacent municipal water and sewer infrastructure, thereby reducing pressure for more intense rural development in other parts of the County. The Property is well above the flood zones, drains quite well, and contains minimal resource lands (no forest resource land; only 7 acres of unproductive farm land; and mining activity near the end of its productive life). Shops and restaurants are in nearby Burlington, Mr. Vernon, and Sedro Woolley. It is the ideal location to accommodate future growth in Skagit County, the planning for which should commence.

Attachment D
Answer to Question 6, Map Amendment Application, 07/28/16

6. Describe how adopted functional plans and Capital Facilities Plans support the change.

Functional plans for water, sewer, stormwater, fire, the Burlington-Edison School District, and police service will require analysis and amendment to ensure sufficient levels of service are provided. The recommended increase to the population projection (adding an additional 8,500 to the County's 20 year projection), will require amendments to the Capital Facilities Plan. The foundational infrastructure for water and sewer service is already in place and capable of providing additional capacity. The Skagit PUD No. 1 indicates it has sufficient water supply available. See Att. O, Letter from Skagit PUD No. 1 dated, July 14, 2016. Please see further support in the analysis of the *Coordinated Water System Plan* and the *Skagit PUD 2013 Water System Plan* in response to question no. 4 above.

The Samish Water District indicates that sewer service will be provided based on the approval of the "Growth Management Board" and Skagit County and if the District is capable of providing service. (See Att. N, Letter from Samish Water District, 7/20/16; see also further support in the analysis of the *Samish Water District 2013 Comprehensive Sewer Plan* and the *City of Burlington's 2005 Comprehensive Plan* in response to question no. 4 above). The Burlington-Edison School District would like the opportunity to include property within the Avalon proposal for a school. (See Att. P, Letter from Board President to Vineyard Development, 07/26/16).



Comprehensive Plan Policy or Development Regulation Amendment Suggestion

PL15-0383

Planning & Development Services · 1800 Continental Place · Mount Vernon WA 98273
voice 360-416-1320 · www.skagitcounty.net/planning

Per RCW 36.70A.470(2), this form is intended for use by any interested person, including applicants, citizens, hearing examiners, and staff of other agencies, to suggest amendments to Skagit County's Comprehensive Plan policies or its development regulations, which are contained in Skagit County Code Title 14. Please do not combine multiple unrelated Comprehensive Plan policy or development regulation amendments on a single form. This form is for policy or development regulation amendments; use the Comprehensive Plan Map Amendment Request form for changes to the land use/zoning map.

RECEIVED

JUL 28 2016

Submitted By

Name	<u>Bill Sygitowicz</u>	Organization	<u>Skagit Partners LLC</u>	SKAGIT COUNTY PDS
Address	<u>PO Box 29840</u>	City, State	<u>Bellingham, WA</u> Zip <u>98228</u>	
Email	<u>BillSyg@VineDev.com</u>	Phone	<u>(360) 739-4089</u>	

Proposal Description

Please answer all of the questions below that are applicable to your suggestion.

1. Describe your proposed amendment.

Skagit Partners LLC (Skagit Partners) proposes several amendments to the Countywide Planning Policies.
Please see attached supplement for details.

2. Describe the reasons your proposed amendment is needed or important.

Please see attached supplement.

3. If you are suggesting revision to a particular section of the Comprehensive Plan, please identify which section(s):

Please see attached supplement.

4. If you are suggesting revision to the Comprehensive Plan, would the revision create inconsistencies with existing sections of the Comprehensive Plan? If so, please list those sections:

Please see attached supplement.

5. If you are suggesting revision to the Comprehensive Plan, would the revision require corresponding amendments to the County's development regulations?

Please see attached supplement.

6. If you are suggesting revision to a particular section of Skagit County Code Title 14, please identify which section(s).

Please see attached supplement.

7. If you are suggesting this development regulation amendment as a result of a particular project or permit application, please identify which project or application:

Please see attached supplement.

8. If you are suggesting specific language as part of your amendment, please attach that specific language. Specific language is not required.

Please see attached supplement.

9. *Describe why existing Comprehensive Plan policies should not continue to be in effect or why they no longer apply.*

Please see attached supplement.

10. *Describe how the amendment complies with the Comprehensive Plan's community vision statements, goals, objectives, and policy directives.*

Please see attached supplement.

11. *Describe the anticipated impacts to be caused by the change, including geographic area affected and issues presented.*

Please see attached supplement.

12. *Describe how adopted functional plans and Capital Facilities Plans support the change.*

Please see attached supplement.

13. *Describe any public review of the request that has already occurred.*

Please see attached supplement.

Notices

Fees. No fees are required for a policy or code change suggestion, per SCC 14.08.020(6).

Docketing. SCC Chapter 14.08 governs the process for docketing of Comprehensive Plan amendments; suggestions for changes to the development regulations are docketed following the same process. Docketing of a suggestion is procedural only and does not constitute a decision by the Board of County Commissioners as to whether the amendment will ultimately be approved. Amendments are usually concluded by the end of the year following the request. State law generally prohibits the County from amending its Comprehensive Plan more than once per year.

Submission deadline. Suggestions must be received by the last business day of July for docketing. Suggestions received after that date will not be considered until the following year's docket.

How to Submit. Submit your suggestion via email (preferred) to pdscomments@co.skagit.wa.us or to Planning & Development Services at the address above.

*Comprehensive Plan Policy or Development Regulation
Amendment Suggestion –Application Supplement*

Proposal Description:

1. Describe your proposed amendment.

Skagit Partners LLC (Skagit Partners) proposes several amendments to the Countywide Planning Policies. Collectively, the amendments are needed to approve a new fully contained community proposed by Skagit Partners and to bring the Countywide Planning Policies into consistency with the text amendments proposed by Skagit Partners to the Comprehensive Plan and development regulations submitted on July 28, 2016.

2. Describe the reasons your proposed amendment is needed or important.

In support of a new fully contained community, Skagit Partners requests that Skagit County (County) allocate an additional 8,500 people to the County’s population allocation. This additional population represents an increase to the overall population figure planned for 2036 rather than a re-allocation of the current population figure for 2036. Currently, the County is utilizing a population figure of 155,452. (See “Skagit County Growth Projections, Summary of Methods and Results, July 2014”, Berk Consulting; “Berk” or “Berk Report”). However, our research indicates that a new fully contained community will draw additional population that would not otherwise come to reside in Skagit County. Therefore, the proposed new fully contained community, Avalon, is not within the forecasting parameters used to arrive at the 155,452 population number. An increase of 8,500 people would bring this population figure to 163,952.

The County must allocate (reserve) a portion of its twenty-year population projection for the new fully contained community. This “reserve” is referred to as a “new community reserve” under the GMA. RCW 36.70A.350 (2).

3. If you are suggesting revision to a particular section of the Comprehensive Plan, please identify which section(s):

Please see **Attachment A** hereto.

4. If you are suggesting revision to the Comprehensive Plan, would the revision create inconsistencies with existing sections of the Comprehensive Plan? If so, please list those sections:

The proposed amendments do not create inconsistencies within existing sections of the Comprehensive Plan.

5. If you are suggesting revision to the Comprehensive Plan, would the revision require corresponding amendments to the County’s development regulations?

No.

6. If you are suggesting revision to a particular section of Skagit County Code Title 14, please identify which section(s).

N/A

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7. If you are suggesting this development regulation amendment as a result of a particular project or permit application, please identify which project or application:

The proposed text amendments are needed to approve Avalon, a new fully contained community. Skagit Partners has not submitted a project or permit application. However, please note that Skagit Partners submitted a Comprehensive Plan Map Amendment application to preliminarily designate Avalon, a new fully contained community.

8. If you are suggesting specific language as part of your amendment, please attach that specific language. Specific language is not required.

Yes, please see **Attachment A** hereto.

9. Describe why existing Comprehensive Plan policies should not continue to be in effect or why they no longer apply.

Skagit Partners urges the County to request the GMA Steering Committee to increase the overall population figure by 8,500 and to recommend amending the Countywide Planning Policies to reflect this population. Specifically, 1) an amendment to the Countywide Planning Policy 1.1 including a change to the 2016-2036 population allocations; 2) an amendment to the Growth Chart in Appendix A of the Countywide Planning Policy; 3) an amendment to the Countywide Planning Policy (“CPP”) Appendix B.

CPP 1.1 as presently written does not provide an avenue to approve the Avalon Proposal because it does not allow new non-municipal urban growth areas in areas that are not already characterized by urban growth. CPP 1.1 omits the possibility of allowing an urban growth area outside of a city that is designated a new fully contained community as defined in the Growth Management Act, RCW 36.70A.350.

An addition to CPP 1.1 would fix this omission and allow for the possibility of approving the Avalon Proposal. A new category under UGA would be added to the population allocation growth chart in Appendix A to the Countywide Planning Policies for the requested population.

New fully contained communities have a proven track record of being a strong draw for new residents. Our research indicates that the Avalon Proposal will become just such a draw for new, relatively affluent residents, who would provide a meaningful net economic benefit for Skagit County. Development of a new fully contained community at Avalon was not considered in population forecasts and requires a different framework for consideration. To account for how new fully contained communities draw additional residents, a new Section 5 is proposed to Appendix B of the Countywide Planning Policies.

The additional amendments are for the requested population reservation for allocation to Avalon, a new fully contained community.

10. Describe how the amendment complies with the Comprehensive Plan’s community vision statements, goals, objectives, and policy directives.

The Comprehensive Plan incorporates CPP 1. (Comprehensive Plan, p. 39). The other CPP amendments will provide consistency with the text amendments to the Comprehensive Plan

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proposed by Skagit Partners. The proposed amendment to the CPPs comply with the Comprehensive Plan. Skagit Partners provided extensive documentation in its contemporaneous application for a Comprehensive Plan Map Amendment application which details the Avalon proposal’s consistency with Comprehensive Plan community vision statements, goals, objectives and policy directives. Skagit Partners incorporates its analysis to this question by reference. (See Answer to Question 4, Map Amendment Application, 07/28/16, **Attachment B** hereto).

11. Describe the anticipated impacts to be caused by the change, including geographic area affected and issues presented.

Once the Avalon Proposal obtains final approval, the anticipated impacts are set forth in Skagit Partners’ contemporaneous application for a Comprehensive Plan Map Amendment application. Skagit Partners incorporates its analysis to this question by reference. (See Answer to Question 5, Map Amendment Application, 07/28/16, **Attachment C** hereto).

12. Describe how adopted functional plans and Capital Facilities Plans support the change.

Once the Avalon Proposal obtains final approval, the anticipated impacts are set forth in Skagit Partners’ contemporaneous application for a Comprehensive Plan Map Amendment application. Skagit Partners incorporates its analysis to this question by reference. (See Answer to Question 6, Map Amendment Application, 07/28/16, **Attachment D** hereto).

13. Describe any public review of the request that has already occurred.

No public review has occurred for this application.

ATTACHMENT A

1. CPP 1.1 should be amended as follows (additions underlined):

1.1 Urban growth shall be allowed only within cities and towns, their designated UGAs and within any non-municipal urban growth areas already characterized by urban growth, identified in the County Comprehensive Plan with a Capital Facilities Plan meeting urban standards or may be allowed outside of cities and towns in areas designated a fully contained community as defined by RCW 36.70A.350.

(See also, Comprehensive Plan, p. 39)

2. A new category under UGA would be added to the population allocation growth chart in Appendix A to the Countywide Planning Policies as follows:

Population Reservation for Allocation to Avalon	8,500
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3. To account for how new fully contained communities draw additional residents, a new Section 5 is proposed to Appendix B of the Countywide Planning Policies:

5. New Fully Contained Communities. New fully contained communities are specially authorized non-municipal urban growth areas under RCW 36.70A.350, which have the potential to draw additional population that would not otherwise come to reside in Skagit County. A new fully contained community is not within the forecasting parameters described by the population allocation process outlined in Appendix B. Therefore, additional population may be allocated or reserved to a new fully contained community outside the procedural steps in Appendix B, upon recommendation of the GMASC and approval of the County Commissioners, so long as the additional population allocated to the new fully contained community does not result in Skagit County exceeding the high range of the most recently published official 20-year population projections for Skagit County from the OFM.

Attachment B
Answer to Question 4, Map Amendment Application, 07/28/16

4. Describe how the amendment complies with the Comprehensive Plan's community vision statements, goals, objectives, and policy directives.

Major Themes of the Community Vision (pp. 14-17) and description how amendment complies with statement.

Statement: Support economic opportunities. (p. 15)

The construction phase of Avalon will create a variety of jobs in the area. The National Association of Home Builders (NAHB) estimates that 2.97 jobs are created with the construction of one single family home. (See Att. X, "Impact of Home Building and Remodeling on the US Economy," NAHB, 5/1/14). A report recently produced by the Skagit County Affordable Housing Advisory Committee entitled *Building a Skagit Housing Affordability Strategy, June 2016 Update* ("Housing Report"), notes that these jobs can become permanent with the number of housing units needed in Skagit County. (Housing Report, p. 14.). With complete buildout expected to take at least 15 years, based on the Housing Report, it is estimated that Avalon alone will result in 590-650 jobs. The Peterson Report estimates 600-1,000 new full time jobs will be created during the construction season and 100-200 permanent jobs will result.

The economic benefits will manifest themselves in other ways in addition to new job creation. The principal target market of new moderately affluent residents will bring an infusion of capital and customers for existing local shops and restaurants. (See Att. K, Peterson Report). The demographic profile of most anticipated buyers (e.g., retirement or near-retirement age from King County) would place unusually low burdens on local public service providers, such as school districts, but will contribute a significant additional amount to local tax revenue. Peterson Economics estimates new *net* property tax revenue alone could grow by approximately \$1 million per year, reaching about \$10 million per year after ten years of sales. (*Id.*) This kind of additional annual tax revenue could help Skagit County develop and maintain world class parks, roads, schools, and other public services and facilities.

Statement: Increase the housing choices for all residents. (p. 15)

The Avalon proposal will provide a variety of housing types and therefore more housing choices. The homes will be located in a UGA, close to amenities and encouraging walkability to commercial services.

Statement: Balance urban uses and environmental protection. (p. 16)

The Avalon proposal will provide for urban-scale development while protecting the natural environment and open space, including trails and parks that will surround the developed area. The Applicant preliminarily anticipates land uses that will include parks, open space and trails. Also, the existing Avalon golf course will be a part of the new fully contained community. (See Att. F-5, Preliminary Avalon Land Use Summary). The entire Property is outside the flood zone and adjacent to existing urban areas. The Avalon proposal will be required to satisfy all County regulations relating to environmental protection.

Statement: Protect and retain rural lifestyles. (p. 16)

The Property is currently mostly designated as resource land with a minor portion designated as rural land. Avalon will encourage protection and conservation of open spaces and urban development patterns. Directing development into urban areas helps prevent development in rural areas that could lead to urban sprawl and suburban development patterns.

Statement: Protect and conserve the environment and ecologically sensitive areas, and preclude development and land uses which are incompatible with critical areas. (p. 16)

The Avalon proposal will be required to undergo SEPA review if its application is docketed and additional SEPA and critical area review following submission of a project application. The SEPA review and critical area review process will help inform a development design that is ecologically sensitive and which protects critical areas from future development and preserves them for the enjoyment of future generations.

Statement: Respect property rights. By incorporating trends of population growth and resource availability to provide necessary public facilities. By attaining the widest range of land uses without degradation, risk to health or safety, or other undesirable and unintended consequences. (p.16-17)

The useful life of the Property as resource land is nearing its natural end. The highest, best use of the Property for the future is residential use and the facilities and services which support a residential population. Converting the property to development of a new fully contained community will create an opportunity to provide public facilities and services to a central, densely populated area in an efficient manner. Upon project approval, the Property will include a wide-range of land uses, without degradation, risk to health or safety, or other undesirable and unintended consequences.

Chapter 2: Urban, Open Space and Land Use Profile

County Wide Planning Policies:

CPP 1.4 Urban growth areas shall include greenbelt[s], open space, and encourage the preservation of wildlife habitat areas.

CPP 2.1 Contiguous and orderly development and provision of urban services to such development within urban growth boundaries shall be required.

CPP 5.15 The Comprehensive Plan shall support and encourage economic development and employment to provide opportunities for prosperity.

CPP 9.1 Open space corridors within and between urban growth areas shall be identified. These areas shall include lands useful for recreation, fish and wildlife habitat, trails, and connection of critical areas.

Avalon has sufficient land area to meet the above policies.

Goal 2A – Urban Growth Areas - Guide most future development into concentrated urban growth areas where adequate public facilities, utilities, and services can be provided consistent with the Countywide Planning Policies.

Goal 2A-1, Urban Growth Area Designation - Establish Urban Growth Areas in which urban development will be encouraged and outside of which growth can occur only if it is rural in character.

Avalon can meet the above goals. Adequate public facilities, utility and services will be provided to the Property. The eventual establishment of a UGA at Avalon through approval of a new fully contained community will ensure urban level development within specific boundaries, while preventing sprawl in Rural designated lands in the County. The Avalon development will undergo extensive planning to ensure orderly development. Parks, open space, and wildlife habitat corridors will be key features of the development.

Policy 2A-1.1 Work with local jurisdictions to designate and maintain Urban Growth Areas (UGAs) of sufficient size to accommodate the County's 20-year urban population and employment allocations. Areas proposed for UGA designation shall meet the following criteria:

a) Compact development can be accomplished through infill or expansion, while minimizing the fiscal and environmental impacts of growth and assuring opportunities for housing, jobs, and commerce.

Final designation of the holding area for the new fully contained community as a UGA will minimize the environmental impacts of growth by ensuring urban level growth is contained within the geographical confines of the Property. Much needed housing and living-wage jobs will accompany the development.

b) A range of governmental facilities and services presently exists or can be economically and efficiently provided at urban levels of service. These services include sewer, water, storm drainage, transportation improvements, fire and law enforcement protection, and parks and recreation.

The Whatcom Water District #12 (also known as the Samish Water District, "District #12" herein) currently has capacity available to support a third of the development from Avalon proposal. District #12 provides sewer service to a number of communities in Skagit and Whatcom County. District #12 has numerous force mains that connect to its Burlington Force Main, which runs along the old Highway 99 (very near the western boundary of the Property) to the City of Burlington's wastewater treatment plant ("WWTP"). (See Att. G, Samish Water District Comprehensive Sewer Plan, Exhibit A, *General Sewer Facilities Map*; see also Att. H, Whatcom County Water District No. 12 Sewer Force Main Map – Lake Samish to City of Burlington, source: *City of Burlington 2005 Comprehensive Wastewater Plan*). In its 2013 Comprehensive Plan, District #12 notes that potential sewer growth along the Burlington Force Main is possible and that it may serve Glenhaven Lakes (1,250 lot potential at full build-out) in the future. (*Samish Water District Comprehensive Sewer Plan, July 2013*, p. 4-1). Future upsizing of the existing Burlington Force Main and upgrades to the existing Burlington WWTP would result sufficient capacity to serve the entire Avalon development. Additional sewer capacity from service providers with existing infrastructure (District #12 and Burlington) will be procured as urban development proceeds.

The City of Burlington WWTP is at approximately 50% of its capacity (average flow, 1.5 million gallons/day; capacity, 3.8 million gallons/day)¹ and could accommodate the early phases of Avalon. The City of Burlington itself is approaching its maximum size in population and the WWTP has adequate system capacity for regional components, including District #12 (*City of Burlington 2005 Comprehensive Wastewater Plan*, p. 8). The WWTP is scaleable, meaning that it can expand without demolition of the existing plant.

¹ <http://www.burlingtonwa.gov/index.aspx?NID=241> (City of Burlington, Sewer System Data).

The Skagit County PUD (PUD) has the authority and capability to provide water service throughout Skagit County. (*Skagit Co. Coordinated Water System Plan Regional Supplement*, p. 6-1) The PUD has sufficient capacity to supply water to the Avalon development. (See Att. O, letter from PUD, 7/14/16). The PUD presently owns and operates an 8" water pipeline along Kelleher Road, which may require upsizing to accommodate the Avalon development. (*Id.*) In 2007, the PUD waterline that runs along old Highway 99 to Burlington was upgraded, increasing its capacity by the installation of a gravity feed transmission pipeline (*PUD 2013 Water System Plan*, p. 2-12; see Att. I, Figure 2-12, Judy System – Transmission Pipeline Loop, *PUD 2013 Water System Plan*). The PUD also completed a high pressure transmission pipeline along Cook Road to the east side of Interstate-5, which brings high pressure to the Old Highway Area 99 adjacent to the Avalon area. (*PUD 2013 Water System Plan*, p. 2-38; see Att. J, Figure 2-8, District Facilities – Rural Areas, *PUD 2013 Water Systems Plan*)

There is sufficient capacity available to further upgrade the PUD system to serve additional phases of the Avalon development. The area already has a booster pump station and that can be upgraded to better accommodate the Avalon area (Att. J, Figure 2-8, District Facilities – Rural Areas, *PUD 2013 Water Systems Plan*)

The relatively flat terrain, gentle slopes, and highly permeable soils on the Property will allow for efficient management of stormwater runoff, as it migrates to Skagit Basin. The Avalon assemblage is well draining at site perimeter which is the natural drainage course for site runoff. Stormwater runoff is anticipated to be fully treated and infiltrated on-site at various locations around the site perimeter.

The Property is centrally located to both Interstate-5 and Highway 99, providing easy vehicular access.

Additional fire and law enforcement protection will be required for the Avalon proposal. Areas for future parks will be set aside as part of the development plan. Area can be set aside for a new school. All of these service needs will be evaluated in the SEPA process and provided as required. The current Avalon Golf Links already provides recreation opportunity on the Property. A lake near the southeast corner of the Property will provide additional recreational opportunities and may be expanded or enhanced. The ability exists to set aside other areas for recreational uses as part of the development plan.

Urban services can be economically and efficiently provided to Avalon at a lower cost than other large scale planned communities. (See Att. Q, Letter from kpff re: Avalon Infrastructure Context, 7/28/16). These services include, transportation, water and sewer. (*Id.*)

c) The area has a physical identity or social connection to an existing urban environment.

The Property is located just east of old Highway 99 and is bordered by Kelleher Road to the south and F&S Grade Road to the east. A portion of the subject property is bordered by the Samish River on the north. (See Att. D, Land Use Map). The Property is well situated and close to existing cities in Skagit County. Residents will have quick and convenient access to Burlington, Mt. Vernon, and Sedro Woolley.

d) Natural features and land characteristics are capable of supporting urban development without significant environmental degradation.

The topography of the Property is capable of supporting urban development without significant environmental degradation. There are no known salmon-bearing streams on the Property. The proposed development will incorporate large swaths of the Property that have been depleted by years of gravel mining, so urban development will not have significant environmental impact. The County's regulations ensure that portions of the Property with environmentally sensitive characteristics will be protected from environmental degradation. In addition, there are promising mitigation areas and opportunities for environmental enhancement on the Property to offset any disturbances. In particular, an opportunity exists to establish a wildlife corridor north of the lake located at the southeast corner of the Property running along the east edge of the Property, and also at the northwest corner of the Property running north to the Samish River.

e) The land does not have long-term, commercially significant value for agriculture, forestry, or mineral production and that can accommodate additional development without conflicting with activities on nearby natural resource lands.

The Property is outside the Skagit County Agricultural land (with the exception of 7 acres). The Property does not support commercial forestry use and mineral resources are depleted or near depletion.

Policy 2A-1.2. ... Urban Growth Area expansion proposals shall demonstrate that expansion is necessary within the 20-year planning period, that public facilities and services can be provided concurrent with development, and that reasonable efforts have been made to encourage infill and redevelopment within existing Urban Growth Area boundaries before those boundaries can be expanded.

The Applicant requests an upward adjustment of 8,500 in the current population forecast, to be reserved for the specific purpose of accommodating the proposed new fully contained community at Avalon, and to allow for appropriate planning for the next 20 years in Skagit County. The current 20-year population forecast does not account for the proposed new fully contained community at Avalon intended to draw additional residents to Skagit County. The current Skagit County Comprehensive Plan, development regulations, or county-wide planning policies do not include any provision authorizing new fully contained communities, so there was no need to allocate or reserve additional population for a proposed new fully contained community at Avalon. Quite simply, a new fully contained community at Avalon, with all the amenities, and intended to draw new residents to Skagit County, was outside the population forecasting parameters used to develop the current population forecast. If a new fully contained community is preliminarily designated at Avalon as proposed, a new population forecast should be approved with a population reserve of 8,500 allocated to Avalon.

The requested upward adjustment to the 20-year population forecast will also provide an additional cushion in the event more capacity than anticipated is needed to meet the housing needs of the community in the 2016-2036 planning period. Population forecasts predict continued growth and economic recovery is resulting in the continued expansion of industry in the area (e.g., Janicki Bioenergy and Hexcel Corporation, as outlined in the response to nos. 2 & 9 herein). Many Skagit County cities have all but reached their growth capacity limits. Public facilities and services can be provided concurrent with development (see details re water and sewer above). In answer to Question No. 1, there is likely insufficient buildable land in the County for the proposed additional population allocation.

Policy 2A-1.5 Overall residential densities within Urban Growth Areas shall be a minimum of four (4) dwelling units per net acre, when urban services are provided. “Net density” is what results when only the area of the residential lots is counted, not roads, open spaces, drainage facilities, or other site uses that are not residential.

The Avalon proposal will be developed to meet or exceed the minimum density requirement, consistent with the above policy.

Goal A-2, Concurrency - Adequate urban public facilities and services shall be provided concurrently with urban development, as appropriate for each type of designated land use in the Urban Growth Area.

Avalon will provide for more than adequate urban facilities and services concurrent with urban level development consistent with the above policy.

Policy 2A-2.1 Encourage growth in areas already characterized by urban development or where the appropriate levels of urban public facilities and services are established in adopted capital facilities plans.

- a) Ensure that adequate urban public facilities and services are provided in Urban Growth Areas concurrent with urban development.

Avalon will be developed such that adequate urban public facilities and services will be provided concurrent with urban level development. The County’s Capital Facilities Plan will need to be updated to reflect the addition of the Avalon development.

Goal A-3, Urban Services - Within the designated Urban Growth Areas, coordinate with the respective local jurisdictions and other service providers within the Urban Growth Areas to ensure that growth and development are timed, phased, and consistent with adopted urban level of service standards.

Policy 2A-3.1 Urban public facilities include: improved streets, roads, highways, sidewalks, road lighting systems and traffic signals; urban level domestic water systems, sanitary sewer systems, storm sewer systems, park and recreational facilities and schools as defined in the Capital Facilities Element with adopted level of service standards.

Policy 2A-3.2 Urban public services include fire protection and suppression; emergency medical services; public safety; public health; education; recreation; environmental protection; and other services as identified in the Capital Facilities Element with adopted level of service standards.

CPP 1.3 Urban growth areas shall provide for urban densities of mixed uses and shall direct development of neighborhoods which provide adequate and accessible urban governmental services concurrent with development.

Consistent with the above goals and policies, the Avalon proposal will provide a variety of housing types, mixed uses (private and public), and walkable neighborhoods. Excellent access will be provided to a broad array of services, parks, and connecting trails, all designed to provide an attractive lifestyle for area residents. All necessary urban public facilities exist nearby, which may be efficiently upgraded to meet required standards.

CPP 1.4 Urban growth areas shall include greenbelt, open space, and encourage the preservation of wildlife habitat areas.

The Avalon proposal will include mixed uses at urban densities and will be developed and built out in conjunction with the provision of urban governmental services. (See discussion re water, sewer and storm water above). Transportation plans, and water and sewer plans will require amendments to properly plan for the development. Also, the Capital Facilities Plan will require amendments to address specific requirements of the development. (See above explanation of available water and sewer capacity). Ample parks and open space will be set aside in the Avalon development. See above. See also, above explanation of potential wildlife habitat corridors.

Goal A-5, Commercial Development - Encourage commercial and industrial development to locate in well-defined centers within the Urban Growth Areas. Prohibit new zoning that furthers the continuation of strip commercial development.

Policy 2A-5.1 Plan for compact commercial and industrial centers in the Urban Growth Areas and provide infrastructure accordingly.

Policy 2A-5.2 Attract commerce and industry to designated areas within Urban Growth Areas by ensuring an adequate supply of land with adequate urban public facilities and services.

The Avalon proposal will include small planned commercial and possibly light industrial centers, with infrastructure sufficient to support the centers. Centers and pockets for conveniently located commercial development will be designed and sited to blend in with the surrounding community. Strip commercial development will not be allowed.

Goal A-6, Quality of Life - Ensure a high quality of life within Urban Growth Areas.

Policy 2A-6.1 Foster development within Urban Growth Areas that creates and maintains safe, healthy and diverse communities. These communities should contain a range of affordable housing and employment opportunities, and school and recreational facilities, and be designed to protect the natural environment and significant cultural resources.

The Avalon proposal can be planned to ensure that a safe, healthy and diverse community is developed. Diverse and walkable neighborhoods will be located near commercial centers and pockets for shopping and services. Residents will be able to conveniently walk, bike, or drive to shops and stores integrated into the community. In addition to some affordable housing, commercial and possible small scale light industrial development at Avalon will create new jobs. The new community of 8,500 will include a population who require services, which will result in the creation of professional service-related jobs. Avalon will include space for a new school, public athletic facilities, public parks, walking and bicycle trails, and other amenities. One of the centerpieces of the community will be the existing Avalon Golf Course.

Policy 2A-6.2 Adopt plans, policies, codes and development standards that promote public health by increasing opportunities for residents to be more physically active. Such actions include: concentrating growth into Urban Growth Areas, promoting more compact urban development, allowing mixed-use developments, and adding pedestrian and non-motorized linkages where appropriate.

The Avalon proposal will provide compact urban development in places, and will provide a series of pedestrian and non-motorized sidewalks, pathways, and trails to promote physical activities among and interaction between its residents and guests.

Policy 2A-6.3 Concentrate facilities and services within Urban Growth Areas, using urban design principles, to make them desirable places to live, work, and play; increase the opportunities for walking

and biking within the community; use existing infrastructure capacity more efficiently; and reduce the long-term costs of infrastructure maintenance.

The urban design of the Avalon proposal, which enjoys the advantage of being a “blank slate” around a beautiful high end golf course, will be carefully planned to strategically locate public facilities and services in centers or pockets so as to provide residents with easy access by foot, bike, or car, and to blend into the community. Furthermore, subject to capacity increases, Avalon intends to use nearby portions of District #12’s (Samish Water District) and the City of Burlington’s existing infrastructure for sewer service and treatment; and Skagit County PUD No. 1’s existing infrastructure for municipal water service.

Chapter 3: Rural Element

As noted, approximately 49 acres of the Property is designated Rural Reserve (“RRv”). RRv contains a maximum allowed residential gross density one residence per five acres. (CP 3C-1.1) These few properties border the larger area designated with Rural Resource-NRL. The RRv parcel in the northeast corner of the Property is adjacent to RRv to the east. The RRv parcel in the northwest quadrant of the Property is adjacent to RRv to the west. There is currently 70,378² acres in the County designated RRv. (CP Chapter 2, Table 1, p. 31). Therefore, the Avalon proposal seeks to convert a very tiny percentage of the overall RRv to UGA. And, given the contained nature of the Avalon proposal, the addition of these few parcels will not result conversion of additional rural land. Further, by providing a variety of housing types in an attractive community, the Avalon proposal should reduce pressure for more intense development of rural lands in other parts of the County.

Goal 3A: Protect the rural landscape, character and lifestyle by...:

Policy 3A-1.1: ... Analyze development trends to determine if changes in land use designations are necessary or additional regulatory techniques or measures are needed to assure compliance with targeted urban/rural population distribution goals.

The Avalon proposal is consistent with Goal 3A, and helps protect the rural landscape, character, and lifestyle. (CP 73). The Avalon proposal is also consistent with the above policy as re-designation of rural land is necessary for the County to reach its urban distribution goals. Rather than sprawling development, the Avalon proposal presents an opportunity for a contained well-planned urban development.

Chapter 4: Natural Resource Lands Element

As noted, approximately seven (7) acres of the Property is designated Agricultural on the north side of Kelleher Road and west of a drainage ditch. The parcel is not presently used for agriculture because it is wet. It is understood that in the last three years the parcel has only been mowed and no agricultural production is taking place. The parcel has no long term commercial significance for agricultural uses. Also, the landowner Butler is in favor of including his land in the Avalon proposal. Certain land was included in the Agricultural Resource lands designation in order to create logical boundaries to the designation and not because it meets the criteria for designation as agricultural land. There is one such parcel, in the lower

² Or 70,740 acres, per Comprehensive Plan, Chapter 3, Table 1, p.62.

southeast corner of the Property (parcel id no. 36088). (See, Att. B, Parcel Information and Att. D, Land Use Map). Therefore, this parcel is ripe for de-designation from the Agricultural designation.

Policy 4A-3.1 Designation of Agricultural Lands is intended to be long-term. De-designation is discouraged, but may be considered only when compelled by changes in public policy, errors in designation, new information on resource lands or critical areas, circumstances beyond the control of the landowner, or an overriding benefit to the agricultural industry. ...

The parcel at issue is not being utilized for long term commercial production and was probably erroneously designated in the first place. Due to the need for additional buildable land, de-designation is compelled by this new information.

CPP 8.4 Mining sites or portions of mining sites shall be reclaimed when they are abandoned, depleted, or when operations are discontinued for long periods.

Goal 4D-1, Mineral Resource Designation Criteria - Designate and map long-term commercially significant mineral resource lands as an overlay to the Comprehensive Plan Map.

Policy 4D-1.1 Mineral Resource Designation Criteria

- a) Marketability. ...
- b) Minimum Threshold Volume. ...

Policy 4D-1.3 Mineral Resource Designation Considerations. All lands meeting the criteria in Policy 4D-1.1 shall be further reviewed considering the following additional criteria. ...

- g) Depth of the resource or its overburden does not preclude mining;

See answer to Question No. 3 above for the reasons why the Avalon proposal is consistent with the above goals and policies.

Chapter 5: Environmental Element.

The Environmental Element contains many policies and goals which pertain to the County's identification of critical areas and adoption of regulations which protect critical areas. The Avalon proposal is required to comply with all of the County's regulations.

Policy 5A-5.2 Land uses that are incompatible with critical areas shall be discouraged.

The majority of the Avalon Property is outside critical areas; the wetlands and lake on the Property will be protected from development in compliance with County policies and regulations. The Applicant will be required to comply with all Skagit County regulations and plans, including Shoreline Master Plan, Natural Hazards Mitigation Plan, and the various Regional Water Resource Plans.

Chapter 7: Housing Element

This chapter supports the Avalon proposal because it identifies market trends for an aging "baby boomer" population that need places to live, and prefer a newly built home. It also identifies the need for more dwelling units in Skagit County. The Avalon proposal seeks to satisfy both of these needs.

Trends show that younger buyers are more likely to buy older homes or previously owned homes because of the price benefits and value compared to a new home, while baby boomers are more likely to buy a new home in order to cut down on renovation

and maintenance (National Association of Realtors, 2014). In addition, younger buyers place a high priority on proximity to their job and associated commuting costs and other amenities and don't necessarily [intend on] staying in their home for the long-term (National Association of Realtors, 2014). (p. 189)

The 2013 ACS estimated an average overall household size for renters and owners of 2.6. At this household size, there would be a total demand for more than 13,700 new occupied dwelling units, not accounting for vacancy. Assuming a future vacancy rate between 5 and 10 percent, the total need for housing in 2036 would be between 14,489 and 15,294 units. At a steady rate of production between 2015 and 2036, this will mean that between 690 and 728 units will need to come on line each year, with around twenty percent of these new units in rural areas and the remaining in urban areas. This annual future need is significantly more than the rate of production in recent years, which averaged less than 250 annually between 2009 and 2013. See Table 16. (p.207-208)

CPP 4. Housing - Encourage the availability of affordable housing to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock.

CPP 4.1 Local governments shall allow for an adequate supply of land use options to provide housing for a wide range of incomes, housing types and densities.

CPP 4.3 The Comprehensive Plan should support innovative land use management techniques, including, but not limited to, density bonuses, cluster housing, planned unit developments and the transfer of development rights.

CPP 4.6 Comprehensive Plan provisions for the location of residential development shall be made in a manner consistent with protecting natural resource lands, aquatic resources, and critical areas.

Goal A – Housing Quantity – Ensure that the supply of housing and sufficient land capacity keep pace with population growth in the County.

Policy 7A-1.1 Work with housing producers and stakeholders in urban and rural areas to apply creative solutions to infill and development using techniques such as attached dwelling units, co-housing, home-sharing, accessory dwelling units, clustering, planned unit developments and lot size averaging, consistent with the community's vision for urban growth areas and rural character.

Policy 7A-1.4 Ensure zoning and subdivision regulations provide for the efficient use of lands for residential development where appropriate to increase available land supply and opportunities for affordable housing to match the demographic and economic housing needs of the County's current and projected population.

Policy 7B-1.3 Establish development standards and design guidelines for Urban Growth Areas, Rural Villages, and large CaRD developments, to promote efficient, pedestrian friendly, and attractive communities.

Consistent with the above goals and policies and as discussed in detail in the response to question no. 2 above, there is a need for additional housing in the County. Moreover, a principal market for the Avalon proposal is retired or near-retirement aged moderately affluent people from the greater Seattle-King County metropolitan area looking for a new home at a lower price. See Att. K, Peterson Report. These new residents are expected to produce an ongoing significant net positive outcome for local communities in revenue growth. In addition, designation of the Property to a UGA now will help ensure that the County has a sufficient land supply (including urban densities) and time for proper urban planning to meet the needs of forecasted population.

The Applicant will work with the County to develop a plan to ensure that an efficient, pedestrian friendly, and attractive community is built.

Goal 7C – Housing Distribution And Accessibility - Strive to ensure that a variety of housing types, densities, and values can be produced in the rural area, Urban Growth Areas, and Rural Villages appropriate to the character of the individual communities. Additionally, ensure sufficient infrastructure capacity is available to accommodate growth and provide housing opportunities for all economic segments of the population.

Policy 7C-1.1 Allow mixed residential and commercial uses in Urban Growth Areas and Rural Village commercial districts to promote housing affordability and availability.

The Avalon proposal will provide a variety of housing types from small cottage homes to larger more traditional single family homes. The variability in housing choice will produce a wide price range which will greatly enhance the affordability and availability of housing in Skagit County. As previously stated, the Property enjoys excellent access to existing infrastructure capable of additional capacity, which should lower development costs.

Chapter 8, Transportation Element:

Goal 8A-6, Non-Motorized Transportation Network - Provide a safe and efficient network of trails and bikeways, including both on- and off-road facilities that link populated areas of the County with important travel destinations. Achieve high standards in meeting the needs of non-motorized users through appropriate planning, design, construction and maintenance of user-friendly facilities. . . .

8A-6.4 Provide for the diverse needs of bicycle, pedestrian and equestrian modes through appropriate routing and the utilization of single-use and shared-use facilities. . . .

8A-6.9 Promote non-motorized transportation as a viable, healthy, non-polluting alternative to the single-occupancy vehicle.

Consistent with the above goal and policies, the Avalon proposal will be designed to include sidewalks along streets, and also a comprehensive network of paths and trails that allow users to travel within the UGA by foot, bicycle and other non-motorized means. These paths and trails will be located so as to provide residents with easy access to commercial services and recreational amenities within the community. As the development of the Property progresses, it is expected that the Avalon proposal will be connected to more regional paths and trails outside the development area.

Goal 8A-13, Land Use and Development - Incorporate transportation goals, policies, and strategies into all County land use decisions.

Policy 8A-13.1 Impacts of Growth – Growth and development decisions shall ensure that the short- and long-term public costs and benefits of needed transportation facilities are addressed concurrently with associated development impacts.

Policy 8A-13.2 Directing Growth – Mitigate transportation impacts, wherever possible, by directing new development into areas where long term capacity exists on the arterial and collector system.

Policy 8A-13.7 Right-of-Way Dedication – The County shall require dedication of right-of-way for needed roads in conjunction with the approval of development projects.

Consistent with the above goal and policies, the Avalon proposal will be developed with awareness of local and regional transportation needs. Its location very near two Interstate-5 interchanges and Old Highway 99 provides accessibility and an excellent starting point from

which to make the reasonable transportation improvements needed to provide long term capacity for future population. (See Att. Q, Letter Re: Avalon Infrastructure Context, KPFF)

Concurrency Goal 8A-14 - Ensure that suitable mitigation measures for addressing the impacts of growth are fair and equitable, and that transportation impacts at the project and system levels are mitigated concurrently with the project.

Policy 8A-14.1 When a development project has a particular impact on the safety, structure or capacity of the County's road system, suitable mitigation shall be required in the form of improvements or through the use of adopted impact fees.

Policy 8A-14.4 The County may consider the use of impact fees and SEPA mitigation fees as a means to ensure that adequate facilities (including but not limited to transit, pedestrian, bikeways, or roadways) are available to accommodate the direct impacts of new growth and development.

Policy 8A-14.5 If an impact fee ordinance is not in place, the County may require large developments to make traffic impact contributions if the development significantly adds to a road's need for capacity improvement, to a roadway safety problem, or to the deterioration of a physically inadequate roadway. Such traffic impact contributions are in addition to transportation facility improvements required in the immediate area for access to and from the development.

The Applicant will work with the County and other agencies to improve impacted roads and fully mitigate growth and transportation impacts within Avalon and outside Avalon all of which is required for new fully contained communities under RCW 36.70A.350. It is expected that the County will fully review and require appropriate mitigation for these impacts as part of the SEPA process.

Chapter 9, Utilities Element:

Water – Goal 9A-8, To influence the development and use of the water resources of Skagit County in a manner that is consistent with the Countywide Planning Policies and the Comprehensive Plan.

Policy 9A-8.1 Cooperation with water districts and other water providers shall be extended to support them in their responsibility to provide a reliable service to assure an adequate quality and quantity of potable water and high quality water supply within their service areas.

Policy 9A-8.4 Water supply development and service shall be consistent with all related plans, including but not limited to, the Coordinated Water Systems Plan, the Anacortes-Fidalgo Island Coordinated Water System Plan, this Comprehensive Plan, and related purveyor plans as they are developed.

The Applicant will work with the Skagit PUD and other purveyors to ensure that its water supply is developed consistent with each agency's comprehensive plan and with the Skagit County Coordinated Water System Plan. Amendments to such plans will be pursued as necessary. The Applicant further intends to explore the re-use of reclaimed water for the existing Avalon Golf Course and other water conservation methods to conserve water use and enhance local water resources.

Stormwater Policy 9B-1.8 Natural Drainage – Natural drainage shall be preferred over the use of pipelines or enclosed detention systems, where possible.

The natural topography of the Property includes gently sloped hills and highly permeable soils, which will allow for efficient natural drainage management of stormwater runoff toward the Skagit Basin.

Chapter 10 – Capital Facilities Element:

Goal 10A-1, Capital Facility Needs - Establish the baseline for the types of capital facilities to be addressed, levels of service, needed capital improvements to achieve and maintain the standards for existing and future populations, and to repair or replace existing capital facilities.

Policy 10A-1.4 [Excerpt]

Urban water service provided by a utility and designed to meet the needs of the designated service areas consistent with the Skagit County or City Comprehensive Plan, the Coordinated Water System Plan, and the designated water utility's Water System Plan shall meet the design criteria of the Coordinated Water System Plan.

The Applicant will work with the County to ensure compliance with the Coordinated Water System Plan and all other County planning documents. The Applicant expects that the Capital Facilities Plan and the comprehensive plans of service providers will require amendments to capture the new development. (*See also* detailed responses re water and sewer services herein).

Goal A-2, Financial Feasibility - Provide means to balance needs with available funding.

Policy 10A-2.4 Future Needs – New growth shall pay its fair share of capital improvements cost necessary to support its demands. This may include voluntary contributions for the benefit of any capital facility, impact fees, mitigation payments, capacity fees, dedications of land, provision of public facilities, and future payments of user fees, charges for services, special assessments and taxes. These revenue sources shall not be used to pay for the portion of any public facility that reduces or eliminates existing deficiencies.

Policy 10A-2.14 Ensuring Concurrency – Impacts of development on capital facilities occur when development is constructed. The county may issue development permits only after it has determined that there is sufficient capacity of Category-A and Category-B public facilities to meet the LOS standards concurrent with the proposed development.

Policy 10A-2.17 Capital Facilities and Concurrency in Non-municipal UGAs – Capital facility requirements and concurrency within county-governed, non-municipal UGAs shall be developed for the specific urban growth area using a combination of county- and non-county-provided services at adopted urban levels of service appropriate to the planned urban development.

CPP 12. Public Facilities and Services. Ensure that those public facilities and services necessary to support development shall be adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards.

CPP 12.5 Lands designated for urban growth by this Comprehensive Plan shall have an urban level of regional public facilities prior to or concurrent with development.

CPP 12.6 Development shall be allowed only when and where all public facilities are adequate, and only when and where such development can be adequately served by regional public services without reducing levels of service elsewhere.

CPP 12.7 Public facilities and services needed to support development shall be available concurrent with the impacts of development.

CPP 12.8 The financing for system improvements to public facilities to serve new development must provide for a balance between impact fees and other sources of public funds and cannot rely solely on impact fees.

CPP 12.9 New development shall pay for or provide for its share of new infrastructure through impact fees or as conditions of development through the environmental review process.

As stated herein and consistent with the above policies, the Applicant will work with the County and all other agencies to ensure capital facilities are built concurrently with the development phases, to ensure impacts are addressed with appropriate mitigation or impact fees, and to ensure that sufficient urban levels of services are provided as needed. The costs of facilities upgrades made necessary by the development will be paid for by the developer. Most of the foregoing policy objectives are included as requirements for any new fully contained community under RCW 36.70A.350.

Attachment C
Answer to Question 5, Map Amendment Application, 07/28/16

5. Describe the impacts anticipated to be caused by the change, including geographic area affected and issues presented.

Expansion of urban governmental services and facilities will be required to fully develop the Property. This will include improvements to streets and roads, sidewalks, traffic systems; sanitary sewer; water systems; storm sewer systems; park and recreational facilities and schools.

Avalon will impact urban public services, including fire protection and suppression; emergency medical services; public safety; public health; and recreation. Avalon's impact on schools will be less than most new developments because most new home buyers will be beyond childrearing years.

The geographic area affected by the proposed amendment will be mainly limited to the approximately 1244 acres involved in this proposal. Additionally, there will be impact on surrounding roads and highways outside the Avalon area such as, old Highway 99, Kelleher Road, Butler Hill Road and F&S Grade Road.

As Avalon is developed, from breaking ground to final occupancy, the County will collect various permit and development fees. The purpose of said fees are to mitigate the impact of the costs associated with the increased and improved public services and facilities to the Property. The Applicant will implement required mitigation of other impacts through the SEPA process. Additionally, once homes and businesses are built on the Property, the County will see increased tax revenues on an annual basis. Furthermore, Avalon will contribute to the vitality of Skagit County's economy through establishment of new businesses and permanent job creation. (See Att. W, "Jobs Created in the U.S. when a Home is Built," *Eye on Housing*, 5/2/14; see also, Att. K, Peterson Report).

The Avalon proposal will have the beneficial impact of locating future population growth in a concentrated area near important services and infrastructure. It has close access to two Interstate 5 interchanges and other existing road networks, and easy access to adjacent municipal water and sewer infrastructure, thereby reducing pressure for more intense rural development in other parts of the County. The Property is well above the flood zones, drains quite well, and contains minimal resource lands (no forest resource land; only 7 acres of unproductive farm land; and mining activity near the end of its productive life). Shops and restaurants are in nearby Burlington, Mr. Vernon, and Sedro Woolley. It is the ideal location to accommodate future growth in Skagit County, the planning for which should commence.

Attachment D
Answer to Question 6, Map Amendment Application, 07/28/16

6. Describe how adopted functional plans and Capital Facilities Plans support the change.

Functional plans for water, sewer, stormwater, fire, the Burlington-Edison School District, and police service will require analysis and amendment to ensure sufficient levels of service are provided. The recommended increase to the population projection (adding an additional 8,500 to the County's 20 year projection), will require amendments to the Capital Facilities Plan. The foundational infrastructure for water and sewer service is already in place and capable of providing additional capacity. The Skagit PUD No. 1 indicates it has sufficient water supply available. See Att. O, Letter from Skagit PUD No. 1 dated, July 14, 2016. Please see further support in the analysis of the *Coordinated Water System Plan* and the *Skagit PUD 2013 Water System Plan* in response to question no. 4 above.

The Samish Water District indicates that sewer service will be provided based on the approval of the "Growth Management Board" and Skagit County and if the District is capable of providing service. (See Att. N, Letter from Samish Water District, 7/20/16; see also further support in the analysis of the *Samish Water District 2013 Comprehensive Sewer Plan* and the *City of Burlington's 2005 Comprehensive Plan* in response to question no. 4 above). The Burlington-Edison School District would like the opportunity to include property within the Avalon proposal for a school. (See Att. P, Letter from Board President to Vineyard Development, 07/26/16).



Comprehensive Plan/Zoning Map Amendment Request

Planning & Development Services · 1800 Continental Place · Mount Vernon WA 98273
voice 360-416-1320 · www.skagitcounty.net/planning

PL15-0383

Per RCW 36.70A.470(2), this form is intended for use by any interested person, including applicants, citizens, hearing examiners, and staff of other agencies, to request amendments to the Skagit County Comprehensive Plan/Zoning Map. Please do not combine multiple unrelated map amendments on a single form. This form is for changes to the map; use the Policy or Development Regulation Suggestion form for changes to those regulations.

RECEIVED

JUL 28 2015

SKAGIT COUNTY

98228

Submitted By

Name	Bill Sygitowicz	Organization	Skagit Partners, LLC
Address	PO Box 29840	City, State	Bellingham, WA
Email	BillSyg@VineDev.com	Phone	(360) 739-4089

Request Type

Choose one of the following:

- General** Site-specific map amendment, as defined in SCC 14.08.020(6), but NOT to a commercial/industrial designation.
- C-I** Site-specific map amendment to a commercial/industrial designation per SCC 14.08.020(7)(c)(iii).
- Rezone** Site-specific rezone without the need for a Comprehensive Plan Map amendment per SCC 14.08.020(7).
- Area** Area-wide map amendment.

Required Submittals

- | | |
|---|---|
| All map amendments and rezones: | Commercial-Industrial map amendments and rezones: |
| <input checked="" type="checkbox"/> Fees (except area-wide map amendments)** | <input type="checkbox"/> Site Plan |
| <input checked="" type="checkbox"/> Land Use Map | <input type="checkbox"/> Commercial/Industrial Phasing Plan; optional, see SCC 14.08.020(7)(c)(iii) |
| <input checked="" type="checkbox"/> Lot of Record Certification ** | |
| <input checked="" type="checkbox"/> Ownership Certification (if required below) | |

** Per planner Kirk Johnson:
1) Fees paid 7/27/15 for PL15-0383 will be applied to this application.
2) Lot of record certifications are not required at this time.

Subject Property

Site Address	See Property Parcel Information, Attachment B hereto.	City, State	Zip
Parcel No(s)		Existing Zone	
Acreage		Requested Zone	

Property Interest

Are you the owner of the subject property?

- Yes Please attach Attachment A, Ownership Certification
- No Describe your interest in the subject property: Please see attached.

Proposal Description

Please answer all of the questions below that are applicable to your suggestion.

1. Describe your proposed amendment.

The proposed amendment ("Avalon proposal" or "Proposal") to the Skagit County Comprehensive Plan ("Comprehensive Plan" or "CP") is to change the Comprehensive Plan designation of approximately 1244 acres of land ("Property") (approximately 99

acres of which is designated Rural and approximately 7 acres which is zoned Agricultural)1 from Natural Resource Lands, Rural Resource with a Mineral Resource Overlay to allow for development of a new fully contained community. Please see attached Proposal for details.

2. *Describe the reasons your proposed amendment is needed or important.*

Please see attached Proposal.

3. *Describe why existing Comprehensive Plan map designations should not continue to be in effect or why they no longer apply.*

Please see attached Proposal.

4. *Describe how the amendment complies with the Comprehensive Plan's community vision statements, goals, objectives, and policy directives.*

Please see attached Proposal.

5. *Describe the impacts anticipated to be caused by the change, including geographic area affected and issues presented.*

Please see attached Proposal.

6. *Describe how adopted functional plans and Capital Facilities Plans support the change.*

Please see attached Proposal.

7. *Describe any public review of the request that has already occurred.*

Please see attached Proposal.

8. *Describe how the map amendment/rezone complies with Comprehensive Plan land use designation criteria in Chapter 2, the Urban, Open Space & Land Use Element; Chapter 3, the Rural Element; or Chapter 4, the Natural Resource Lands Element.*

Please see attached Proposal.

9. *Population forecasts and distributions.*

*If you are proposing an **urban growth area boundary change**, describe how it is supported by and dependent on population forecasts and allocated urban population distributions, existing urban densities and infill opportunities, phasing and availability of adequate services, proximity to designated natural resource lands, and the presence of critical areas.*

*If you are proposing a **rural areas or natural resource land map designation change**, describe how it is supported by and dependent on population forecasts and allocated non-urban population distributions, existing rural area and natural resource land densities and infill opportunities.*

Please see attached Proposal.

10. *If you are proposing a **natural resource land map designation change**, describe how the change is necessary based on one or more of the following:*

(A) A change in circumstances pertaining to the Comprehensive Plan or public policy.

(B) A change in circumstances beyond the control of the landowner pertaining to the subject property.

(C) An error in initial designation.

(D) New information on natural resource land or critical area status.

Please see attached Proposal.

1 Parcel nos. P35896, P35772 and P35812 are designated Rural and parcel no. P36088 is designated Agricultural.

Notices

Fees. For review that requires more than 80 hours of staff time, the applicant will be billed at the hourly rate as shown on the fee schedule.

Refunds. If an application is not approved for further review under SCC 14.08.030(2), or when an application is withdrawn or returned before such a preliminary decision is made, a refund of not more than 80% may be authorized by the Planning and Development Services Director. Refunds must be requested in writing within 180 days of the date the fee is collected.

SEPA. The SEPA checklist and fee, if required, are due upon request from the Department if the Board of County Commissioners docket this application for further consideration. This application may be considered complete without payment of the SEPA fee.

Docketing. SCC Chapter 14.08 governs the process for docketing of Comprehensive Plan amendments. Docketing is procedural only and does not constitute a decision by the Board of County Commissioners as to whether the amendment will ultimately be approved. Amendments are usually concluded by the end of the year following the request. State law generally prohibits the County from amending its Comprehensive Plan more than once per year.

Submission deadline. A complete application for a map amendment must be received by the last business day of July for docketing. Requests received after that date will not be considered until the following year's docket.

How to Submit. Submit your requests via email (preferred) to pdscomments@co.skagit.wa.us or to Planning & Development Services at the address above.

Property Interest:

The Applicant, Skagit Partners, LLC has options to purchase and one verbal commitment with the subject property owners. (See also, Attachment (“Att.”) A, Ownership Certification).

Proposal Description:

1. Describe your proposed amendment.

The proposed amendment (“Avalon proposal” or “Proposal”) to the Skagit County Comprehensive Plan (“Comprehensive Plan” or “CP”) is to change the Comprehensive Plan designation of approximately 1244 acres of land (“Property”) (approximately 49 acres of which is designated Rural and approximately 7 acres which is zoned Agricultural)¹ from Natural Resource Lands, Rural Resource with a Mineral Resource Overlay to allow for development of a new fully contained community. (See Att. D, Land Use Map²). A preliminary designation for a new fully contained community is being sought for the Property. This is a new designation.

Approximately 769 acres has development potential but only 581 acres will be developed for residential use, with additional land set aside for services including without limitation, a school, community center, parks and trails. (See Atts. F-1, Skagit County Diagram, F-4, Potential Avalon Development Area and F-5, Preliminary Avalon Land Use Summary, GCH). The Property is located just east of Old Highway 99 and is bordered by Kelleher Road to the south and F&S Grade Road to the east. (See Atts. F-1, Skagit County Diagram and F-2, Avalon Site Context & Existing Utilities, GCH). A portion of the subject property is bordered by the Samish River on the north. (See Atts. D, Land Use Map and F-4, Potential Avalon Development Area, GCH). This location will provide residents with quick convenient access to cities both south and north of the Property, reduces dependencies on rural roads and allows for reasonable solutions to transportation concerns. (See Att. F-2, Avalon Site Context & Existing Utilities, GCH).

The Property includes the west slope of Butler Hill, the Avalon Golf Links, some near-depleted gravel mines, forested vacant land and six scattered single family residences. The Property is located almost entirely outside the Skagit County Agricultural Land zone (with the exception of 7 acres) and is entirely outside the flood zone. (See Att. F-1, Skagit County Diagram, GCH).

Preliminary designation of the Property as a new fully contained community is the first step. Under the Proposal, upon project approval, the Property will automatically become a designated Urban Grown Area. Project approval will also establish allowed uses by way of new development code established through permit conditions and/or a development agreement. The Applicant also contemporaneously submitted amendments to Skagit County’s Comprehensive Plan and development regulations and amendments to the Skagit County Countywide Planning Policies. (See Comprehensive Plan Policy or Development Regulation Amendment Suggestion Applications, filed 07/28/16). These amendments are also required for the Proposal.

¹ Parcel nos. P35896, P35772 and P35812 are designated Rural and parcel no. P36088 is designated Agricultural.

² Att. D, Land Use Maps, includes a map reflecting current Comprehensive Land Use designations obtained from www.skagitcounty.net (Att. D-1, “Current Map”), and a copy of the Comprehensive Plan Designations and Zoning Districts map dated 12/23/08 (Att. D-2, “2008 Map”). Planner Kirk Johnson advised that the County does not have a “printable” map showing the recently updated Comprehensive Land Use designations and zoning and due to its formatting, the Current Map is difficult to read. To assist in the review of this application, a copy of the 2008 Map is included for reference with the caveat that some of the zoning is incorrect.

Comprehensive Plan/Zoning Map Amendment Request – Proposal Description

In support of this new fully contained community, the Applicant requests that Skagit County (“County”) allocate an additional 8,500 people to its population allocation for Skagit County. This additional population represents an increase to the overall population figure planned for 2036 rather than a re-allocation of the current population figure for 2036. Currently, the County is utilizing a population figure of 155,452. (See “Skagit County Growth Projections, Summary of Methods and Results, July 2014”, Berk Consulting; “Berk” or “Berk Report”). However, our research indicates that a new fully contained community will draw additional population that would not otherwise come to reside in Skagit County. Therefore, the proposed new fully contained community at Avalon is not within the forecasting parameters used to arrive at the 155,452 population number. An increase of 8,500 people would bring this population figure to 163,952.

As the Skagit Council of Governments (“SCOG”) completes its Housing Study, it will have more information as to how much housing is needed for its projected population. The Avalon proposal does not seek to accommodate the population growth allocations of existing UGAs. Additional support for this population change is found below in response to question no. 9.

2. Describe the reasons your proposed amendment is needed or important.

a. Population growth

The proposed Map amendment is needed in large part because the County should plan for additional capacity to meet population growth in a manner that will not burden existing services but will rather provide a net economic benefit to local communities. Washington State’s population continues to grow and the governments at the state and county level must continue to plan for the future. County to county migration trends for the Puget Sound region demonstrate that people are moving out of the Puget Sound region (King, Kitsap, Pierce and Snohomish Counties) but re-locating elsewhere in Washington State. (see Att. R, *Puget Sound Trends* No. D7 June 2012, p. 2-3; See also Att. Y, “*Where We’ll Grow*,” 4/25/15, Puget Sound Regional Council).

Skagit County is in close proximity to the greater King County metropolitan area. Mr. Jon Peterson, of Peterson Economics, studied market trends for new growth and concluded that, due to the unique attributes of the Avalon Property, it can provide an attractive, amenitized community, oriented primarily toward moderately affluent retirement-oriented buyers relocating from the greater Seattle area for lifestyle and affordability reasons. This community would also attract a variety of local-area resident buyers, as well as retirement-oriented buyers and others from various locations around the U.S., along with some potential buyers from the Vancouver metro area. A new fully contained community at Avalon will provide a significant boost to the economy of Skagit County. The new population will spend money in local shops and restaurants, hiring staff to help maintain their homes, etc. rather than compete with existing businesses. Full build out of such a community could generate between 600 and 1,000 new full-time-equivalent jobs in the Skagit Valley each year during the primary development period. Further, on-going operations of the community could account for 100 to 200 ongoing full-time-equivalent jobs (after several years of development). Finally, the new population will increase property tax revenues while placing a low burden on service providers due to the proposed demographic profile. (See Att. K, *Memorandum Report: A Summary Review of Current and Anticipated Future Market and Financial Support for a New Fully Contained Community of the Avalon Parcel*, Peterson Economics, July 2016, “Peterson Report”).

Comprehensive Plan/Zoning Map Amendment Request – Proposal Description

Small towns with a long history of attracting affluent retirees (such as Bend, Oregon) provide a clear illustration of the benefits of developing similar communities and using property tax revenues to fund world-class parks, roads, schools, and other public services and facilities. (See Att. K, Peterson Report)

Skagit County's proximity to Everett also makes Skagit County attractive to working families. Lower home prices in Skagit County provide a more affordable option, with a high quality of life and less traffic. It is well known that the biggest employer of Skagit County residents is Boeing, and that the company will be building a new 777 airplane. People who work for Boeing will continue to move to Skagit County. These people increase the demand on the current housing supply and buildable land. Additionally, from the north, Whatcom County residents in search for different housing options are moving to Skagit County.

There is insufficient buildable land for growth in most of the larger Skagit County UGAs, let alone for the type of growth potential offered by a new fully contained community like Avalon. In order to reduce sprawl, urban growth is encouraged where adequate public facilities and services can be provided in an efficient manner. "Only about three percent of all land in Skagit County is designated urban." *CP, Urban Growth Areas*, p. 33. The unincorporated UGA Bayview Ridge ("Bayview Ridge") has very little room for growth. (Berk Report, p. 4). Berk recommends that Bayview Ridge's population allocation for the 2015-2036 planning period be "reduced to 0.2% to recognize the small number of existing buildable lots (~22-23), and reallocated based on the current shares to remaining UGAs." (Berk, p.4). The CP does not include plans to add land to Bayview Ridge, the tribal Swinomish UGA or the other UGAs in the County. See also, discussion of population projections for Skagit County at Question no. 9 herein.

The time to plan for additional housing in Skagit County is now. In addition to creating a market for new demand as described in the above-mentioned recent Peterson Report, existing residents and expanding businesses in Skagit County would benefit from new housing options to attract and retain employees. Potential business expansion requiring housing for employees include the Janicki Bioenergy's plan to expand its operations to the historic Northern State Hospital property (North Cascades Gateway Center) for its clean water OmniProcessor technology, which has the potential for creating 1000 new jobs. (see Att. S, "Bill Gates backed company eyes historic Skagit County hospital site for major expansion," *Puget Sound Business Journal*, 02/17/15; See also Att. U, Parker, Hilary, "EDASC-New Janicki project could bring 1000 jobs to County," 03/03/15). As an anchor tenant for the Northern State Hospital property, Janicki has the potential of contributing jobs to Sedro Woolley. The question left unanswered is where will these new employees live?

The expansion of Hexcel Corporation will also create additional jobs. (See Att. T, "Burlington aerospace supplier expands, partners with state to train workers," *Puget Sound Business Journal*, 1/7/15). At a conference of EDASC, Michael J. Parks, editor emeritus of *Marple's Business Letter*, shared his predictions for the County's economy in 2015. Parks stated he "sees Skagit county and the greater Seattle area as a fertile oasis in a slow growth world." (See Att. V, Parker, Hilary, "EDASC 2015 Forecast Dinner: Year of Growth, change predicted for Skagit County", 03/02/15). Skagit County employment growth was 3.7% in 2014, while the state average was 2.7%. *Id.*

b. Planning

The Avalon proposal may take the better part of a decade before it is ready to have its first buildings sold. If the planning process is not started now, then the housing, school, parks, and other services will not be available when needed in 8-10 years. For instance, it is well known that there is a need for a school in the northern part of the County. The Avalon proposal is an opportunity to address this need. Designation of a new fully contained community in the Comprehensive Plan, adopting new development regulations, and amending the county-wide planning policies, is the first step. Next will come a project application and ultimately, project approval. Once the Avalon Proposal obtains project level approval, the

Property within the fully contained community will become a designated UGA. Plat approval and other site specific approvals will follow, as will dedications of public space and SEPA compliance. Permitting from multiple agencies, engineering design and review for roads and utilities will be followed by the construction of the necessary infrastructure. After all these are done, houses will be built. Land should be designated *now* to allow for development of a new fully contained community at Avalon capable of providing an economic boost to Skagit County and accommodating expected growth.

3. Describe why existing Comprehensive Plan map designations should not continue to be in effect or why they no longer apply.

The current Comprehensive Plan map designation, *Rural Resource NRL with a Mineral Resource Overlay* (with the exception of approximately 49 acres of which is designated Rural and approximately 7 acres which is zoned Agricultural) should not continue because the Property no longer meets the *Mineral Resource Designation Criteria* set forth in CP Policy 4D-1.1. The Avalon proposal provides an opportunity to reinvent the uses for the Property for the County's future and requires a de-designation of the Property as mineral land.

The majority of gravel mines on the Property are either depleted or near depletion and can no longer produce the minimum threshold volume of gravel necessary to make the mines economically practical (Policy 4D-1.1(b)). The bulk of remaining minerals lay beneath a thick layer of glacial till which makes mining cost prohibitive (Policy 4D-1.3(g)). There are a total of four gravel mines on the Property. Unlike other natural resources, minerals are not a renewable resource. Once the minerals are extracted, there is little sense to keep property under a mineral designation.

The gravel mine in the northwest corner of the Property (on the Miles property, known as the Samish Pit) is depleted. Operators are in the reclamation process with the Department of Natural Resources, preparing the land to prevent further degradation and for future use. The gravel mine in the southeast corner of the Property (on the Butler property) is in operation but it is near depletion. There is an active gravel mine on the west side of the Property (on the Curry property), but it is not expected to operate much longer before going through the reclamation process. The County currently operates a gravel extraction pit in the southwest corner of the Property. (See Att. E, Map of Property Ownership). Mining can continue in this pit as Avalon is built and is expected to be depleted by the time Avalon is fully built out.

The remainder of the Property has not been used for gravel mining in the past and is not suitable to be mined. Most of the Property was commercially timber-harvested more than 75 years ago and there is no reforestation plan in place. The remaining uses for the Property are appropriate for an urban growth area. The Property contains approximately 49 acres of land designated Rural Reserve (RRv). The Avalon proposal seeks to convert a relatively small percentage of the overall RRv to UGA. And the addition of these few parcels will not result in conversion of additional rural land. The Property contains 7 acres of Agricultural land which is not currently used for commercial agricultural production and is ripe for de-designation.

There are currently six single family residences scattered across the entire Property. The Avalon Golf Links course and its setbacks occupy approximately 230 acres and will continue operating, complementing Avalon and providing open space and recreational opportunities to residents and guests.

The Avalon proposal can also comply with GMA. Under RCW 36.70A.110 (3), an urban growth area may be designated in four separate locations:

Urban growth should be located first in areas already characterized by urban growth that have adequate existing public facility and service capacities to serve such development, second in areas already characterized by urban growth that will be served adequately by a combination of both existing public facilities and services and any additional needed public facilities and services that are provided by either public or private sources, and third in the remaining portions of the urban growth areas. Urban growth may also be located in designated new fully contained communities as defined by RCW 36.70A.350.

The proposal fits under the fourth location stated above, “urban growth may also be located in designated new fully contained communities.” The County may establish a process for reviewing proposals to authorize a new fully contained community. RCW 36.70A.350. If the Avalon proposal is docketed, the County may approve a new fully contained community (FCC), so long as the criteria under RCW 36.70A.350 are met. As stated in response to Question No. 1, the County must allocate (reserve) a portion of its twenty-year population projection for the new FCC. This “reserve” is referred to as a “new community reserve” under the GMA. RCW 36.70A.350 (2). From a planning perspective, the “reserve” should take place upon approval of the proposed comprehensive plan amendments and development regulations. The final adoption of the new FCC results in a new UGA. RCW 36.70A.350.

4. Describe how the amendment complies with the Comprehensive Plan’s community vision statements, goals, objectives, and policy directives.

Major Themes of the Community Vision (pp. 14-17) and description how amendment complies with statement.

Statement: Support economic opportunities. (p. 15)

The construction phase of Avalon will create a variety of jobs in the area. The National Association of Home Builders (NAHB) estimates that 2.97 jobs are created with the construction of one single family home. (See Att. X, “Impact of Home Building and Remodeling on the US Economy,” NAHB, 5/1/14). A report recently produced by the Skagit County Affordable Housing Advisory Committee entitled *Building a Skagit Housing Affordability Strategy, June 2016 Update* (“Housing Report”), notes that these jobs can become permanent with the number of housing units needed in Skagit County. (Housing Report, p. 14.). With complete buildout expected to take at least 15 years, based on the Housing Report, it is estimated that Avalon alone will result in 590-650 jobs. The Peterson Report estimates 600-1,000 new full time jobs will be created during the construction season and 100-200 permanent jobs will result.

The economic benefits will manifest themselves in other ways in addition to new job creation. The principal target market of new moderately affluent residents will bring an infusion of capital and customers for existing local shops and restaurants. (See Att. K, Peterson Report). The demographic profile of most anticipated buyers (e.g., retirement or near-retirement age from King County) would place unusually low burdens on local public service providers, such as school districts, but will contribute a significant additional amount to local tax revenue. Peterson Economics estimates new *net* property tax revenue alone could grow by approximately \$1 million per year, reaching about \$10 million per year after ten years of sales. (*Id.*) This kind of additional annual tax revenue could help Skagit County develop and maintain world class parks, roads, schools, and other public services and facilities.

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Statement: Increase the housing choices for all residents. (p. 15)

The Avalon proposal will provide a variety of housing types and therefore more housing choices. The homes will be located in a UGA, close to amenities and encouraging walkability to commercial services.

Statement: Balance urban uses and environmental protection. (p. 16)

The Avalon proposal will provide for urban-scale development while protecting the natural environment and open space, including trails and parks that will surround the developed area. The Applicant preliminarily anticipates land uses that will include parks, open space and trails. Also, the existing Avalon golf course will be a part of the new fully contained community. (See Att. F-5, Preliminary Avalon Land Use Summary). The entire Property is outside the flood zone and adjacent to existing urban areas. The Avalon proposal will be required to satisfy all County regulations relating to environmental protection.

Statement: Protect and retain rural lifestyles. (p. 16)

The Property is currently mostly designated as resource land with a minor portion designated as rural land. Avalon will encourage protection and conservation of open spaces and urban development patterns. Directing development into urban areas helps prevent development in rural areas that could lead to urban sprawl and suburban development patterns.

Statement: Protect and conserve the environment and ecologically sensitive areas, and preclude development and land uses which are incompatible with critical areas. (p. 16)

The Avalon proposal will be required to undergo SEPA review if its application is docketed and additional SEPA and critical area review following submission of a project application. The SEPA review and critical area review process will help inform a development design that is ecologically sensitive and which protects critical areas from future development and preserves them for the enjoyment of future generations.

Statement: Respect property rights. By incorporating trends of population growth and resource availability to provide necessary public facilities. By attaining the widest range of land uses without degradation, risk to health or safety, or other undesirable and unintended consequences. (p.16-17)

The useful life of the Property as resource land is nearing its natural end. The highest, best use of the Property for the future is residential use and the facilities and services which support a residential population. Converting the property to development of a new fully contained community will create an opportunity to provide public facilities and services to a central, densely populated area in an efficient manner. Upon project approval, the Property will include a wide-range of land uses, without degradation, risk to health or safety, or other undesirable and unintended consequences.

Chapter 2: Urban, Open Space and Land Use Profile

County Wide Planning Policies:

CPP 1.4 Urban growth areas shall include greenbelt[s], open space, and encourage the preservation of wildlife habitat areas.

CPP 2.1 Contiguous and orderly development and provision of urban services to such development within urban growth boundaries shall be required.

CPP 5.15 The Comprehensive Plan shall support and encourage economic development and employment to provide opportunities for prosperity.

CPP 9.1 Open space corridors within and between urban growth areas shall be identified. These areas shall include lands useful for recreation, fish and wildlife habitat, trails, and connection of critical areas.

Avalon has sufficient land area to meet the above policies.

Goal 2A – Urban Growth Areas - Guide most future development into concentrated urban growth areas where adequate public facilities, utilities, and services can be provided consistent with the Countywide Planning Policies.

Goal 2A-1, Urban Growth Area Designation - Establish Urban Growth Areas in which urban development will be encouraged and outside of which growth can occur only if it is rural in character.

Avalon can meet the above goals. Adequate public facilities, utility and services will be provided to the Property. The eventual establishment of a UGA at Avalon through approval of a new fully contained community will ensure urban level development within specific boundaries, while preventing sprawl in Rural designated lands in the County. The Avalon development will undergo extensive planning to ensure orderly development. Parks, opens space, and wildlife habitat corridors will be key features of the development.

Policy 2A-1.1 Work with local jurisdictions to designate and maintain Urban Growth Areas (UGAs) of sufficient size to accommodate the County’s 20-year urban population and employment allocations. Areas proposed for UGA designation shall meet the following **criteria**:

a) Compact development can be accomplished through infill or expansion, while minimizing the fiscal and environmental impacts of growth and assuring opportunities for housing, jobs, and commerce.

Final designation of the holding area for the new fully contained community as a UGA will minimize the environmental impacts of growth by ensuring urban level growth is contained within the geographical confines of the Property. Much needed housing and living-wage jobs will accompany the development.

b) A range of governmental facilities and services presently exists or can be economically and efficiently provided at urban levels of service. These services include sewer, water, storm drainage, transportation improvements, fire and law enforcement protection, and parks and recreation.

The Whatcom Water District #12 (also known as the Samish Water District, “District #12” herein) currently has capacity available to support a third of the development from Avalon proposal. District #12 provides sewer service to a number of communities in Skagit and Whatcom County. District #12 has numerous force mains that connect to its Burlington Force Main, which runs along the old Highway 99 (very near the western boundary of the Property) to the City of Burlington’s wastewater treatment plant (“WWTP”). (See Att. G, Samish Water District Comprehensive Sewer Plan, Exhibit A, *General Sewer Facilities Map*; see also Att. H, Whatcom County Water District No. 12 Sewer Force Main Map – Lake Samish to City of Burlington, source: *City of Burlington 2005 Comprehensive Wastewater Plan*). In its 2013 Comprehensive Plan, District #12 notes that potential sewer growth along the Burlington Force Main is possible and that it may serve Glenhaven Lakes (1,250 lot potential at full build-out) in the future. (*Samish Water District*

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Comprehensive Sewer Plan, July 2013, p. 4-1). Future upsizing of the existing Burlington Force Main and upgrades to the existing Burlington WWTP would result sufficient capacity to serve the entire Avalon development. Additional sewer capacity from service providers with existing infrastructure (District #12 and Burlington) will be procured as urban development proceeds.

The City of Burlington WWTP is at approximately 50% of its capacity (average flow, 1.5 million gallons/day; capacity, 3.8 million gallons/day)³ and could accommodate the early phases of Avalon. The City of Burlington itself is approaching its maximum size in population and the WWTP has adequate system capacity for regional components, including District #12 (*City of Burlington 2005 Comprehensive Wastewater Plan*, p. 8). The WWTP is scaleable, meaning that it can expand without demolition of the existing plant.

The Skagit County PUD (PUD) has the authority and capability to provide water service throughout Skagit County. (*Skagit Co. Coordinated Water System Plan Regional Supplement*, p. 6-1) The PUD has sufficient capacity to supply water to the Avalon development. (See Att. O, letter from PUD, 7/14/16). The PUD presently owns and operates an 8" water pipeline along Kelleher Road, which may require upsizing to accommodate the Avalon development. (*Id.*) In 2007, the PUD waterline that runs along old Highway 99 to Burlington was upgraded, increasing its capacity by the installation of a gravity feed transmission pipeline (*PUD 2013 Water System Plan*, p. 2-12; see Att. I, Figure 2-12, Judy System – Transmission Pipeline Loop, *PUD 2013 Water System Plan*). The PUD also completed a high pressure transmission pipeline along Cook Road to the east side of Interstate-5, which brings high pressure to the Old Highway Area 99 adjacent to the Avalon area. (*PUD 2013 Water System Plan*, p. 2-38; see Att. J, Figure 2-8, District Facilities – Rural Areas, *PUD 2013 Water Systems Plan*)

There is sufficient capacity available to further upgrade the PUD system to serve additional phases of the Avalon development. The area already has a booster pump station and that can be upgraded to better accommodate the Avalon area (Att. J, Figure 2-8, District Facilities – Rural Areas, *PUD 2013 Water Systems Plan*)

The relatively flat terrain, gentle slopes, and highly permeable soils on the Property will allow for efficient management of stormwater runoff, as it migrates to Skagit Basin. The Avalon assemblage is well draining at site perimeter which is the natural drainage course for site runoff. Stormwater runoff is anticipated to be fully treated and infiltrated on-site at various locations around the site perimeter.

The Property is centrally located to both Interstate-5 and Highway 99, providing easy vehicular access.

Additional fire and law enforcement protection will be required for the Avalon proposal. Areas for future parks will be set aside as part of the development plan. Area can be set aside for a new school. All of these service needs will be evaluated in the SEPA process and provided as required. The current Avalon Golf Links already provides recreation opportunity on the Property. A lake near the southeast corner of the Property will provide additional recreational opportunities and may be expanded or enhanced. The ability exists to set aside other areas for recreational uses as part of the development plan.

³ <http://www.burlingtonwa.gov/index.aspx?NID=241> (City of Burlington, Sewer System Data).

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Urban services can be economically and efficiently provided to Avalon at a lower cost than other large scale planned communities. (See Att. Q, Letter from kpff re: Avalon Infrastructure Context, 7/28/16). These services include, transportation, water and sewer. (*Id.*)

c) The area has a physical identity or social connection to an existing urban environment.

The Property is located just east of old Highway 99 and is bordered by Kelleher Road to the south and F&S Grade Road to the east. A portion of the subject property is bordered by the Samish River on the north. (See Att. D, Land Use Map). The Property is well situated and close to existing cities in Skagit County. Residents will have quick and convenient access to Burlington, Mt. Vernon, and Sedro Woolley.

d) Natural features and land characteristics are capable of supporting urban development without significant environmental degradation.

The topography of the Property is capable of supporting urban development without significant environmental degradation. There are no known salmon-bearing streams on the Property. The proposed development will incorporate large swaths of the Property that have been depleted by years of gravel mining, so urban development will not have significant environmental impact. The County's regulations ensure that portions of the Property with environmentally sensitive characteristics will be protected from environmental degradation. In addition, there are promising mitigation areas and opportunities for environmental enhancement on the Property to offset any disturbances. In particular, an opportunity exists to establish a wildlife corridor north of the lake located at the southeast corner of the Property running along the east edge of the Property, and also at the northwest corner of the Property running north to the Samish River.

e) The land does not have long-term, commercially significant value for agriculture, forestry, or mineral production and that can accommodate additional development without conflicting with activities on nearby natural resource lands.

The Property is outside the Skagit County Agricultural land (with the exception of 7 acres). The Property does not support commercial forestry use and mineral resources are depleted or near depletion.

Policy 2A-1.2. ... Urban Growth Area expansion proposals shall demonstrate that expansion is necessary within the 20-year planning period, that public facilities and services can be provided concurrent with development, and that reasonable efforts have been made to encourage infill and redevelopment within existing Urban Growth Area boundaries before those boundaries can be expanded.

The Applicant requests an upward adjustment of 8,500 in the current population forecast, to be reserved for the specific purpose of accommodating the proposed new fully contained community at Avalon, and to allow for appropriate planning for the next 20 years in Skagit County. The current 20-year population forecast does not account for the proposed new fully contained community at Avalon intended to draw additional residents to Skagit County. The current Skagit County Comprehensive Plan, development regulations, or county-wide planning policies do not include any provision authorizing new fully contained communities, so there was no need to allocate or reserve additional population for a proposed new fully contained community at

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Avalon. Quite simply, a new fully contained community at Avalon, with all the amenities, and intended to draw new residents to Skagit County, was outside the population forecasting parameters used to develop the current population forecast. If a new fully contained community is preliminarily designated at Avalon as proposed, a new population forecast should be approved with a population reserve of 8,500 allocated to Avalon.

The requested upward adjustment to the 20-year population forecast will also provide an additional cushion in the event more capacity than anticipated is needed to meet the housing needs of the community in the 2016-2036 planning period. Population forecasts predict continued growth and economic recovery is resulting in the continued expansion of industry in the area (e.g., Janicki Bioenergy and Hexcel Corporation, as outlined in the response to nos. 2 & 9 herein). Many Skagit County cities have all but reached their growth capacity limits. Public facilities and services can be provided concurrent with development (see details re water and sewer above). In answer to Question No. 1, there is likely insufficient buildable land in the County for the proposed additional population allocation.

Policy 2A-1.5 Overall residential densities within Urban Growth Areas shall be a minimum of four (4) dwelling units per net acre, when urban services are provided. “Net density” is what results when only the area of the residential lots is counted, not roads, open spaces, drainage facilities, or other site uses that are not residential.

The Avalon proposal will be developed to meet or exceed the minimum density requirement, consistent with the above policy.

Goal A-2, Concurrency - Adequate urban public facilities and services shall be provided concurrently with urban development, as appropriate for each type of designated land use in the Urban Growth Area.

Avalon will provide for more than adequate urban facilities and services concurrent with urban level development consistent with the above policy.

Policy 2A-2.1 Encourage growth in areas already characterized by urban development or where the appropriate levels of urban public facilities and services are established in adopted capital facilities plans.

- a) Ensure that adequate urban public facilities and services are provided in Urban Growth Areas concurrent with urban development.

Avalon will be developed such that adequate urban public facilities and services will be provided concurrent with urban level development. The County’s Capital Facilities Plan will need to be updated to reflect the addition of the Avalon development.

Goal A-3, Urban Services - Within the designated Urban Growth Areas, coordinate with the respective local jurisdictions and other service providers within the Urban Growth Areas to ensure that growth and development are timed, phased, and consistent with adopted urban level of service standards.

Policy 2A-3.1 Urban public facilities include: improved streets, roads, highways, sidewalks, road lighting systems and traffic signals; urban level domestic water systems, sanitary sewer systems, storm sewer systems, park and recreational facilities and schools as defined in the Capital Facilities Element with adopted level of service standards.

Policy 2A-3.2 Urban public services include fire protection and suppression; emergency medical services; public safety; public health; education; recreation; environmental protection; and other services as identified in the Capital Facilities Element with adopted level of service standards.

CPP 1.3 Urban growth areas shall provide for urban densities of mixed uses and shall direct development of neighborhoods which provide adequate and accessible urban governmental services concurrent with development.

Consistent with the above goals and policies, the Avalon proposal will provide a variety of housing types, mixed uses (private and public), and walkable neighborhoods. Excellent access will be provided to a broad array of services, parks, and connecting trails, all designed to provide an attractive lifestyle for area residents. All necessary urban public facilities exist nearby, which may be efficiently upgraded to meet required standards.

CPP 1.4 Urban growth areas shall include greenbelt, open space, and encourage the preservation of wildlife habitat areas.

The Avalon proposal will include mixed uses at urban densities and will be developed and built out in conjunction with the provision of urban governmental services. (See discussion re water, sewer and storm water above). Transportation plans, and water and sewer plans will require amendments to properly plan for the development. Also, the Capital Facilities Plan will require amendments to address specific requirements of the development. (See above explanation of available water and sewer capacity). Ample parks and open space will be set aside in the Avalon development. See above. See also, above explanation of potential wildlife habitat corridors.

Goal A-5, Commercial Development - Encourage commercial and industrial development to locate in well-defined centers within the Urban Growth Areas. Prohibit new zoning that furthers the continuation of strip commercial development.

Policy 2A-5.1 Plan for compact commercial and industrial centers in the Urban Growth Areas and provide infrastructure accordingly.

Policy 2A-5.2 Attract commerce and industry to designated areas within Urban Growth Areas by ensuring an adequate supply of land with adequate urban public facilities and services.

The Avalon proposal will include small planned commercial and possibly light industrial centers, with infrastructure sufficient to support the centers. Centers and pockets for conveniently located commercial development will be designed and sited to blend in with the surrounding community. Strip commercial development will not be allowed.

Goal A-6, Quality of Life - Ensure a high quality of life within Urban Growth Areas.

Policy 2A-6.1 Foster development within Urban Growth Areas that creates and maintains safe, healthy and diverse communities. These communities should contain a range of affordable housing and employment opportunities, and school and recreational facilities, and be designed to protect the natural environment and significant cultural resources.

The Avalon proposal can be planned to ensure that a safe, healthy and diverse community is developed. Diverse and walkable neighborhoods will be located near commercial centers and pockets for shopping and services. Residents will be able to conveniently walk, bike, or drive to shops and stores integrated into the community. In addition to some affordable housing, commercial and possible small scale light industrial development at Avalon will create new jobs.

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The new community of 8,500 will include a population who require services, which will result in the creation of professional service-related jobs. Avalon will include space for a new school, public athletic facilities, public parks, walking and bicycle trails, and other amenities. One of the centerpieces of the community will be the existing Avalon Golf Course.

Policy 2A-6.2 Adopt plans, policies, codes and development standards that promote public health by increasing opportunities for residents to be more physically active. Such actions include: concentrating growth into Urban Growth Areas, promoting more compact urban development, allowing mixed-use developments, and adding pedestrian and non-motorized linkages where appropriate.

The Avalon proposal will provide compact urban development in places, and will provide a series of pedestrian and non-motorized sidewalks, pathways, and trails to promote physical activities among and interaction between its residents and guests.

Policy 2A-6.3 Concentrate facilities and services within Urban Growth Areas, using urban design principles, to make them desirable places to live, work, and play; increase the opportunities for walking and biking within the community; use existing infrastructure capacity more efficiently; and reduce the long-term costs of infrastructure maintenance.

The urban design of the Avalon proposal, which enjoys the advantage of being a “blank slate” around a beautiful high end golf course, will be carefully planned to strategically locate public facilities and services in centers or pockets so as to provide residents with easy access by foot, bike, or car, and to blend into the community. Furthermore, subject to capacity increases, Avalon intends to use nearby portions of District #12’s (Samish Water District) and the City of Burlington’s existing infrastructure for sewer service and treatment; and Skagit County PUD No. 1’s existing infrastructure for municipal water service.

Chapter 3: Rural Element

As noted, approximately 49 acres of the Property is designated Rural Reserve (“RRv”). RRv contains a maximum allowed residential gross density one residence per five acres. (CP 3C-1.1) These few properties border the larger area designated with Rural Resource-NRL. The RRv parcel in the northeast corner of the Property is adjacent to RRv to the east. The RRv parcel in the northwest quadrant of the Property is adjacent to RRv to the west. There is currently 70,378⁴ acres in the County designated RRv. (CP Chapter 2, Table 1, p. 31). Therefore, the Avalon proposal seeks to convert a very tiny percentage of the overall RRv to UGA. And, given the contained nature of the Avalon proposal, the addition of these few parcels will not result conversion of additional rural land. Further, by providing a variety of housing types in an attractive community, the Avalon proposal should reduce pressure for more intense development of rural lands in other parts of the County.

Goal 3A: Protect the rural landscape, character and lifestyle by...:

Policy 3A-1.1: ... Analyze development trends to determine if changes in land use designations are necessary or additional regulatory techniques or measures are needed to assure compliance with targeted urban/rural population distribution goals.

⁴ Or 70,740 acres, per Comprehensive Plan, Chapter 3, Table 1, p.62.

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The Avalon proposal is consistent with Goal 3A, and helps protect the rural landscape, character, and lifestyle. (CP 73). The Avalon proposal is also consistent with the above policy as re-designation of rural land is necessary for the County to reach its urban distribution goals. Rather than sprawling development, the Avalon proposal presents an opportunity for a contained well-planned urban development.

Chapter 4: Natural Resource Lands Element

As noted, approximately seven (7) acres of the Property is designated Agricultural on the north side of Kelleher Road and west of a drainage ditch. The parcel is not presently used for agriculture because it is wet. It is understood that in the last three years the parcel has only been mowed and no agricultural production is taking place. The parcel has no long term commercial significance for agricultural uses. Also, the landowner Butler is in favor of including his land in the Avalon proposal. Certain land was included in the Agricultural Resource lands designation in order to create logical boundaries to the designation and not because it meets the criteria for designation as agricultural land. There is one such parcel, in the lower southeast corner of the Property (parcel id no. 36088). (See, Att. B, Parcel Information and Att. D, Land Use Map). Therefore, this parcel is ripe for de-designation from the Agricultural designation.

Policy 4A-3.1 Designation of Agricultural Lands is intended to be long-term. De-designation is discouraged, but may be considered only when compelled by changes in public policy, errors in designation, new information on resource lands or critical areas, circumstances beyond the control of the landowner, or an overriding benefit to the agricultural industry. ...

The parcel at issue is not being utilized for long term commercial production and was probably erroneously designated in the first place. Due to the need for additional buildable land, de-designation is compelled by this new information.

CPP 8.4 Mining sites or portions of mining sites shall be reclaimed when they are abandoned, depleted, or when operations are discontinued for long periods.

Goal 4D-1, Mineral Resource Designation Criteria - Designate and map long-term commercially significant mineral resource lands as an overlay to the Comprehensive Plan Map.

Policy 4D-1.1 Mineral Resource Designation Criteria

- a) Marketability. ...
- b) Minimum Threshold Volume. ...

Policy 4D-1.3 Mineral Resource Designation Considerations. All lands meeting the criteria in Policy 4D-1.1 shall be further reviewed considering the following additional criteria. ...

- g) Depth of the resource or its overburden does not preclude mining;

See answer to Question No. 3 above for the reasons why the Avalon proposal is consistent with the above goals and policies.

Chapter 5: Environmental Element.

The Environmental Element contains many policies and goals which pertain to the County's identification of critical areas and adoption of regulations which protect critical areas. The Avalon proposal is required to comply with all of the County's regulations.

Policy 5A-5.2 Land uses that are incompatible with critical areas shall be discouraged.

The majority of the Avalon Property is outside critical areas; the wetlands and lake on the Property will be protected from development in compliance with County policies and regulations. The Applicant will be required to comply with all Skagit County regulations and plans, including Shoreline Master Plan, Natural Hazards Mitigation Plan, and the various Regional Water Resource Plans.

Chapter 7: Housing Element

This chapter supports the Avalon proposal because it identifies market trends for an aging “baby boomer” population that need places to live, and prefer a newly built home. It also identifies the need for more dwelling units in Skagit County. The Avalon proposal seeks to satisfy both of these needs.

Trends show that younger buyers are more likely to buy older homes or previously owned homes because of the price benefits and value compared to a new home, while baby boomers are more likely to buy a new home in order to cut down on renovation and maintenance (National Association of Realtors, 2014). In addition, younger buyers place a high priority on proximity to their job and associated commuting costs and other amenities and don’t necessarily [intend on] staying in their home for the long-term (National Association of Realtors, 2014). (p. 189)

The 2013 ACS estimated an average overall household size for renters and owners of 2.6. At this household size, there would be a total demand for more than 13,700 new occupied dwelling units, not accounting for vacancy. Assuming a future vacancy rate between 5 and 10 percent, the total need for housing in 2036 would be between 14,489 and 15,294 units. At a steady rate of production between 2015 and 2036, this will mean that between 690 and 728 units will need to come on line each year, with around twenty percent of these new units in rural areas and the remaining in urban areas. This annual future need is significantly more than the rate of production in recent years, which averaged less than 250 annually between 2009 and 2013. See Table 16. (p.207-208)

CPP 4. Housing - Encourage the availability of affordable housing to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock.

CPP 4.1 Local governments shall allow for an adequate supply of land use options to provide housing for a wide range of incomes, housing types and densities.

CPP 4.3 The Comprehensive Plan should support innovative land use management techniques, including, but not limited to, density bonuses, cluster housing, planned unit developments and the transfer of development rights.

CPP 4.6 Comprehensive Plan provisions for the location of residential development shall be made in a manner consistent with protecting natural resource lands, aquatic resources, and critical areas.

Goal A – Housing Quantity – Ensure that the supply of housing and sufficient land capacity keep pace with population growth in the County.

Policy 7A-1.1 Work with housing producers and stakeholders in urban and rural areas to apply creative solutions to infill and development using techniques such as attached dwelling units, co-housing, home-sharing, accessory dwelling units, clustering, planned unit developments and lot size averaging, consistent with the community’s vision for urban growth areas and rural character.

Policy 7A-1.4 Ensure zoning and subdivision regulations provide for the efficient use of lands for residential development where appropriate to increase available land supply and opportunities for affordable housing to match the demographic and economic housing needs of the County’s current and projected population.

Policy 7B-1.3 Establish development standards and design guidelines for Urban Growth Areas, Rural Villages, and large CaRD developments, to promote efficient, pedestrian friendly, and attractive communities.

Consistent with the above goals and policies and as discussed in detail in the response to question no. 2 above, there is a need for additional housing in the County. Moreover, a principal market for the Avalon proposal is retired or near-retirement aged moderately affluent people from the greater Seattle-King County metropolitan area looking for a new home at a lower price. See Att. K, Peterson Report. These new residents are expected to produce an ongoing significant net positive outcome for local communities in revenue growth. In addition, designation of the Property to a UGA now will help ensure that the County has a sufficient land supply (including urban densities) and time for proper urban planning to meet the needs of forecasted population. The Applicant will work with the County to develop a plan to ensure that an efficient, pedestrian friendly, and attractive community is built.

Goal 7C – Housing Distribution And Accessibility - Strive to ensure that a variety of housing types, densities, and values can be produced in the rural area, Urban Growth Areas, and Rural Villages appropriate to the character of the individual communities. Additionally, ensure sufficient infrastructure capacity is available to accommodate growth and provide housing opportunities for all economic segments of the population.

Policy 7C-1.1 Allow mixed residential and commercial uses in Urban Growth Areas and Rural Village commercial districts to promote housing affordability and availability.

The Avalon proposal will provide a variety of housing types from small cottage homes to larger more traditional single family homes. The variability in housing choice will produce a wide price range which will greatly enhance the affordability and availability of housing in Skagit County. As previously stated, the Property enjoys excellent access to existing infrastructure capable of additional capacity, which should lower development costs.

Chapter 8, Transportation Element:

Goal 8A-6, Non-Motorized Transportation Network - Provide a safe and efficient network of trails and bikeways, including both on- and off-road facilities that link populated areas of the County with important travel destinations. Achieve high standards in meeting the needs of non-motorized users through appropriate planning, design, construction and maintenance of user-friendly facilities. . . .

8A-6.4 Provide for the diverse needs of bicycle, pedestrian and equestrian modes through appropriate routing and the utilization of single-use and shared-use facilities. . . .

8A-6.9 Promote non-motorized transportation as a viable, healthy, non-polluting alternative to the single-occupancy vehicle.

Consistent with the above goal and policies, the Avalon proposal will be designed to include sidewalks along streets, and also a comprehensive network of paths and trails that allow users to travel within the UGA by foot, bicycle and other non-motorized means. These paths and trails will be located so as to provide residents with easy access to commercial services and recreational amenities within the community. As the development of the Property progresses,

Comprehensive Plan/Zoning Map Amendment Request – Proposal Description

it is expected that the Avalon proposal will be connected to more regional paths and trails outside the development area.

Goal 8A-13, Land Use and Development - Incorporate transportation goals, policies, and strategies into all County land use decisions.

Policy 8A-13.1 Impacts of Growth – Growth and development decisions shall ensure that the short- and long-term public costs and benefits of needed transportation facilities are addressed concurrently with associated development impacts.

Policy 8A-13.2 Directing Growth – Mitigate transportation impacts, wherever possible, by directing new development into areas where long term capacity exists on the arterial and collector system.

Policy 8A-13.7 Right-of-Way Dedication – The County shall require dedication of right-of-way for needed roads in conjunction with the approval of development projects.

Consistent with the above goal and policies, the Avalon proposal will be developed with awareness of local and regional transportation needs. Its location very near two Interstate-5 interchanges and Old Highway 99 provides accessibility and an excellent starting point from which to make the reasonable transportation improvements needed to provide long term capacity for future population. (See Att. Q, Letter Re: Avalon Infrastructure Context, KPFF)

Concurrency Goal 8A-14 - Ensure that suitable mitigation measures for addressing the impacts of growth are fair and equitable, and that transportation impacts at the project and system levels are mitigated concurrently with the project.

Policy 8A-14.1 When a development project has a particular impact on the safety, structure or capacity of the County's road system, suitable mitigation shall be required in the form of improvements or through the use of adopted impact fees.

Policy 8A-14.4 The County may consider the use of impact fees and SEPA mitigation fees as a means to ensure that adequate facilities (including but not limited to transit, pedestrian, bikeways, or roadways) are available to accommodate the direct impacts of new growth and development.

Policy 8A-14.5 If an impact fee ordinance is not in place, the County may require large developments to make traffic impact contributions if the development significantly adds to a road's need for capacity improvement, to a roadway safety problem, or to the deterioration of a physically inadequate roadway. Such traffic impact contributions are in addition to transportation facility improvements required in the immediate area for access to and from the development.

The Applicant will work with the County and other agencies to improve impacted roads and fully mitigate growth and transportation impacts within Avalon and outside Avalon all of which is required for new fully contained communities under RCW 36.70A.350. It is expected that the County will fully review and require appropriate mitigation for these impacts as part of the SEPA process.

Chapter 9, Utilities Element:

Water – Goal 9A-8, To influence the development and use of the water resources of Skagit County in a manner that is consistent with the Countywide Planning Policies and the Comprehensive Plan.

Policy 9A-8.1 Cooperation with water districts and other water providers shall be extended to support them in their responsibility to provide a reliable service to assure an adequate quality and quantity of potable water and high quality water supply within their service areas.

Policy 9A-8.4 Water supply development and service shall be consistent with all related plans, including but not limited to, the Coordinated Water Systems Plan, the Anacortes-Fidalgo Island Coordinated Water System Plan, this Comprehensive Plan, and related purveyor plans as they are developed.

The Applicant will work with the Skagit PUD and other purveyors to ensure that its water supply is developed consistent with each agency's comprehensive plan and with the Skagit County Coordinated Water System Plan. Amendments to such plans will be pursued as necessary. The Applicant further intends to explore the re-use of reclaimed water for the existing Avalon Golf Course and other water conservation methods to conserve water use and enhance local water resources.

Stormwater Policy 9B-1.8 Natural Drainage – Natural drainage shall be preferred over the use of pipelines or enclosed detention systems, where possible.

The natural topography of the Property includes gently sloped hills and highly permeable soils, which will allow for efficient natural drainage management of stormwater runoff toward the Skagit Basin.

Chapter 10 – Capital Facilities Element:

Goal 10A-1, Capital Facility Needs - Establish the baseline for the types of capital facilities to be addressed, levels of service, needed capital improvements to achieve and maintain the standards for existing and future populations, and to repair or replace existing capital facilities.

Policy 10A-1.4 [Excerpt]

Urban water service provided by a utility and designed to meet the needs of the designated service areas consistent with the Skagit County or City Comprehensive Plan, the Coordinated Water System Plan, and the designated water utility's Water System Plan shall meet the design criteria of the Coordinated Water System Plan.

The Applicant will work with the County to ensure compliance with the Coordinated Water System Plan and all other County planning documents. The Applicant expects that the Capital Facilities Plan and the comprehensive plans of service providers will require amendments to capture the new development. (*See also* detailed responses re water and sewer services herein).

Goal A-2, Financial Feasibility - Provide means to balance needs with available funding.

Policy 10A-2.4 Future Needs – New growth shall pay its fair share of capital improvements cost necessary to support its demands. This may include voluntary contributions for the benefit of any capital facility, impact fees, mitigation payments, capacity fees, dedications of land, provision of public facilities, and future payments of user fees, charges for services, special assessments and taxes. These revenue sources shall not be used to pay for the portion of any public facility that reduces or eliminates existing deficiencies.

Policy 10A-2.14 Ensuring Concurrency – Impacts of development on capital facilities occur when development is constructed. The county may issue development permits only after it has determined that there is sufficient capacity of Category-A and Category-B public facilities to meet the LOS standards concurrent with the proposed development.

Policy 10A-2.17 Capital Facilities and Concurrency in Non-municipal UGAs – Capital facility requirements and concurrency within county-governed, non-municipal UGAs shall be developed for the specific urban growth area using a combination of county- and non-county-provided services at adopted urban levels of service appropriate to the planned urban development.

CPP 12. Public Facilities and Services. Ensure that those public facilities and services necessary to support development shall be adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards.

CPP 12.5 Lands designated for urban growth by this Comprehensive Plan shall have an urban level of regional public facilities prior to or concurrent with development.

CPP 12.6 Development shall be allowed only when and where all public facilities are adequate, and only when and where such development can be adequately served by regional public services without reducing levels of service elsewhere.

CPP 12.7 Public facilities and services needed to support development shall be available concurrent with the impacts of development.

CPP 12.8 The financing for system improvements to public facilities to serve new development must provide for a balance between impact fees and other sources of public funds and cannot rely solely on impact fees.

CPP 12.9 New development shall pay for or provide for its share of new infrastructure through impact fees or as conditions of development through the environmental review process.

As stated herein and consistent with the above policies, the Applicant will work with the County and all other agencies to ensure capital facilities are built concurrently with the development phases, to ensure impacts are addressed with appropriate mitigation or impact fees, and to ensure that sufficient urban levels of services are provided as needed. The costs of facilities upgrades made necessary by the development will be paid for by the developer. Most of the foregoing policy objectives are included as requirements for any new fully contained community under RCW 36.70A.350.

5. Describe the impacts anticipated to be caused by the change, including geographic area affected and issues presented.

Expansion of urban governmental services and facilities will be required to fully develop the Property. This will include improvements to streets and roads, sidewalks, traffic systems; sanitary sewer; water systems; storm sewer systems; park and recreational facilities and schools.

Avalon will impact urban public services, including fire protection and suppression; emergency medical services; public safety; public health; and recreation. Avalon's impact on schools will be less than most new developments because most new home buyers will be beyond childrearing years.

The geographic area affected by the proposed amendment will be mainly limited to the approximately 1244 acres involved in this proposal. Additionally, there will be impact on surrounding roads and highways outside the Avalon area such as, old Highway 99, Kelleher Road, Butler Hill Road and F&S Grade Road.

As Avalon is developed, from breaking ground to final occupancy, the County will collect various permit and development fees. The purpose of said fees are to mitigate the impact of the costs associated with the increased and improved public services and facilities to the Property. The Applicant will implement required mitigation of other impacts through the SEPA process. Additionally, once homes and businesses are built on the Property, the County will see increased tax revenues on an annual basis.

Furthermore, Avalon will contribute to the vitality of Skagit County’s economy through establishment of new businesses and permanent job creation. (See Att. W, “Jobs Created in the U.S. when a Home is Built,” *Eye on Housing*, 5/2/14; see also, Att. K, Peterson Report).

The Avalon proposal will have the beneficial impact of locating future population growth in a concentrated area near important services and infrastructure. It has close access to two Interstate 5 interchanges and other existing road networks, and easy access to adjacent municipal water and sewer infrastructure, thereby reducing pressure for more intense rural development in other parts of the County. The Property is well above the flood zones, drains quite well, and contains minimal resource lands (no forest resource land; only 7 acres of unproductive farm land; and mining activity near the end of its productive life). Shops and restaurants are in nearby Burlington, Mr. Vernon, and Sedro Woolley. It is the ideal location to accommodate future growth in Skagit County, the planning for which should commence.

6. Describe how adopted functional plans and Capital Facilities Plans support the change.

Functional plans for water, sewer, stormwater, fire, the Burlington-Edison School District, and police service will require analysis and amendment to ensure sufficient levels of service are provided. The recommended increase to the population projection (adding an additional 8,500 to the County’s 20 year projection), will require amendments to the Capital Facilities Plan. The foundational infrastructure for water and sewer service is already in place and capable of providing additional capacity. The Skagit PUD No. 1 indicates it has sufficient water supply available. See Att. O, Letter from Skagit PUD No. 1 dated, July 14, 2016. Please see further support in the analysis of the *Coordinated Water System Plan* and the *Skagit PUD 2013 Water System Plan* in response to question no. 4 above.

The Samish Water District indicates that sewer service will be provided based on the approval of the “Growth Management Board” and Skagit County and if the District is capable of providing service. (See Att. N, Letter from Samish Water District, 7/20/16; see also further support in the analysis of the *Samish Water District 2013 Comprehensive Sewer Plan* and the *City of Burlington’s 2005 Comprehensive Plan* in response to question no. 4 above). The Burlington-Edison School District would like the opportunity to include property within the Avalon proposal for a school. (See Att. P, Letter from Board President to Vineyard Development, 07/26/16).

7. Describe any public review of the request that has already occurred.

In 2015, Avalon submitted an application for a map change to accomplish designation of new fully contained community. Skagit County decided to defer docketing the application. (See Att. L, Letter from Commissioners, 3/11/16).

8. Describe how the map amendment/rezone complies with Comprehensive Plan land use designation criteria in Chapter 2, the Urban, Open Space & Land Use Element; Chapter 3, the Rural Element; or Chapter 4, the Natural Resource Lands Element.

The applicant proposes amending the Comprehensive Plan to preliminarily designate Avalon as a new fully contained community. Once Avalon meets the criteria in the proposed development regulations for establishing a new fully contained community it will become a UGA. (**Policy 2A-1.1**). (See also detailed response to no. 4 above)

The Property is currently *Rural Resource with Mineral Resource Overlay* (with the exception of approximately 49 acres of which is designated Rural and approximately 7 acres which is zoned Agricultural) but no longer meets the *Mineral Resource Designation Criteria* set forth in CP Policy 4D-1.1. The remainder of the Property is not suitable for mining operations. (See also detailed response to no. 4 above).

9. Population forecasts and distributions.

If you are proposing an urban growth area boundary change, describe how it is supported by and dependent on population forecasts and allocated urban population distributions, existing urban densities and infill opportunities, phasing and availability of adequate services, proximity to designated natural resource lands, and the presence of critical areas.

a. Population

The recently adopted population and employment allocations do not reflect unanticipated populating growth from new jobs and additional migration. For the year 2035, the OFM provisional population projection for Skagit County is 127,041 (low), 153,635 (medium) and 195,148 (high). Planning for the year 2036, Berk Consulting and the Skagit Council of Governments recommend an initial population allocation of 155,452, which is near the OFM's medium projection but almost 40,000 lower than the OFM's high projection. (Berk Report)

The Peterson Report indicates Avalon can serve a potentially strong market demand among retired or near-retirement moderately affluent residents in the King County area who have enjoyed significant home price appreciation and are looking to relocate to a lower housing cost, amenity-rich community near a quality golf course, located a moderate distance away. This market demand, and the potential for a new fully contained community at Avalon, will draw people who would not otherwise come to reside in Skagit County and has not been specifically accounted for in the County's existing population forecasts. Currently the Comprehensive Plan and development regulations do not address new fully contained communities. The Applicant is also proposing to amend the Comprehensive Plan, development regulations, and county-wide planning policies to allow for a new fully contained community at Avalon. If these changes are approved, once a project is approved and underway, a new fully contained community at Avalon will draw additional population to Skagit County for the purpose of living and residing in the new Avalon community. Because this was not a specific consideration in existing population forecast parameters, approval of the Proposal will require amending the 20-year population forecast to reserve an additional 8,500 population for Avalon.

Berk notes that the population projection allocations to each geographical community in the County is based on that community's current share of the population. (Berk, p.3). But again, Berk does not specifically consider the market demand that will be created by a new amenity-rich development at Avalon, and its potential to draw in new residents that would not otherwise come to reside in Skagit County. Peterson Economics has analyzed this market and concluded that Avalon is quite viable for a build out of up to 222 new housing units a year, largely from residents relocating from King County.

Berk also does not appear to consider recent economic changes in the County that resulted in job creation. As stated in response to question no. 2 above, 1) The Janicki Bioenergy's announcement that it will expand its operations to the historic Northern State Hospital property (North Cascades Gateway Center) to expand its clean water OmniProcessor technology has the potential for creating 1000 additional jobs or more. (See Att. S, "Bill Gates backed company eyes historic Skagit County Hospital site for major

expansion,” *Puget Sound Business Journal*, 2/17/15) The expansion of Hexcel Corporation will also create additional jobs.

New well-paying jobs will mean waves of additional migration to the County, and those new residents will need housing. These buyers would be additive to the market demand for housing which Peterson Economics identified will come from King County if Avalon is developed (Peterson Report). People generally wish to reside near their place of employment but the current zoning and land designations will not provide sufficient housing for these anticipated new residents. As discussed in the response to no. 2 above, once the Property is designated a UGA, it could still take the better part of 10 years to build the first home. And whatever is built will be in phases. To build the best new community possible and properly account for all of its impacts, planning should commence now.

As detailed in response to question nos. 2 and 6 above, sufficient capacity for water and sewer services for the first phase of the Avalon proposal will be available from Skagit County PUD No. 1 and District #12 (Samish Water District), respectively. Additional services will be coordinated as the Avalon proposal is built out.

With the change in the Property’s designation to a UGA, the Property will be removed from close proximity to Rural Resource Lands. When the Skagit County gravel pit is depleted, it will be reclaimed, and the Property will be rezoned to an appropriate UGA use and density. A mere 7 acres of the 1244 acres is in an Agricultural designation, but this is long unproductive farmland that likely attained its designation as a mapping convenience. (*See supra*, answer to question 4, page 13). None of the Property is used for forest practices. The Property does include pockets of wetlands, lakes and forested areas, which would remain in open space. Careful planning would be involved to ensure that environmentally sensitive and critical areas are protected with the development of the Property.

If you are proposing a rural areas or natural resource land map designation change, describe how it is supported by and dependent on population forecasts and allocated non-urban population distributions, existing rural area and natural resource land densities and infill opportunities.

See response to question no. 9 above for discussion of population forecasts.

The Avalon proposal will not affect non-urban population distributions or infill opportunities. There are currently six single family residences on the property but infill is not likely due to sparse roads in the area and the undesirable aspect of living in close proximity to a mining operation. Only a minor amount of the Property is designated RRv and Agricultural. The vast majority of the Property under a Mineral Resource Overlay designation allows only one residential dwelling unit per 10 acres so is not appropriate zoning for a UGA. The Property no longer provides the mineral resources it previously did and most are near being exhausted. Those that have a few years left to mine will be exhausted before being touched by development. The area is ripe for designation to a UGA to allow for the highest and best use for the Property. In order to accomplish full build out, the land should be preliminarily designated as a new fully contained community, to become a UGA on final project development approval. The removal of the Property (about 1,200 acres) from the *Mineral Resource Overlay* designation will leave an estimated 58,800 acres still designated *Mineral Resource Overlay* in Skagit County. The removal of the minor portion of the Property from RRv will leave an estimated 70,329 acres in RRv.

10. If you are proposing a natural resource land map designation change, describe how the change is necessary based on one or more of the following:

(A) A change in circumstances pertaining to the Comprehensive Plan or public policy.

The County recently updated its UGAs. As part of that process, a new population projection was adopted for 2036. However, there was no contemplation of the drawing power of a new fully contained community at Avalon during the population forecast process. There are currently limited abilities to provide expansion or infill of other UGAs. See discussions re population projections herein. The Applicant is requesting an additional 8,500 population allocation and for the County to preliminarily designate the Property as a fully contained to assure that planning may commence for the Avalon proposal.

(B) A change in circumstances beyond the control of the landowner pertaining to the subject property.

The mineral resources located on the Property are nearly depleted. Mining operation is no longer a viable use of the Property for the long term.

(C) An error in initial designation.

Not applicable.

(D) New information on natural resource land or critical area status.

The mineral resources located on the Property are nearly depleted. Mining operation is no longer a viable use of the Property for the long term. The seven acres of the Property under Agricultural designation is not used for long term commercial agricultural production.

Attachments – Comprehensive Plan/Zoning Map Amendment Request

- A. Owner Certification (A-1) and list of all owners (A-2)
- B. Parcel Information: parcel numbers, addresses and acreage of subject property
- C. Map with parcel numbers, kpff
- D. Land Use Map
 - D-1 – Comprehensive Plan Designations and Zoning Districts, 2016
 - D-2 – Comprehensive Plan Designations and Zoning Districts, 12/23/08
- E. Map of Property – with owners’ names of subject property, kpff
- F. GCH Visual Materials:
 - F-1 – Skagit County Diagram
 - F-2 – Avalon Site Context & Existing Utilities
 - F-3 – Avalon Project Area
 - F-4 – Potential Avalon Development Area
 - F-5 – Preliminary Avalon Land Use Summary
- G. Samish Water District Comprehensive Sewer Plan, Exhibit A, *General Sewer Facilities Map*
- H. Whatcom County Water District No. 12 *Sewer Force Main Map – Lake Samish to City of Burlington* (source: *City of Burlington 2005 Comprehensive Wastewater Plan*)
- I. PUD 2013 Water System Plan, Figure 2-12, *Judy System – Transmission Pipeline Loop*
- J. PUD 2013 Water System Plan Figure 2-8, *District Facilities – Rural Areas*

Memorandum and Letters:

- K. **Memorandum Report:** *A Summary Review of Current and Anticipated Future Market and Financial Support for a New Fully Contained Community of the Avalon Parcel*, Peterson Economics, July 2016
- L. Letter from **Skagit County Commissioners** to Robert A. Carmichael, 3/11/16
- M. Letter from Brian Adams, **Skagit County Parks**, undated
- N. Letter from Byron Gaines, District Manager, **Samish Water District**, 6/20/16
- O. Letter from Michael E. Demers, Engineering Technician, **Skagit PUD No. 1**, 7/14/16
- P. Letter from Rich Wesen, Board President, **Burlington-Edison Public School**, 7/26/16
- Q. Letter from Jeremy Febus, **kpff** re Avalon infrastructure context 7/28/16

Media articles:

- R. *Puget Sound Trends* No. D7 June 2012
- S. “Bill Gates-backed company eyes historic Skagit County hospital site for major expansion,” *Puget Sound Business Journal*, 2/17/15
- T. “Burlington aerospace supplier expands, partners with state to train workers,” *Puget Sound Business Journal*, 1/7/15
- U. Parker, Hilary, “EDASC – New Janicki project could bring 1,000 jobs to county”, 03/03/15
- V. Parker, Hilary, “EDASC 2015 Forecast Dinner: Year of Growth, change predicted for Skagit County”, 03/02/15
- W. “Jobs Created in the US when a Home is Built,” *Eye on Housing*, 5/2/2014
- X. “Impact of Home Building and Remodeling on the US Economy,” NAHB, 5/1/14
- Y. “Where We’ll Grow”, 4/24/15 (Source: Puget Sound Regional Council)

Ownership Certification

Required for site-specific map amendment proposals only.


I, Bill Sygitowicz, hereby certify that I am an owner and officer of the corporation owning a property interest in all of the property described in the attached application, and I have familiarized myself with the rules and regulations of Skagit County with respect to filing this application, and that the statements, answers and information submitted present the argument on behalf of this application and are in all respects true and correct to the best of my knowledge and belief.

Address: P.O. Box 29840

City and State: Bellingham, WA

Phone: (360) 739-4089

Signature



for Skagit Partners LLC

(give corporation or company name)

ACKNOWLEDGEMENT

State of Washington)
) §

County of Whatcom)

On this day personally appeared before me Bill Sygitowicz known to be the individual described in and who executed the within and foregoing instrument and acknowledged to me that he signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

Dated: July 28, 2016



Karen Reich

Print name: Karen Reich

Notary Public in and for the state of Washington.

My appointment expires: 2 / 10 / 18

Other property owners in this application must be listed below:

Name Please see the attached list.

Address _____ City/State _____ Zip _____

Owners of Property within proposed new fully contained community, Avalon

Berniece M Aarstad:	12457 Rainier Dr, Burlington, WA 98233
Ron Hass/Avalon Links:	19345 Kelleher Rd, Burlington, WA 98233
Frederick S Butler, et al:	19801 Kelleher Rd, Burlington, WA 98233
Earl R Curry:	6148 N Green Rd, Burlington WA 98233 (Belfast Gravel)
Ronald L Hunt:	19569 Kelleher Rd, Burlington, WA 98233
Nancy Lovell:	19589 Kelleher Rd, WA 98233
Miles Sand and Gravel:	PO Box280, Mount Vernon, WA 98273
Stanton Peterson:	19797 Kelleher Rd, Burlington, WA 98233
Bob Cogdal:	7653 Butler Hill Rd, Burlington, WA 98233
Skagit County:	1800 Continental Pl, Mount Vernon, WA 98273

Property parcel informationRequested Comprehensive Plan preliminary designation: **New fully contained community, Avalon**

Current zone for all of the below listed properties: Rural Resource with a Mineral Resource Overlay <i>(no change requested at this time)</i>				
Current Comprehensive Plan designation for all of the below listed properties: Natural Resource Lands				
Street Number	Street Name	City, State, Zip	Parcel ID	Acres
19801	KELLEHER ROAD	BURLINGTON, WA 98233	P103787	0.42
not available			P35960	16.20
19909	KELLEHER ROAD	BURLINGTON, WA 98233	P35957	40.00
not available			P35953	40.00
not available			P35955	40.00
not available			P35943	40.00
not available			P35947	40.00
1753	KELLEHER RD	BURLINGTON, WA 98233	P35961	9.58
not available			P35962	1.90
not available			P35952	40.00
not available			P35946	40.00
not available			P35948	40.00
not available			P35956	40.00
not available			P35951	40.00
not available			P35950	40.00
19797	KELLEHER ROAD	BURLINGTON, WA 98233	P35963	11.90
not available			P35954	40.00
not available			P35944	40.00
not available			P35949	40.00
not available			P35942	37.00
20067	KELLEHER ROAD	BURLINGTON, WA 98233	P36773	36.40
not available			P119521	7.00
not available			P36856	1.29
SC ER&R 18915	KELLEHER ROAD	BURLINGTON, WA 98233	P36852	6.46
SC ER&R			P36850	15.90
SC ER&R 18841	KELLEHER RD	BURLINGTON, WA 98233	P36851	3.73
not available			P35939	0.75
7653	BUTLER HILL ROAD	BURLINGTON, WA 98233	P35931	11.07
SC ER&R			P35940	26.48
not available			P35835	40.00
not available			P35834	40.00
not available			P35819	0.23
not available			P35820	39.77
not available			P35818	4.51
not available			P35817	35.17
not available			P35814	18.43
not available			P35813	19.75
not available			P35773	38.71
7325	BUTLER HILL ROAD	BURLINGTON, WA 98233	P35919	8.35

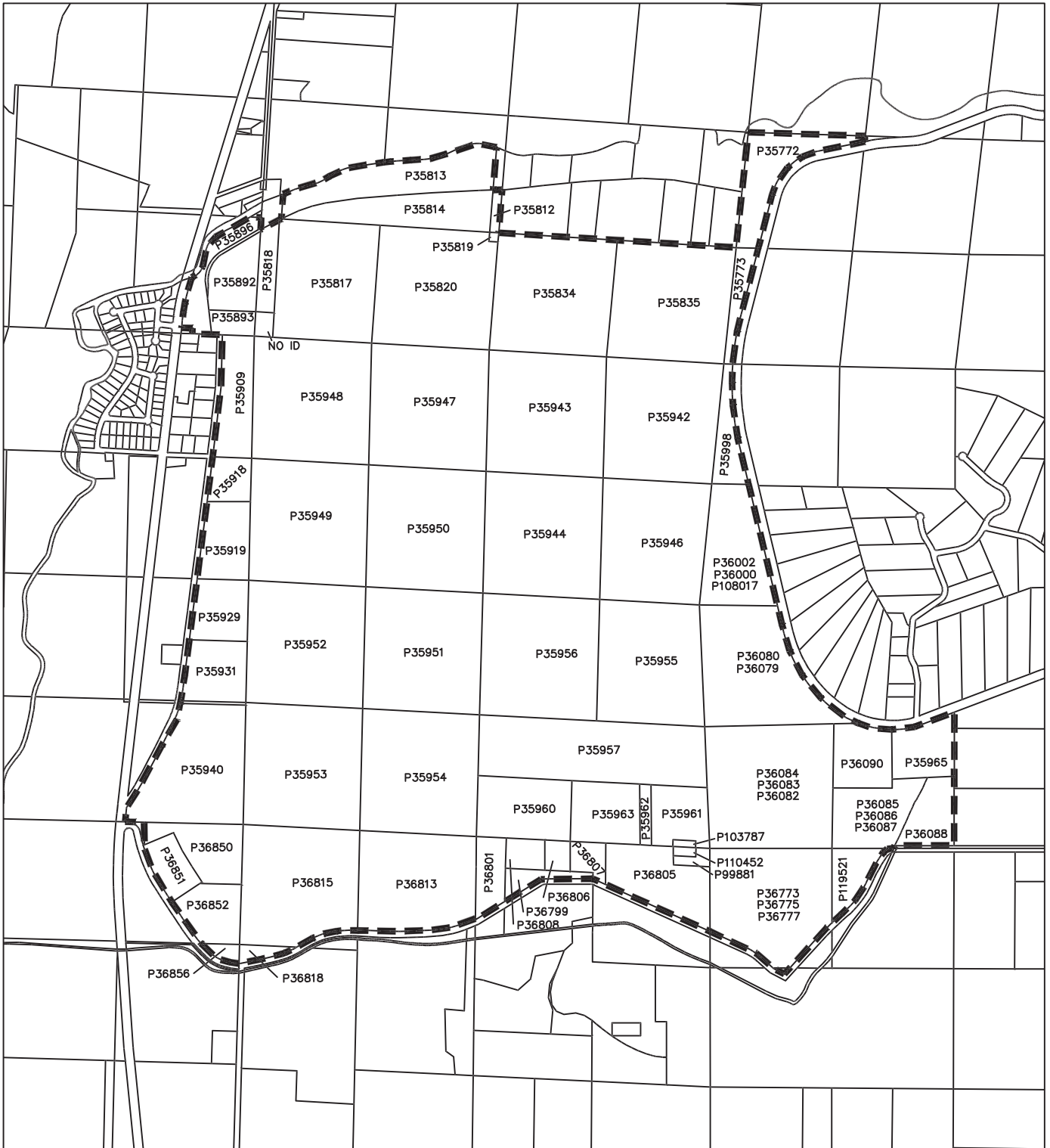
Property parcel information

Requested Comprehensive Plan preliminary designation: **New fully contained community, Avalon**

Current zone for all of the below listed properties: Rural Resource with a Mineral Resource Overlay <i>(no change requested at this time)</i>				
Current Comprehensive Plan designation for all of the below listed properties: Natural Resource Lands				
Street Number	Street Name	City, State, Zip	Parcel ID	Acres
7325	BUTLER HILL ROAD	BURLINGTON, WA 98233	P35918	5.00
not available			P35909	13.50
not available			P35929	10.06
not available			P99881	1.27
not available			P110452	0.57
not available			P36805	16.07
not available			P36806	2.10
not available			P36808	3.62
19569	KELLEHER RD	BURLINGTON, WA 98233	P36801	5.74
19345	Kelleher Road	Burlington, WA 98233	P36813	32.00
SC ER&R 1647	KELLEHER RD	SEDRO-WOOLLEY, WA 98284	P36815	36.92
not available			P36799	12.75
not available			P36807	2.99
not available			P35893	3.23
not available			P35892	10.84
not available			P36818	3.21
not available			P35998	40.00
not available			P36090	10.00
not available			P35965	11.00
not available			P36079	17.60
not available			P108017	18.97
not available			P36087	12.15
not available			P36083	38.97

Current zone for all of the below listed properties: Rural Reserve <i>(no change requested at this time)</i>				
Current Comprehensive Plan designation for all of the below listed properties: Rural				
Street Number	Street Name	City, State, Zip	Parcel ID	Acres
6967	OLD HWY 99 NORTH ROAD	BURLINGTON, WA 98233	P35896	12.66
not available			P35772	35.50
not available			P35812	1.00

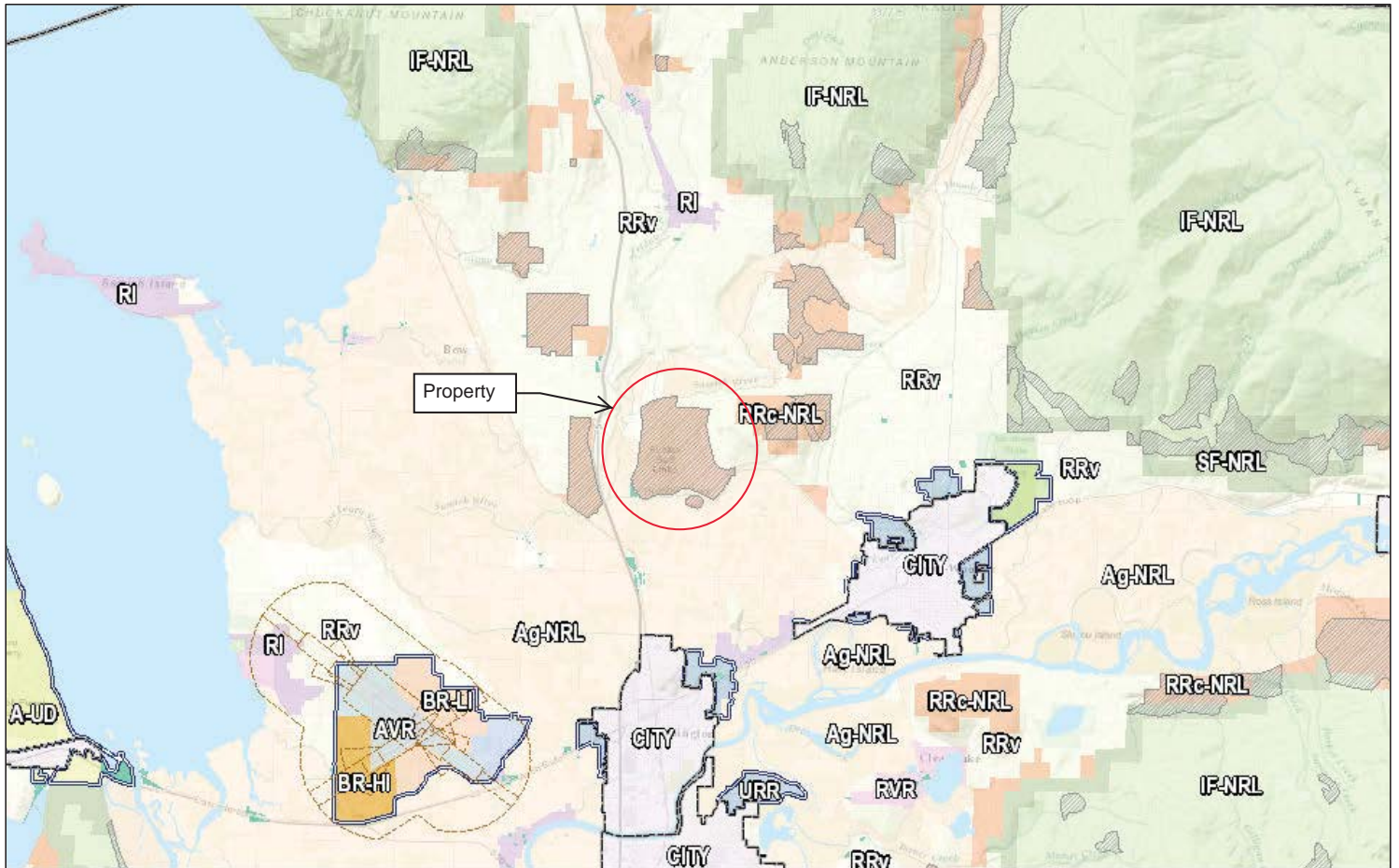
Current zone for all of the below listed properties: Agricultural <i>(no change requested at this time)</i>				
Current Comprehensive Plan designation for all of the below listed properties: Natural Resource Lands				
Street Number	Street Name	City, State, Zip	Parcel ID	Acres
not available			P36088	7.00



Avalon
Parcel Map

Source: Skagit County
































July 26, 2016

Legend

-  County Boundary
-  Incorporated Areas
-  Airport Environs Overlay [AEO]
-  UGA Areas

Data Accuracy Warning: All GIS data was created from available public records and existing map sources. Map features have been adjusted to achieve a best-fit registration. While great care was taken in this process, maps from different sources rarely agree as to the precise location of geographic features. Map discrepancies can be as great as 300 feet.

Comprehensive Plan

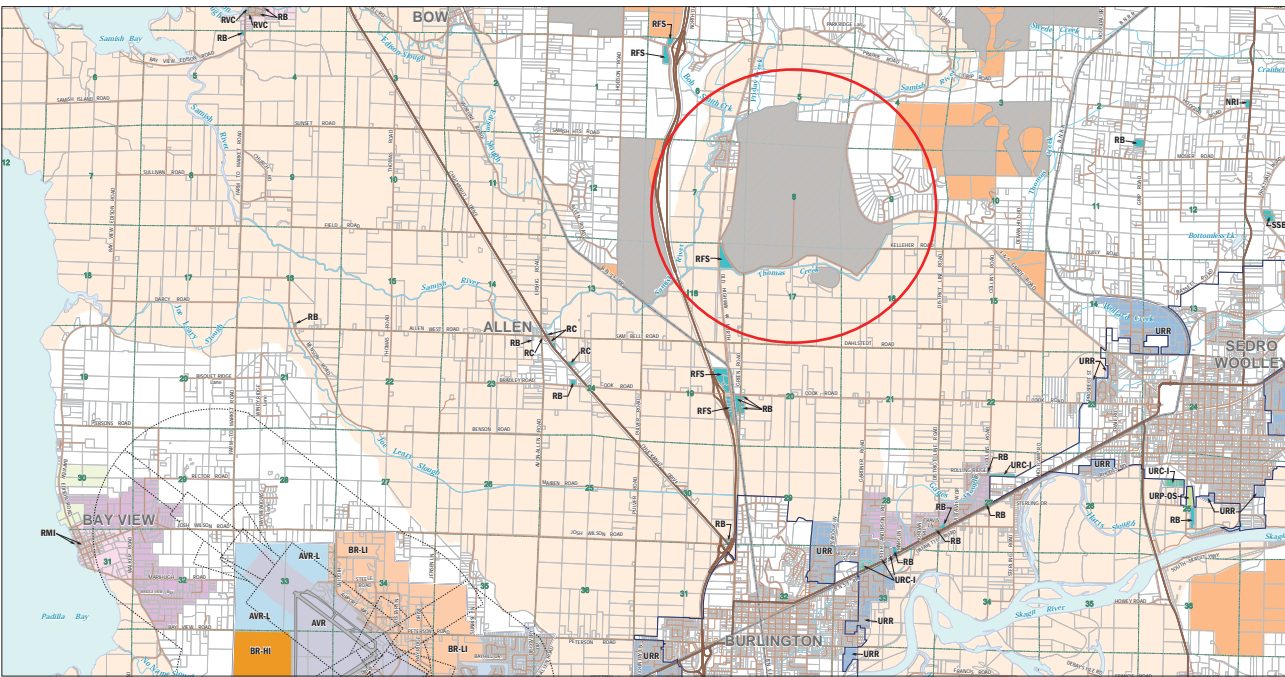
-  A-UD; LC-UD; MV-UD
-  AVR
-  AVR-L
-  Ag-NRL
-  BR-CC
-  BR-HI
-  BR-LI
-  BR-R
-  BR-URv
-  C
-  CITY
-  CSB; MPR; NRI; RB; RC; RFS; RVC; RMI; SRT; SSB
-  H-I
-  H-R
-  H-URv
-  IF-NRL
-  OSRSI
-  R
-  RI
-  RRc-NRL
-  RRv
-  RVR
-  SF-NRL
-  UGA
-  URC-I
-  URP-OS
-  URR

Mineral Resource Overlay [MRO]



Airport Environs Overlay [AEO]

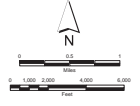




SKAGIT COUNTY Comprehensive Plan Designations and Zoning Districts

* December 23, 2008

URBAN	
<ul style="list-style-type: none"> URB-C Urban Growth Area URB-R Urban Residential URB-L Urban Light Industrial URB-H Urban Heavy Industrial URB-CC Urban Community Center URB-UD Urban Development District URB-UC Urban Center URB-UR Urban Redevelopment 	<ul style="list-style-type: none"> URB-C Urban Center URB-CC Urban Community Center URB-UD Urban Development District URB-UC Urban Center URB-UR Urban Redevelopment
BURAL ZONING	
<ul style="list-style-type: none"> BR-R Rural Residential BR-I Rural Intermediate BR-V Rural Village Residential 	<ul style="list-style-type: none"> BR-R Rural Residential BR-I Rural Intermediate BR-V Rural Village Residential
NATURAL RESOURCE LANDS	
<ul style="list-style-type: none"> NRL-1 Natural Resource Land - 1st NRL-2 Natural Resource Land - 2nd NRL-3 Natural Resource Land - 3rd 	<ul style="list-style-type: none"> NRL-1 Natural Resource Land - 1st NRL-2 Natural Resource Land - 2nd NRL-3 Natural Resource Land - 3rd
COMMERCIAL / INDUSTRIAL	
<ul style="list-style-type: none"> CI-1 Commercial CI-2 Commercial CI-3 Commercial CI-4 Commercial CI-5 Commercial CI-6 Commercial CI-7 Commercial CI-8 Commercial CI-9 Commercial CI-10 Commercial CI-11 Commercial CI-12 Commercial CI-13 Commercial CI-14 Commercial CI-15 Commercial CI-16 Commercial CI-17 Commercial CI-18 Commercial CI-19 Commercial CI-20 Commercial CI-21 Commercial CI-22 Commercial CI-23 Commercial CI-24 Commercial CI-25 Commercial CI-26 Commercial CI-27 Commercial CI-28 Commercial CI-29 Commercial CI-30 Commercial CI-31 Commercial CI-32 Commercial CI-33 Commercial CI-34 Commercial CI-35 Commercial CI-36 Commercial CI-37 Commercial CI-38 Commercial CI-39 Commercial CI-40 Commercial CI-41 Commercial CI-42 Commercial CI-43 Commercial CI-44 Commercial CI-45 Commercial CI-46 Commercial CI-47 Commercial CI-48 Commercial CI-49 Commercial CI-50 Commercial 	<ul style="list-style-type: none"> CI-1 Commercial CI-2 Commercial CI-3 Commercial CI-4 Commercial CI-5 Commercial CI-6 Commercial CI-7 Commercial CI-8 Commercial CI-9 Commercial CI-10 Commercial CI-11 Commercial CI-12 Commercial CI-13 Commercial CI-14 Commercial CI-15 Commercial CI-16 Commercial CI-17 Commercial CI-18 Commercial CI-19 Commercial CI-20 Commercial CI-21 Commercial CI-22 Commercial CI-23 Commercial CI-24 Commercial CI-25 Commercial CI-26 Commercial CI-27 Commercial CI-28 Commercial CI-29 Commercial CI-30 Commercial CI-31 Commercial CI-32 Commercial CI-33 Commercial CI-34 Commercial CI-35 Commercial CI-36 Commercial CI-37 Commercial CI-38 Commercial CI-39 Commercial CI-40 Commercial CI-41 Commercial CI-42 Commercial CI-43 Commercial CI-44 Commercial CI-45 Commercial CI-46 Commercial CI-47 Commercial CI-48 Commercial CI-49 Commercial CI-50 Commercial
OPEN SPACE	
<ul style="list-style-type: none"> OS-1 Open Space OS-2 Open Space OS-3 Open Space OS-4 Open Space OS-5 Open Space OS-6 Open Space OS-7 Open Space OS-8 Open Space OS-9 Open Space OS-10 Open Space OS-11 Open Space OS-12 Open Space OS-13 Open Space OS-14 Open Space OS-15 Open Space OS-16 Open Space OS-17 Open Space OS-18 Open Space OS-19 Open Space OS-20 Open Space OS-21 Open Space OS-22 Open Space OS-23 Open Space OS-24 Open Space OS-25 Open Space OS-26 Open Space OS-27 Open Space OS-28 Open Space OS-29 Open Space OS-30 Open Space OS-31 Open Space OS-32 Open Space OS-33 Open Space OS-34 Open Space OS-35 Open Space OS-36 Open Space OS-37 Open Space OS-38 Open Space OS-39 Open Space OS-40 Open Space OS-41 Open Space OS-42 Open Space OS-43 Open Space OS-44 Open Space OS-45 Open Space OS-46 Open Space OS-47 Open Space OS-48 Open Space OS-49 Open Space OS-50 Open Space 	<ul style="list-style-type: none"> OS-1 Open Space OS-2 Open Space OS-3 Open Space OS-4 Open Space OS-5 Open Space OS-6 Open Space OS-7 Open Space OS-8 Open Space OS-9 Open Space OS-10 Open Space OS-11 Open Space OS-12 Open Space OS-13 Open Space OS-14 Open Space OS-15 Open Space OS-16 Open Space OS-17 Open Space OS-18 Open Space OS-19 Open Space OS-20 Open Space OS-21 Open Space OS-22 Open Space OS-23 Open Space OS-24 Open Space OS-25 Open Space OS-26 Open Space OS-27 Open Space OS-28 Open Space OS-29 Open Space OS-30 Open Space OS-31 Open Space OS-32 Open Space OS-33 Open Space OS-34 Open Space OS-35 Open Space OS-36 Open Space OS-37 Open Space OS-38 Open Space OS-39 Open Space OS-40 Open Space OS-41 Open Space OS-42 Open Space OS-43 Open Space OS-44 Open Space OS-45 Open Space OS-46 Open Space OS-47 Open Space OS-48 Open Space OS-49 Open Space OS-50 Open Space
MINERAL	
<ul style="list-style-type: none"> M-1 Mineral M-2 Mineral M-3 Mineral M-4 Mineral M-5 Mineral M-6 Mineral M-7 Mineral M-8 Mineral M-9 Mineral M-10 Mineral M-11 Mineral M-12 Mineral M-13 Mineral M-14 Mineral M-15 Mineral M-16 Mineral M-17 Mineral M-18 Mineral M-19 Mineral M-20 Mineral M-21 Mineral M-22 Mineral M-23 Mineral M-24 Mineral M-25 Mineral M-26 Mineral M-27 Mineral M-28 Mineral M-29 Mineral M-30 Mineral M-31 Mineral M-32 Mineral M-33 Mineral M-34 Mineral M-35 Mineral M-36 Mineral M-37 Mineral M-38 Mineral M-39 Mineral M-40 Mineral M-41 Mineral M-42 Mineral M-43 Mineral M-44 Mineral M-45 Mineral M-46 Mineral M-47 Mineral M-48 Mineral M-49 Mineral M-50 Mineral 	<ul style="list-style-type: none"> M-1 Mineral M-2 Mineral M-3 Mineral M-4 Mineral M-5 Mineral M-6 Mineral M-7 Mineral M-8 Mineral M-9 Mineral M-10 Mineral M-11 Mineral M-12 Mineral M-13 Mineral M-14 Mineral M-15 Mineral M-16 Mineral M-17 Mineral M-18 Mineral M-19 Mineral M-20 Mineral M-21 Mineral M-22 Mineral M-23 Mineral M-24 Mineral M-25 Mineral M-26 Mineral M-27 Mineral M-28 Mineral M-29 Mineral M-30 Mineral M-31 Mineral M-32 Mineral M-33 Mineral M-34 Mineral M-35 Mineral M-36 Mineral M-37 Mineral M-38 Mineral M-39 Mineral M-40 Mineral M-41 Mineral M-42 Mineral M-43 Mineral M-44 Mineral M-45 Mineral M-46 Mineral M-47 Mineral M-48 Mineral M-49 Mineral M-50 Mineral
OTHER	
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T35N R3 & 4E.W.M.

This map was created from available public records and existing map sources. It is not a legal document. Map features from all sources have been adjusted to achieve a "best fit" appearance to the Comprehensive Planning Map. While great care has been taken in this process, slight differences may exist between the location of geographic features. The relative positioning of map features to one another results from combining different map sources without field "ground truthing".

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For current Skagit County Assessor tax lots the maps available at the Skagit County Assessor's office or on the web at www.skagitcounty.net should be consulted.

Release date only. This map incorporates official map changes up to the release date. Changes made subsequent to the release date are not incorporated into this Comprehensive Planning Map on the County website or on www.skagitcounty.net, and are also not recorded or posted at the Skagit County Planning & Permit Center. Please consult the Planning & Permit Center for a record of these changes. For a record of city amendments, contact the Skagit County Auditor's office.

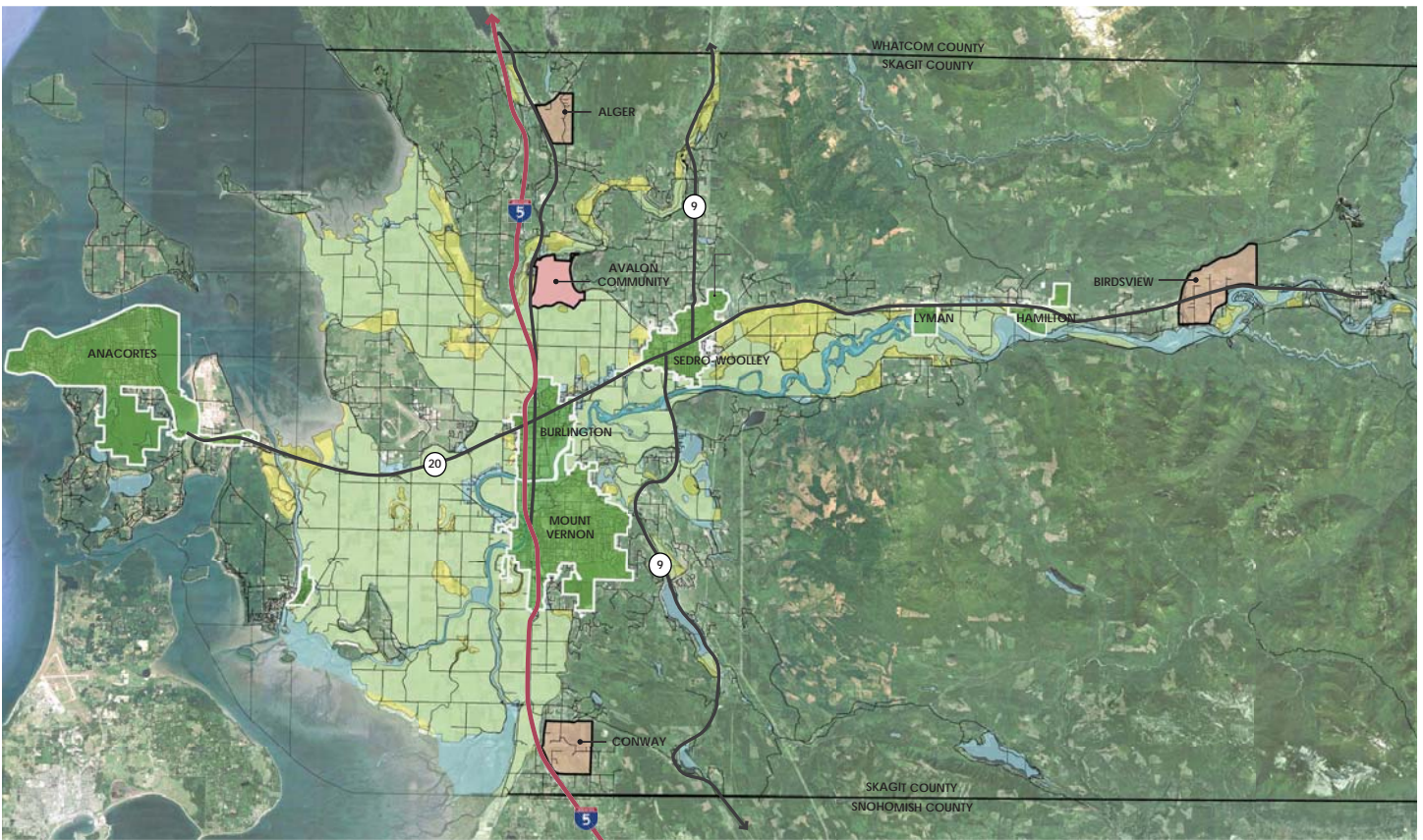




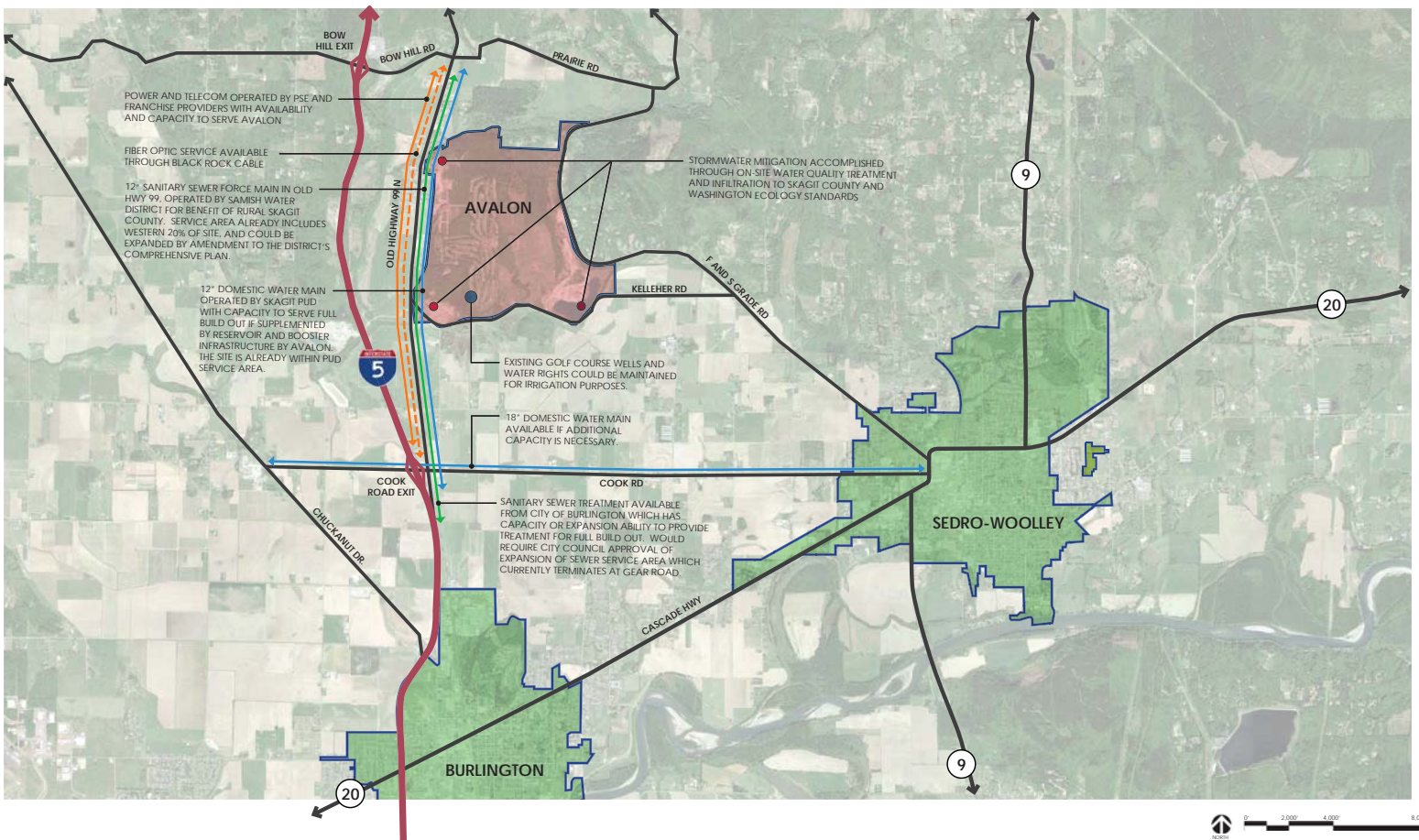
Avalon Ownership Exhibit

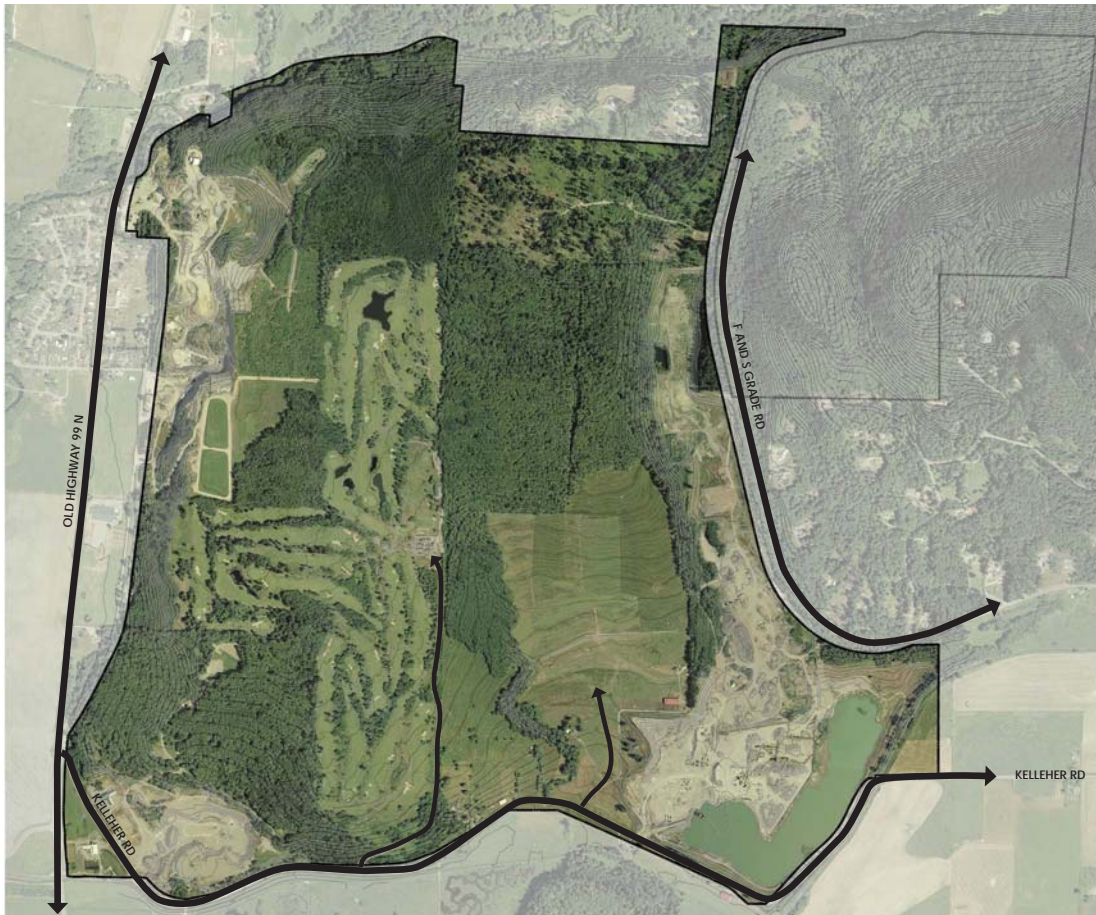
Source: Skagit County GIS, iMap





SKAGIT COUNTY DIAGRAM







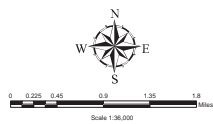
- LEGEND
- POTENTIAL DEVELOPMENT AREA
 - AVALON GOLF COURSE
 - STEEP SLOPE AREAS



POTENTIAL AVALON DEVELOPMENT AREA



AVALON	Land Use	Total Area (Ac.)	Density	Units	People per Unit	Population
	Total Avalon Land		1,243.7		3,544	2.4
Potential Development Land		768.9	4.6	3,544		8,517
	Residential	581.0		3,544		8,517
	Neighborhood Commercial / Civic	20.0				
	Wetland & Setback Contingency	35.0				
	Schools/Amenity	25.0				
	Parks	59.0				
	Potential Primary ROW (100')	85.0				
	Natural Open Space, Trails, Buffers	45.0				
	Golf Course & Setbacks	230.9				
	Steep Slopes	178.0				
	Primary Streams & Setbacks	32.7				
	Existing Ponds	33.2				



SAMISH WATER DISTRICT

Comprehensive Sewer Plan Exhibit A - General Sewer Facilities Map

LEGEND:

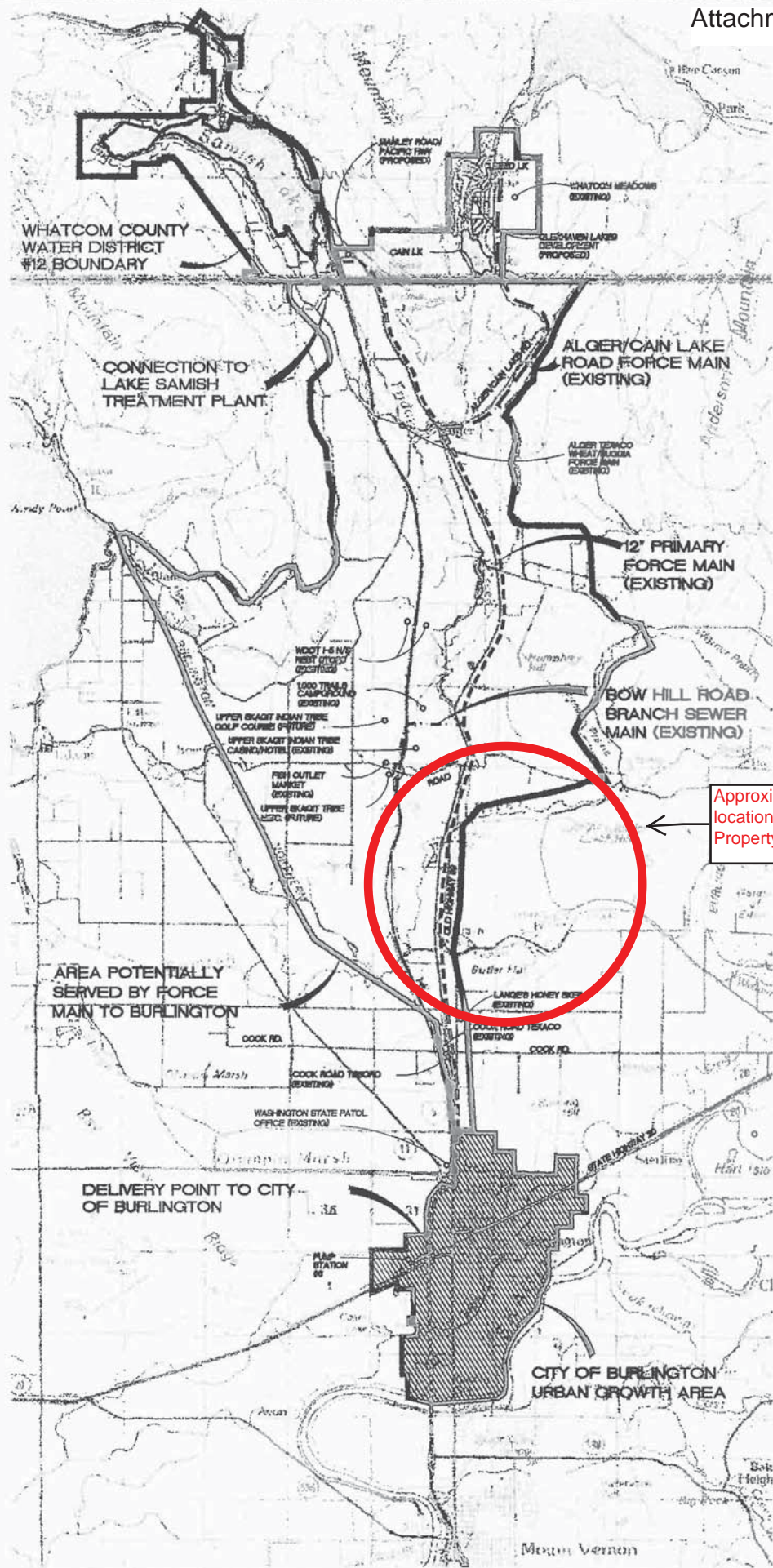
- Pump Stations
- Force Main
- Gravity Main
- District Boundary
- Glenhaven Lakes Boundary
- Forced Main Agreement Area
- City Boundaries

WASHINGTON STATE



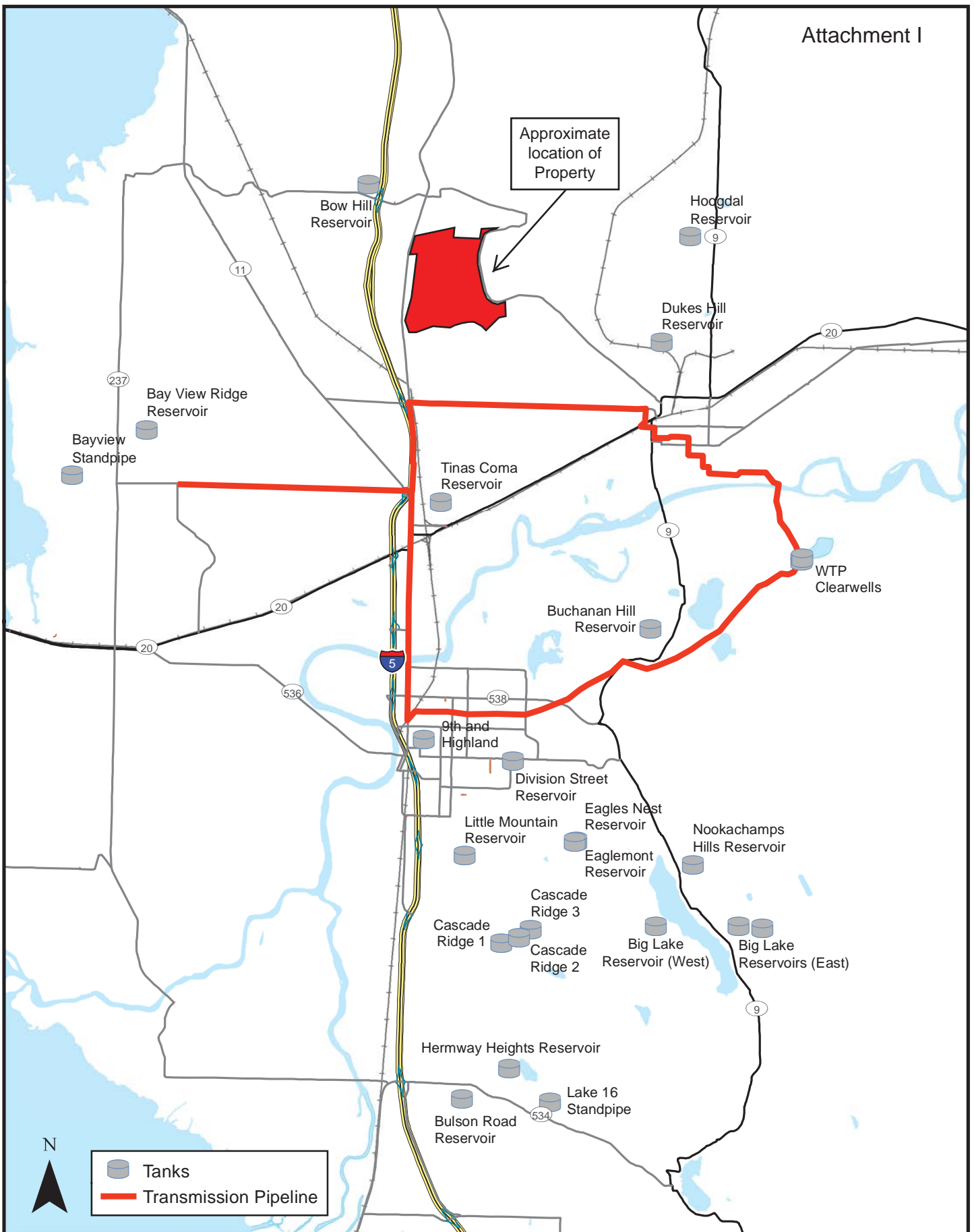
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Approximate location of Property

Excerpt from City of Burlington 2005 Comprehensive Wastewater Plan



Judy System - Transmission Pipeline Loop

2013 Skagit PUD Water System Plan

Coordinate System: WA State Plan North, NAD83

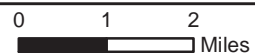
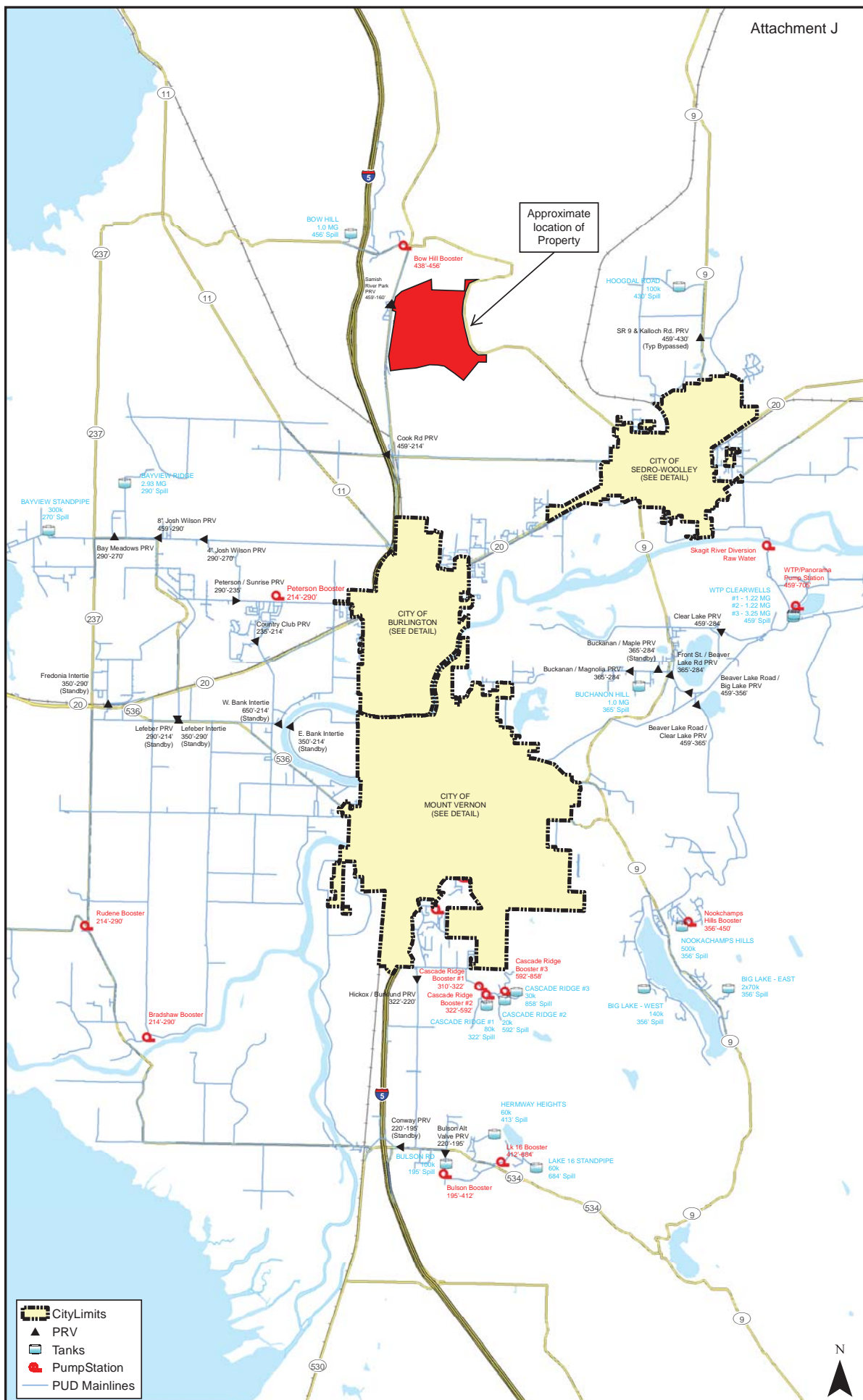


Figure 2-12



City Limits
 PRV
 Tanks
 Pump Station
 PUD Mainlines



MEMORANDUM REPORT

**A SUMMARY REVIEW OF CURRENT AND ANTICIPATED FUTURE
MARKET AND FINANCIAL SUPPORT FOR A NEW FULLY CONTAINED
COMMUNITY ON THE AVALON PARCEL**

PREPARED FOR VINEYARD DEVELOPMENT GROUP

July 26, 2016

Project Number 490

MEMORANDUM REPORT

A SUMMARY REVIEW OF CURRENT AND ANTICIPATED FUTURE MARKET AND FINANCIAL SUPPORT FOR A NEW FULLY CONTAINED COMMUNITY ON THE AVALON PARCEL

In 2008, Peterson Economics completed a detailed market and financial analysis evaluating potential for a new Fully Contained Community (FCC) on a 1,500-acre parcel surrounding the existing Avalon golf course in Skagit County, Washington. This analysis concluded that, due to the unique attributes of this site, strong demand could emerge for an attractive, amenitized community, oriented primarily toward moderately affluent retirement-oriented buyers relocating from the greater Seattle area for lifestyle and affordability reasons. This community would also attract a variety of local-area resident buyers, as well as retirement-oriented buyers and others from various locations around the U.S., along with some potential buyers from the Vancouver metro area.

In July 2016, Peterson Economics was retained to complete a targeted update of market and financial potential for this community, based on a combination of Peterson Economics' recent market research for other similar communities in the Pacific Northwest and the following targeted market research tasks:

1. Conference calls with the developer, land planner, and land use attorney discussing project status and development options;
2. A brief review of current land planning completed by GCH;
3. A review of our detailed 2008 market and financial analysis;
4. A snapshot update of current market conditions, including a review of the primary source market (the Seattle metro area) and local/regional residential prices and market trends; and
5. A review/evaluation of our 2008 recommendations, conclusions, and projections.

This targeted analysis was completed by Jon Peterson, President.

Remaining portions of this memorandum report include the following subsections:

1. A review of Peterson Economics' experience and qualifications;
2. A summary of targeted research completed for this assignment;
3. A summary of our revised conclusions, recommendations, and financial projections; and
4. Anticipated economic benefits and fiscal impacts.

PETERSON ECONOMICS' QUALIFICATIONS AND INDUSTRY EXPERIENCE

Peterson Economics is a real estate economics consulting firm which specializes in evaluating market and financial potential for recreation-oriented master-planned communities. Since inception in 2002, Peterson Economics has been retained to complete more than 400

market and financial analyses for proposed new resorts, second-home communities, retirement communities and other projects, representing well over \$100 billion in proposed new development.

Peterson Economics specializes in evaluating market and financial potential for unique destination communities. The firm is also based in the Pacific Northwest, where we have completed more than 100 market and financial analyses for destination resorts, second-home communities, and other recreation-oriented master-planned communities (most likely more than all of our competitors combined).

Our relevant experience elsewhere in the Pacific Northwest is summarized geographically as follows:

- **San Juan Islands and North Puget Sound Region:** over the past 15 years, Peterson Economics has completed about 15 analyses in this region. In addition to our 2008 analysis for the subject community, these have included detailed market and financial analyses for a proposed new cottage resort community at the Point Roberts Marina, a proposed new resort community on Orcas Island (at Rosario), a new retirement-oriented community in Anacortes (San Juan Passage), a large-scale waterfront condo community in Everett, a second-home community near Stevens Pass, and a variety of smaller cottage resorts and other projects. In 2012, Peterson Economics also completed a detailed valuation of a 353-acre development parcel adjacent to Semiahmoo.
- **Central Puget Sound Region:** Peterson Economics has completed more than one dozen market and financial analyses for proposed new retirement communities and second-home communities around the greater Puget Sound region, including a large-scale retirement community at Tehaleh (Bonney Lake) and ten analyses evaluating potential for estate homesite communities on converted timber tracts owned by Green Diamond in Mason County.
- **Central Washington:** Peterson Economics completed a series of detailed market and financial analyses for Suncadia and Tumble Creek which largely determined the initial business plan for these communities. We have since completed in excess of 30 additional studies in Central Washington for Suncadia, Tumble Creek, and over 15 additional proposed new resort or retirement communities in the area, including ongoing work for a proposed new large-scale retirement community adjacent to Cle Elum.
- **Lake Chelan:** during the past 15 years, Peterson Economics has completed about 12 market and financial analyses for proposed new resorts and second-home communities around Lake Chelan and in surrounding areas (such as along the Columbia Valley and in the Methow Valley).
- **Columbia Gorge:** Peterson Economics has completed market and financial analyses for several proposed new resort communities, including Broughton Landing and a proposed new golf resort community near The Dalles. In 2010, Peterson Economics also served as an expert witness regarding Broughton Landing.
- **Central Oregon:** Peterson Economics has completed market and financial analyses for more than 15 proposed new destination resort communities, including the original

analyses for Brasada Ranch, Caldera Springs, and Pronghorn's fractional components. In early 2011, Peterson Economics also prepared a detailed Expert Report regarding Remington Ranch, a partially developed destination resort community in bankruptcy proceedings.

For additional information on our qualifications, please refer to our website at: www.petersoneconomics.com

TARGETED RESEARCH COMPLETED FOR THIS ASSIGNMENT

Prior to re-evaluating conclusions, recommendations, and financial projections for the subject parcel, Peterson Economics completed the following tasks:

1. Reviewed key market findings from our 2008 analysis, as well as more recent findings from analyses completed for several proposed new projects in Whatcom County.
2. Contacted and interviewed several top builders and real estate brokers in Skagit County, gathering information on homesite pricing, new home construction trends, existing home values and sales trends, changing buyer profiles, and other relevant factors (including site visits to several new retirement communities developed by Landed Gentry).
3. Briefly reviewed current and recent residential real estate market conditions and trends in the Central Puget Sound Region, focusing on emerging trends in King County and Snohomish County, where prices have skyrocketed due to supply constraints and strong demand growth.
4. Examined potential ongoing demand for retirement-oriented properties in a new, quality, recreation-oriented retirement community on the subject site, based on size and profile of the target population in the Seattle area (households age 45 to 64 with annual incomes over \$100,000).

Key conclusions from this targeted research effort are summarized by topic below.

RESIDENTIAL MARKET CONDITIONS IN THE SKAGIT VALLEY

As was the case in virtually all markets in the U.S., residential market conditions in the Skagit Valley peaked prior to the Financial Crisis – due in large part to unsustainable easy credit -- and deteriorated badly between late 2008 and 2010. However, market conditions have improved notably over the past three years – and now appear to be on much more solid footing -- primarily due to the growing influx of retirement-oriented buyers moving up from the Central Puget Sound region.

In Burlington, median home sales prices peaked in the mid-2000s at roughly \$250,000 to \$260,000. By 2012, median home sales prices dropped as low as \$158,000, due to the combination of weak demand and a market flooded by low-priced “distressed” properties (foreclosures, short sales, etc.). However, by 2013, market conditions began improving notably, as distressed industry was absorbed and demand continued to recover. By 2016, median home sales prices have returned to the range of \$240,000 to \$260,000 – almost identical to peak 2006/2007 values.

Very similar trends are reported for Sedro Woolley and Mount Vernon. In Sedro Woolley, median home sales prices peaked in 2008 around \$207,000. By 2012, median home sales prices dropped as low as \$156,000. However, by 2014, market conditions began improving notably, as distressed industry was absorbed and demand continued to recover. By June 2016, median home sales prices in Sedro Woolley have returned to about \$206,000 – almost identical to peak 2008 values.

In Mount Vernon, median home sales prices peaked in mid-2007 around \$253,000. By mid-2012, median home sales prices dropped as low as \$202,000. However, by 2014, market conditions began improving notably, as distressed industry was absorbed and demand continued to recover. By June 2016, median home sales prices in Mount Vernon reached \$263,000 – a notch above peak 2007 values.

Demand from working families may also grow faster in the future due to the planned development of a major new technology center in Sedro Woolley. This new project – referred to as the Center for Innovation and Technology – is a proposed as a new large-scale technology campus envisioned to create thousands of local jobs. This new tech center is a proposed joint venture between the City of Sedro Woolley, Skagit County, and the Port of Skagit; it would occupy the 225-acre Northern State campus. Its first tenant is expected to be Janicki Bioenergy. According to the City of Sedro Woolley website, this new tech center could support over 1,000 tech-related jobs within five years.

Although these trends are overwhelmingly positive and encouraging, relative to a massive market like the Seattle metro area, the central Skagit Valley market remains a fairly small, price sensitive market, with only modest demand for new homes, and relatively limited demand for homes priced above \$350,000 – similar to the conclusion from our detailed 2008 analysis. For example:

- **Housing Starts:** housing starts in the region remain rather limited, with only about 100 to 200 new homes being built per year in Mount Vernon, and only a handful being completed in Burlington (three per year in recent years).
- **Higher-End Home Sales:** the local market is heavily dominated by homes in the \$150,000 to \$300,000 price range, with few sales occurring above \$400,000.
- **Homesite Values:** standard homesites in local subdivisions are presently valued around \$75,000 to \$85,000, while homesites in communities with minor amenities or other advantages support values around \$100,000. In comparison, similar homesites are valued around \$150,000 in Anacortes or significantly higher (up to \$500,000) in the Seattle metro area.

Based on these market conditions, it appears clear that Peterson Economics' conclusion from our 2008 analysis remains valid:

For the subject community to achieve substantial absorption and prices sufficiently high to justify development costs, it will need to be positioned as a destination-caliber community capable of attracting new buyers to the region, rather than simply competing with existing communities for market share.

The local market is simply too small, with too few affluent households and too little growth, to support this type of community on its own. However, given the region's highly appealing characteristics and proximity to the Seattle metro area, a highly attractive new community on the site designed and positioned to appeal to young, active, moderately affluent retirement-oriented buyers and other "footloose" buyers from the Seattle metro area and elsewhere could enjoy strong market and financial support. As discussed in more detail at the conclusion of this section, it could also generate hundreds of new jobs for local-area residents and generate a very substantial fiscal surplus to help support local public schools, fire departments, and other public services.

RESIDENTIAL MARKET CONDITIONS IN THE BELLINGHAM AREA

It is also worth noting residential market trends 20 to 30 minutes north of the subject site in the Bellingham area. As a result of tight inventory, job growth, and a strong influx of retirees moving into the region for lifestyle reasons, median home prices continue to escalate in Whatcom County. Illustrating this:

- The median price of homes sold in Whatcom County has soared from about \$247,000 in mid-2012 to about \$311,000 by mid-2016 – an increase of nearly 26 percent over the past four years.
- Current values are now well above the prior market peak of about \$292,000 in mid-2007.

Although Whatcom County would not likely represent a major source market for the subject community, some buyers would likely come from Whatcom County due to proximity and the unique lifestyle/amenity package and neighborhood design of the subject community. Moreover, many of the retirement-oriented buyers currently flocking to Whatcom County from the Seattle area, California, and elsewhere would consider the subject community as an attractive nearby alternative.

RESIDENTIAL MARKET CONDITIONS IN THE CENTRAL PUGET SOUND REGION

Due to a strong economy, strong demand growth, severe limitations on new supply, and traffic congestion and geographic constraints limiting options to move further out, King County has seen a remarkable spike in real estate values over the past four years. Illustrating these trends, the median sales price of single-family homes (new and existing detached homes) sold in King County increased as follows:

- Early 2012 -- \$308,000.
- March 2015 -- \$440,000.
- December 2015 -- \$508,000 (up 15 percent over the year).
- March 2016 -- \$531,000 (up nearly 21 percent in 12 months).

This remarkable price escalation -- an increase of about 72 percent in four years -- has dramatically increased the cost of a typical home in King County, where even basic, dated, smaller homes can now sell for \$600,000. March 2016 prices also set a new record -- eclipsing

the prior record of \$481,000 set in July 2007, just before the Great Recession and market crash of the late 2000s.

Although future prices will fluctuate with changes in the economy, interest rates, and other factors, the region's underlying dynamics – a vibrant economy combined with severe supply constraints – will likely continue to push prices higher and higher over the long-term. Upward pressure on prices also shows no signs of easing in the near future:

- The number of active listings of houses and condominiums — just 2,196 in early 2016 — hit the lowest monthly level since at least 1993, according to data from the Northwest Multiple Listing Service.

By March 2016, the number of listings fell to a 1.05 month supply.

Surrounding counties also saw robust gains:

- In Snohomish County, the median sales price rose from \$358,000 in December 2015 to \$385,000 in March 2016 (up 13 percent in one year).
- In Pierce County, the median sales price rose from \$252,500 in December 2015 to \$265,000 in March 2016 (up 8 percent in one year).
- In Kitsap County, the median sales price rose from \$270,000 in December 2015 to \$279,000 in March 2016 (up 16 percent in one year).

As illustrated by these figures, however, real estate prices are much lower in surrounding counties, due to employment concentrations, traffic congestion, and supply (with far more potential to continue developing new homesites in surrounding counties).

Within King County, the highest average prices are found on the Eastside (Bellevue, Kirkland, Issaquah, etc). In this area, the median price of single-family homes sold in December 2015 was \$675,000, up six percent over the year. In the City of Seattle, the median price rose 20 percent over the year to \$600,000. North King County saw its median price jump 25 percent over the year to \$480,000. In Southwest King County, the median price rose 17 percent over the year to \$305,000. The median price in Southeast King County was \$349,950, a 12 percent gain.

According to Seattle-based Redfin, King and Snohomish counties in November 2015 had a mere 1.5 months of supply — the second lowest of 61 metros nationwide, just behind Oakland, California.

While ultra-hot market conditions and high prices in King County do not necessarily create an opportunity to market higher-priced homes to working families or others who must commute daily to jobs in the Seattle area, these market conditions do create an opportunity for “footloose” residents to sell high-priced existing homes and buy a much nicer, new home in a new community in Skagit County at a significantly lower price. Critically, the higher prices move in the Seattle area and the bigger the price differential becomes with Skagit County, the more attractive this move becomes for households who are no longer tied to daily commutes,

especially those households whose kids have finished high school and left home, and who are now phasing into early retirement.

Surging market conditions in the Seattle area have already led to a surge in interest (and sales) for new communities in Mount Vernon, Anacortes, and elsewhere oriented toward Seattle-area retirement-oriented buyers. For example, Landed Gentry is reporting very strong sales at two new age-restricted communities in Mount Vernon (Woodside and Twin Brooks), with combined sales of about 30 to 40 new homes per year (or nearly one-third of all new homes being completed in Mount Vernon). These homes average about 1,800 square feet, with prices averaging about \$365,000. Demand for new homes has also surged in Anacortes, where values are surging and new communities are quickly being sold out to affluent retirement-oriented buyers moving in from the Seattle area and elsewhere.

Other comments provided by regional builders include:

- Because of the Growth Management Act and land-use decisions by major timber companies, King County has largely run out of new development land, with the exception of a major new community in Black Diamond, which will likely come to market in 2017. However, this location will feature poor access and very long commutes. As a result, it will always be supply-constrained, with a direct impact on future prices.
- Real estate prices in the region have soared over the past two years due to lack of supply. Without major new parcels to develop, each uptick in demand leads to a major price increase, while also pushing some buyers further and further out into the suburbs.
- Previously, Tehaleh drew most buyers from Pierce County. However, in 2015, 43 percent of buyers came from King County, with many coming from the core Seattle/Bellevue area and often commuting daily 1.5 hours back to jobs in the urban core (by car or by car/light rail).
- As a result of the strong market, Tehaleh's lot prices have increased nearly 50 percent over the past two years, with nearly 300 homes per year being built and sold. Typical finished lots (55 to 60 feet wide) are now valued around \$90,000. Excluding higher-value homes in Shea's community, the average home now sells for about \$415,000.
- Prices are much higher in Shea's Trilogy community, which is oriented toward retirees. Lots are typically valued around \$100,000 for a standard lot up to \$154,000 for a lot bordering preserved open space (greenbelt). With upgrades, homes typically sell for \$550,000 to \$600,000, with about 60 to 90 homes sold per year (expected to average 90 per year going forward).
- Four years ago, it was difficult to attract builders to Tehaleh; now, the community is being developed at capacity, with 12 additional builders seeking land to develop.
- Snoqualmie Ridge sold off its remaining lots to Pulte in December 2010. Small homesites (45 to 50 feet wide) are now valued around \$220,000 to \$235,000.
- Infill builder homesites on the Sammamish Plateau now effectively cost up to \$500,000 per unit, including costs of tearing down old homes and upgrading infrastructure, resulting in new homes priced at \$1.2 million to \$1.8 million (though some new homes are priced as low as \$800,000 in less desirable areas).

RESIDENTIAL MARKET CONDITIONS IN THE VANCOUVER METRO AREA

Residential real estate prices have soared in the Vancouver metro area over the past several decades, primarily due to supply constraints and the massive influx of investment dollars and immigrants from China and other countries. Illustrating this:

- The median home price in the greater Vancouver area rose 26 percent to \$1.27 million Canadian (about \$960,000 U.S.) in January 2016 from a year earlier, according to the city's real-estate board.
- The median condo sales price rose 16 percent to \$443,400 (\$334,000 U.S.) by January 2016.

That compares with a 14 percent increase to a \$1.1 million median in San Francisco and a median sales price of just over \$500,000 in King County.

Prices are even more shocking when comparing similar properties. For example, a golf-front homesite in a golf community in British Columbia just across the border from Blaine might fetch \$900,000 to \$1 million – nearly ten times the value of a comparable golf-front homesite at Semiahmoo, an attractive resort-style community in Whatcom County, just south of the border.

Clearly, exceptionally high real estate values in the Vancouver metro area exert a positive impact on values and market conditions in Whatcom County, and to a lesser extent in Skagit County. For example, retirement-oriented buyers and others who have the option of living in the United States (citizens, spouses of citizens, etc.) will view Skagit and Whatcom counties as much more affordable options to the Lower Mainland of British Columbia.

Canadian citizens cannot live in the U.S. full-time without working through U.S. immigration requirements, but they have a long history of buying low-cost second homes in waterfront and water-view settings Whatcom County. In fact, the vast majority of housing units in Point Roberts are second-home properties owned by Canadians, and a significant portion of full-time properties are also occupied by Canadians. However, as is typical, Canadian demand for products in Point Roberts is heavily concentrated for built products in the \$200,000 to \$400,000 price range. Moreover, cross-border second-home demand is also heavily dependent on exchange rates, as illustrated by current challenges closing on initial reservations at Seabright Cottages (a new high-end waterfront cottage development in Point Roberts).

In 2013, Peterson Economics completed a detailed analysis of cross-border demand into the most notable destinations in Whatcom County (including Point Roberts, Semiahmoo, Birch Bay, Homestead, Glacier, and Wildwood). **Table 1** summarizes cross-border demand for these communities in 2011, when the Canadian dollar was exceptionally strong.

Table 1: 2011 Real Estate Purchases in Top Second-Home / Retirement Destination Areas in Whatcom County by Vancouver-Area Residents

	Unit Sales to Vancouver-Area Buyers	% of Sales to Vancouver-Area Buyers
Birch Point and Birch Bay	100	42%
Point Roberts	95	95%
Sandy Point Shores	12	70%
Homestead	3 to 5	5% to 10%
Glacier	20 to 25	80%
Sudden Valley	25 to 30	20% to 25%
Wildwood Resort	7	100%
Total	262 to 274	48%

Source: regional real estate brokers and Peterson Economics.

This analysis illustrates that when the Canadian dollar soars in strength and the Canadian economy is strong, Canadian second-home demand is substantial, accounting for the majority of sales in many of these destinations. However, when the Canadian economy softens and the Canadian dollar slumps (as in 2014 through the present), Canadian cross-border second-home demand largely evaporates, with far more wishing to sell U.S. properties than buy new ones.

However, prior studies also found limited (if any) demand from Vancouver-area buyers further south (in Skagit County), and very little demand for properties lacking prime water frontage (on Lake Whatcom or attractive saltwater), with the exception of ski-oriented cabins in Glacier. Thus, Peterson Economics views Vancouver demand as a minor secondary market, which could provide a modest bump to absorption. However, a significant change in immigration rules (allowing Canadians to live full-time across the border in the U.S.) or other significant changes, such as a stronger Canadian dollar, could lead to a massive boost in Canadian demand.

DEMAND ANALYSIS

Based on our industry experience and the targeted research outlined above, the subject community offers potential to attract and serve a variety of buyers. These could include:

1. Moderately affluent local families seeking a new home, many of whom would commute back to jobs in the Seattle area;
2. Moderately affluent local pre-retirees and retirement-oriented buyers;
3. Young buyers pushed further out of the Seattle metro area in search of an affordable home;
4. More established families or empty nesters who may be phasing into retirement, with many able to work from home at least some days;
5. Young, active retirees; and

6. Seasonal resident retirees.

On the one hand, the subject community could maximize its potential absorption by appealing to all these buyer types. On the other hand, younger full-time resident buyers have very different needs, preferences, and sensitivities than other buyer types, and they may diminish the appeal of the community to other buyers. For example, younger buyers would view the travel time to the Seattle area as a significant hurdle, given the need to commute regularly to jobs in the Seattle area. They would also place less value on major amenities, and be less capable of paying premium prices for homes and paying ongoing costs of maintaining amenities and other services. Many retirement-oriented buyers also prefer communities with fewer young families.

In contrast, older, more established buyers appear far more suitable for the subject community. In particular, Peterson Economics recommends focusing on buyers who are roughly 45 to 64 years old and own their own homes in King County, where values are highest. Most top prospects would be empty nesters (or without kids). They may be only moderately affluent (typical household incomes of \$100,000 to \$200,000) and live in fairly typical suburban homes around King County, but these homes recently jumped in value from \$400,000 or \$500,000 to \$700,000 or \$850,000. They may now be able to retire or phase into retirement, working from home part-time or commuting several days per week. They may have only moderate net worth, but with substantial home equity combined with pensions, social security, and/or part-time work, they may now be in a position to enjoy a very attractive “resort-style” lifestyle in a new community like the subject community, which could offer high quality amenities, extensive services and activities, attractive new cottage-style homes, and a location in an attractive “rural county” like Skagit County, but still close enough to Seattle to visit family and friends on a regular basis, or even commute to work on an occasional basis.

This “equation” has now become extremely attractive, because such households can sell a dated, modest home in King County for as much as \$700,000 or \$800,000, and move into a nicer, brand new home in the subject community for perhaps \$350,000 to \$550,000, using the difference to pay off a mortgage or fund a more luxurious retirement. The recent success of new communities like Twin Brooks and Woodside in Mount Vernon – which offer much more limited amenities and services than possible at the subject community – illustrates this growing demand.

In order to quantify the potential depth of this market, Peterson Economics completed the analysis summarized in **Tables 2** through **4**. Table 2 presents historical data (from 2002) merely illustrating the relationship between age and household income in the core “eastside” portion of King County. As illustrated, older households (age 45 to 54) are dramatically more affluent than younger households. Not only do they tend to own their own homes (now very valuable), they also have dramatically higher household incomes, with a 2002 median household income of \$110,000 – nearly 40 percent higher than 25 to 34 year-old households in the same affluent region.

Table 3 presents more recent data on the total population of target households in King County. In 2014, King County was home to about 137,000 households headed by a person 45 to

Table 2

**HOUSEHOLD INCOME DISTRIBUTION FOR OLDER HOUSEHOLDS IN THE CORE EASTSIDE MARKET
2002 FIGURES**

	Ages 25 to 34	Ages 35 to 44	Ages 45 to 54	Total Ages 25 to 54
Less than \$15,000	807	699	635	2,141
\$15,000 to \$24,999	1,027	939	583	2,549
\$25,000 to \$34,999	1,643	1,173	834	3,650
\$35,000 to \$49,999	3,334	2,662	2,047	8,043
\$50,000 to \$74,999	6,695	6,004	4,662	17,361
\$75,000 to \$99,999	6,241	6,907	5,458	18,606
\$100,000 or more	<u>9,640</u>	<u>18,319</u>	<u>19,911</u>	<u>47,870</u>
Total	29,387	36,703	34,130	100,220
Median Household Income	\$ 79,758	\$ 99,881	\$ 110,000	N.A.

¹Includes I-90 corridor in greater Bellevue/Issaquah area.

²Includes only those individuals identifying themselves as belong to one race; therefore, numbers may not equal the total population.

³As Claritas reports figures in percentage terms, the actual number of households may not equal total.

⁴Estimate of median household income for households age 45-54 provided by Peterson Economics based on Claritas num

Source of Estimates: Claritas, Inc.

Table 3

**INCOME DISTRIBUTION -- KING COUNTY HOUSEHOLDS -- 45 TO 64 YEAR-OLD
2014 CENSUS FIGURES -- ESTIMATE ANNUAL HOUSEHOLD INCOME**

Total # of Householder 45 to 64 years:	308,140
Less than \$10,000	16,138
\$10,000 to \$14,999	7,962
\$15,000 to \$19,999	7,896
\$20,000 to \$24,999	8,544
\$25,000 to \$29,999	7,979
\$30,000 to \$34,999	9,465
\$35,000 to \$39,999	8,614
\$40,000 to \$44,999	10,141
\$45,000 to \$49,999	10,034
\$50,000 to \$59,999	18,523
\$60,000 to \$74,999	26,739
\$75,000 to \$99,999	38,958
\$100,000 to \$124,999	35,741
\$125,000 to \$149,999	27,825
\$150,000 to \$199,999	33,566
\$200,000 or more	<u>40,015</u>
Total HH's 45-64 Years Old Earning > \$100k	137,147

Source: US Census Bureau

Table 4

**POTENTIAL KING COUNTY RESIDENT DEMAND FOR NEW RETIREMENT PROPERTIES
BY AGE OF HOUSEHOLD¹**

	<u>Households by Age Range</u>		<u>Total</u>
	<u>45 to 54</u>	<u>55 to 64</u>	
Total Residents in 2014 by Age	290,828	244,207	535,035
Estimated # of Households (headed by persons of this age)	168,109	141,160	309,269
Assumed % Electing to Move into a Master-Planned Community for Ret./Pre-ret. w/in 10 years	<u>10%</u>	<u>10%</u>	<u>10%</u>
Assumed # of Relevant Retirement Property HHs	16,811	14,116	30,927
Est. Average # of retirement properties/HH	1.20	1.20	
Assumed % of <i>Net</i> Demand for New Master-Planned Ret. Community Housing Captured / Year ²	<u>8%</u>	<u>8%</u>	<u>8%</u>
Total Demand for New Master Planned Community Properties/Year by Income	1,614	1,355	2,969
Assumed % Desiring a Retirement-Oriented Community in Washington State	<u>75%</u>	<u>75%</u>	
Demand for Retirement-Oriented Communities in Washington State	1,210	1,016	2,227
Potential % Captured by Subject Community if Highly Amenitized & Competitively Priced:	<u>5% to 10%</u>	<u>5% to 10%</u>	
<u>Potential Demand for Subject Community</u>			
Total Units/Yr. from N. Seattle Metro Area:	60 to 120	51 to 102	111 to 122

¹Includes households ranging in age from 45 to 64.

²Expressed in terms of net annual growth (subtracting out demand absorbed by resales as some older HH's move out or die).

Source: US Census Bureau and Peterson Economics.

64 years old, with over \$100,000 in annual household income. About 70 percent of these households made \$100,000 to \$200,000 per year, and 30 percent made over \$200,000 per year.

Table 4 presents a preliminary evaluation of total potential depth of demand for retirement-oriented purchases at the subject community from existing households in King County aged 45 to 64. As depicted, if ten percent of such households elect to eventually move into a master-planned community for retirement (or pre-retirement), and if 75 percent remain within Washington State, and if the subject community is able to capture five to ten percent of this demand, it could potentially sell about 111 to 222 new properties per year to this market segment alone. [Note: based on this estimated potential range, a reasonable target could be an average of perhaps 150 new sales per year to King County residents, though actual sales would vary year-by-year based on economic trends, residential market trends, and other external factors, as well as a variety of “internal” project factors, such as design, pricing, and marketing.]

While this type of analysis is admittedly imprecise, absorption could be boosted by also selling additional properties to retirees or pre-retirees from elsewhere in Washington (not just King County). Additional sales could come from empty nesters who are still working, retirees from California and elsewhere, and others, including a variety of buyers from the local market or the greater Vancouver area. These other sources could easily account for 40 to 60 additional sales per year within the subject community, bringing total project-wide absorption up to about 200 units per year.

Thus, this analysis provides a reasonable basis from which to project potential absorption, assuming an attractive amenity package, an appealing land plan, desirable units, competitive pricing, and skilled marketing.

PRELIMINARY CONCLUSIONS, RECOMMENDATIONS, AND FINANCIAL PROJECTIONS

Based on Peterson Economics’ industry experience and market research, in 2008, Peterson Economics concluded that the highest and best use of the subject site is as a new, large-scale, master-planned community oriented primarily toward younger, active retirees. Based on our more recent industry experience and this targeted market update, this conclusion still appears valid. These prospective buyers offer significantly greater affluence than typical first-time home buyers, and they would not be tied as firmly to jobs in the Seattle metro area as middle-aged affluent buyers (who would be turned off by the prospect of an hour-long commute each day and growing traffic concerns getting in and out of Seattle).

However, Peterson Economics does not recommend strictly limiting this community to buyers over 55 years old (i.e., the age set by federal rules for age-restricted communities); Peterson Economics fears that the risks of such a designation (eliminating younger buyers, creating the image of an “old persons’ community,” etc.) would outweigh the advantages (creating a community entirely focused on older buyers). Instead, Peterson Economics recommends simply targeting an appropriate demographic profile, and designing the community to maximize its appeal to this demographic profile, but then allowing (and perhaps even “celebrating”) a healthy mix of buyers and residents within the community, including some like-

minded younger retirees or part-time retirees who may be in their 40s (as well as a few families and other younger buyers).

This location appears very appropriate for this type of amenity-rich, retirement-oriented community due to its:

1. Close proximity to quality medical care (a very important factor);
2. Close proximity to I-5 and easy access to and from the Seattle metro area (close enough to visit the grandkids and other family on a regular basis, but far enough away to achieve a degree of freedom and to enjoy a significant price-incentive to move out of an existing home and an existing neighborhood);
3. Scenic, peaceful, rural setting, with beautiful views of the Skagit Valley;
4. Excellent proximity to extensive shops and other key services in Burlington, Mount Vernon, and Sedro-Woolley;
5. Reasonable/acceptable climate; and
6. Excellent access to a wide range of appealing recreation destinations (to the south, west, north and east), ranging from mountains, to lakes, to islands, to attractive small towns (as well as Seattle and Vancouver).

In addition, the site already includes an attractive 27-hole golf course (which can be incorporated into the new development) and a very attractive new lake (which can be enlarged and improved). Thus, in many important ways, this site appears to meet the critical requirements for a successful new retirement-oriented community seeking to “offer a true resort lifestyle within driving distance of home” for pre-retirees and retirees from the Seattle area.

The majority of these future retirement-oriented buyers would likely derive from the northern half of the Seattle metro area. Most are likely still working, and many would likely continue to work part-time after moving into the new community, but few would commute back into the Seattle area on a regular basis after moving into the subject community. Most are likely moderately affluent, with typical net worth of about \$500,000 to \$2 million and typical household incomes (before retiring) of about \$100,000 to \$200,000 per year. Most likely live in moderately upscale suburban homes they have owned for ten years or more. These homes have typically appreciated smartly over the past decade, creating substantial home equity for most of these households. Typically, such households would be able to sell an older, moderately attractive home in the Seattle metro area suburbs for perhaps \$500,000 to \$800,000, and then move into a highly attractive, new home in the subject community for somewhat less (perhaps \$100,000 to \$150,000 less on average), while also enjoying the substantial benefits of the new community – extensive amenities, services, open space, and social interaction with other young, active retirees.

While retirement-oriented buyers from the northern Seattle metro area may account for perhaps three-quarters of future sales, substantial demand could also emerge from a variety of other sources, including:

1. Local retirement-oriented or amenity-oriented buyers from the Skagit Valley;
2. Retirement-oriented buyers from elsewhere in the Puget Sound region;

3. Retirement-oriented buyers from Bellingham; and
4. Retirement-oriented buyers from the rest of the U.S. (the Inland Northwest, California, etc.).

As noted, additional demand could come from the Vancouver metro area, as well as new residents moving into Skagit County to fill jobs at the Center for Innovation and Technology or elsewhere. Over time, the subject community could be developed to include several neighborhoods oriented toward local working families, with homes priced at somewhat lower levels, and with lower ongoing costs.

As discussed above and examined in detail in our 2008 analysis, Peterson Economics' demand analysis suggests ongoing demand from these combined sources could exceed demand for 200 new units per year in the subject community, if this new community is developed to include attractive amenities, such as:

1. The existing golf facility;
2. A large lake (expanding the existing lake if possible) and perhaps five smaller lakes (about ten acres each);
3. A major lakefront community center (featuring a restaurant, spa and fitness center, pools, and other amenities);
4. Extensive preserved open space (mature forests, landscaped parks, meadows, and other natural areas), all improved to include extensive trails and other amenities; and
5. A variety of other amenities and components (roads, trails, etc.).

If developed to include this amenity package, this community would be dramatically larger and more attractive than existing local-area retirement-oriented communities like Twin Brooks and Woodside, which are already enjoying strong support from the target market (despite limited amenities, limited size, limited marketing budgets, etc.). In fact, if developed as proposed, the subject community could become Washington State's premier retirement-oriented community, with far more open space and far more extensive amenities than top existing communities in King, Pierce and Thurston counties.

In our 2008 analysis, Peterson Economics budgeted unit development costs of \$125 to \$160 per square foot (including upgrades). This is significantly higher than current costs reported at communities like Twin Brooks and Woodside in Mount Vernon, or within major retirement-oriented communities like Trilogy at Tehaleh or Trilogy at Jubilee in Pierce and Thurston counties.

In our 2008 analysis, Peterson Economics recommended pricing the community at fairly compelling levels – more expensive than the less-upscale Trilogy at Jubilee in Lacey, but significantly less expensive than the centrally-situated Trilogy at Redmond Ridge in Redmond. Specifically, expressed in 2008 dollars, Peterson Economics recommended initially pricing most cottages at about \$370,000 to \$600,000 (or about \$250 to \$300 per square foot), but charging \$600,000 to \$950,000 for prime lakefront cottages (up to \$380 per square foot). Also expressed in 2008 dollars, Peterson Economics recommended pricing golf-front and lake-view low-density condos at about \$345,000 (or about \$215 per square foot), while pricing low-density lakefront

condos at about \$535,000 (or about \$300 per square foot). Finally, Peterson Economics recommended pricing 16,000 square foot custom homesites (in gated, wooded enclaves, typically fronting open space) at roughly \$215,000 (expressed in 2008 dollars).

Based on these recommended price points in 2008, expressed in 2008 dollars, the vast majority of finished products within the subject community would have initially been found in the range of about \$345,000 to \$640,000. The average (mean) price would be roughly \$488,000 (and the median would be somewhat lower). In comparison, the average price reported at Jubilee in 2008 was about \$375,000 and the average at Trilogy at Redmond Ridge was about \$670,000.

However, if completing a revised market and financial analysis based on 2016 market realities, it would likely be appropriate to contemplate:

1. A slight redesign of the proposed amenity package (possibly downsizing some amenities, along with other modifications);
2. A slight decrease in the assumed cost of building proposed condos, cottages, and homes (at least in some neighborhoods); and
3. An associated slight decrease in condo, cottage, and home pricing, increasing the number of units offered in the \$300,000 to \$450,000 price range to broaden market appeal.

[Note that all prices discussed above include upgrades and lot premiums; base prices would be significantly lower. However, Peterson Economics' 2008 analysis also assumed "real" appreciation of 1.0 percent per year for built product and 2.0 percent per year for lots, over and above the assumed rate of inflation (3.0 percent per year).]

Given these proposed price points, the proposed amenity package, the proposed land plan, and the subject site's attractive setting and location, Peterson Economics believes the subject community could enjoy strong market support going forward. Specifically, Peterson Economics believes ongoing absorption could average close to 200 developer-owned lots and units per year, similar to absorption levels achieved by other major retirement-oriented communities in the Puget Sound region prior to the Financial Crisis (and well below recent and current absorption reported at Tehaleh). With an average of perhaps 2.2 residents per unit (primarily couples, along with some families and other household types), the community's population could therefore increase by about 440 residents per year once closings begin.

As examined in detail in our 2008 analysis, this new community offers potential for a solid return on investment with absorption and pricing at these anticipated levels.

ANTICIPATED ECONOMIC BENEFITS AND FISCAL IMPACTS

Peterson Economics has completed detailed economic benefit and fiscal impact studies for dozens of proposed new large-scale master-planned communities, including detailed studies for Suncadia / Tumble Creek, several proposed new large-scale resort communities in Central

Oregon, a proposed new resort on the Oregon Coast, and several proposed new resort communities in British Columbia.

Critically, as proposed, the subject community would create massive benefits for the local economy, local-area businesses, and public service providers, because it would be positioned to draw in a large number of moderately affluent retirement-oriented buyers from the Seattle area, rather than simply compete for market share with existing communities in the Skagit Valley. These new residents would bring their money with them, spending money in local shops and restaurants, hiring staff to help maintain their homes, etc.

In general terms, developing the subject community as proposed would likely offer the following major local economic benefits and fiscal impacts (among many other benefits):

1. Including indirect and induced impacts, construction/development activity alone would likely generate between 600 and 1,000 new full-time-equivalent jobs in the Skagit Valley each year during the primary development period (a period of perhaps ten years).
2. Including indirect and induced impacts, permanent ongoing operations employment (community management, maintenance, sales and marketing, home maintenance, etc.) could easily total 100 to 200 ongoing full-time-equivalent jobs (after several years of development).
3. Expressed in 2016 dollars, net new property tax revenues could grow by roughly \$1 million per year, reaching about \$10 million per year after ten years of sales.

The demographic profile of anticipated buyers and proposed community design would also mean that this community would place unusually low burdens on most local service providers. For example, while a new starter-home community generates much less property tax revenue per home, it is typically filled with young families placing children in public schools (at an average cost to taxpayers of about \$10,600 per child in the U.S.). [Note: in Skagit County, reported education costs per child are well above the national average.] However, if positioned and developed as proposed, the subject community would primarily attract affluent “empty nesters” from outside Skagit County. In similar communities, it is common for only one home in 20 or even one in 50 to include school-age children, meaning this community would generate massive new revenues for local public schools (growing to a level of millions of dollars per year), while creating very limited additional cost for these schools, thereby creating a massive fiscal surplus, which could be used to improve the quality of local schools and/or reduce the tax burden on all area residents. With property values well above average and impacts on service providers typically below average, it could also create modest fiscal surpluses for local fire departments, police departments, public works departments, and other service providers. Similar small towns with a long history of attracting affluent retirees (such as Bend, Oregon) provide a clear illustration of the benefits of developing similar communities and using property tax revenues to fund world-class parks, roads, schools, and other public services and facilities.



SKAGIT COUNTY BOARD OF COMMISSIONERS

RON WESEN, First District
KENNETH A. DAHLSTEDT, Second District
LISA JANICKI, Third District

March 11, 2016

Bob Carmichael
Carmichael Clark, P.S.
1700 D Street
Bellingham WA 98225

Via email to: bob@carmichaelclark.com

Mr. Carmichael:

We have received and considered your letter of February 12 requesting amendment to the Countywide Planning Policies to facilitate the creation of a fully contained community at Avalon Golf Course.

As you know, this Board considered your proposal as part of its deliberation on the 2015 Comprehensive Plan Amendments docket. In December 2015, as part of establishing the docket, we decided to defer your proposal for possible inclusion in next year's docket.

We remain convinced that now is not the time for consideration of this proposal when the County and all the cities and towns are completing their 8-year Comprehensive Plan updates and our growth projections show sufficient or excessive residential capacity in our existing UGAs. But we also realize on a longer term basis, we need to plan for future urban growth. RCW 36.70A.350 would allow the County to create a community reserve at any time after the 2016 Update so long as:

- the reservation occurs concurrent with a once-per-year amendment to the County's Comprehensive Plan;
- the reservation occurs through amendment of the Countywide Planning policies;
- the partners to the 2002 Framework Agreement (the cities and towns) agree with the amendments to the Countywide Planning policies.

It is possible that at some point in the future, the County's existing urban growth areas will run out of capacity for new urban growth. The appropriate approach to planning for that possibility is to conduct a countywide analysis of the appropriate locations for future urban growth areas and to develop a forecast for when those future urban growth areas may be required.

After the Comprehensive Plan update is complete, we will suggest that the GMA Steering Committee add such an analysis to its 2017 work program (which currently includes development of a program to monitor land development including UGA capacities), so that we can work with the cities and towns to evaluate these future needs. After the analysis is complete, we could suggest a public participation process for vetting a plan for accommodating future urban growth through the GMA Steering Committee and the County Planning Commission.

BOARD OF SKAGIT COUNTY COMMISSIONERS



Lisa Janicki, Chair



Ron Wesen, Commissioner



Kenneth A. Dahlstedt, Commissioner

SKAGIT COUNTY COMMISSIONERS ADMINISTRATIVE BUILDING

1800 CONTINENTAL PLACE, SUITE 100, MOUNT VERNON, WA 98273 PHONE (360) 416-1300 FAX (360)336-9307



Avalon Community Plan
PO Box 29840
Bellingham, WA 98228

Regarding: Avalon Community Development Plan

Dear Mr. Sygitowicz,

Thank you for allowing me the opportunity to review your preliminary Avalon Community Development Plan. As a parks provider we appreciate the opportunity to participate early in the process. Civic infrastructure, such as trails, green spaces and parks are important to building healthy, active and desirable communities. We appreciate knowing that you are approaching your planning process from a similar mindset.

Your concept of a synergistic plan that combines spaces for multiple uses resonates well with our parks department. A school that can function as a community park has been done very successfully at other locations in the County and we are supportive of seeing similar examples in other locations as Skagit County's population expands.

Please make sure to keep us involved in the process as you continue to formulate and refine your plan for Avalon. We would very much appreciate receiving an electronic version of the most current plan you shared at the meeting this week.

Sincerely,

A handwritten signature in blue ink, appearing to read "B. Adams".

Brian Adams, Director
Skagit County Parks and Recreation
1730 Continental Place
Mount Vernon WA 98273

1730 Continental Place
Mount Vernon, WA 98273

(360)416-1350 phone

<http://skagitcounty.net/offices/parks/index.htm>



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Board of Commissioners:

Michael F. Roberts
Herbert A. Barker
Gordon J. Nolan

District Manager:

Byron Gaines

June 20, 2016

Bill Sygitowicz, Owner
Vineyard Development Group, LLC
PO Box 29840
Bellingham, WA 98228

Subject: Sewer for Avalon; a Master Planned Community

Dear Mr. Sygitowicz;

On behalf of the Board of Directors of the Samish Water District, let me extend our appreciation for your insightful presentation and vision of the proposed Avalon Master Planned Community surrounding the Avalon golf links. The Board has authorized me to write a letter stating that sewer service will be provided based on the approval of the Growth Management Board, Skagit County and to the capability of the District to provide said service.

If the District can be of any service, please feel free to contact me.

Sincerely

A handwritten signature in black ink, appearing to read "Byron Gaines", written over a circular stamp or watermark.

Byron Gaines
District Manager
Samish Water District
360-734-5664



1415 Freeway Drive
P.O. BOX 1436
Mount Vernon, WA 98273-1436
tel: (360) 424-7104
www.SkagitPUD.org

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July 14, 2016

Bill Sygitowicz
Vineyard Development
Post Office Box 29840
Bellingham, WA 98228

**RE: Avalon Plat Development
Proposed Residential Development
Water Availability**

Dear Mr. Bill Sygitowicz:

In response to your request, Public Utility District No. 1 of Skagit County (District) has reviewed the above referenced development with regard to water availability and offers the following comments:

- The District **presently owns and operates** an 8-inch water pipeline along Kelleher Road from Old Highway 99 North Road east approximately 870 feet, ending near the Humane Society of Skagit Valley.
- The District has **sufficient supply to furnish domestic water** to the proposed plat.
- **To provide water service to the proposed development** may be require upsizing of the existing 8-inch water line on Kelleher Road to 12-inch as well as require installation of a 12-inch ductile iron water pipeline to serve a proposed storage tank. An 8-inch ductile iron water pipelines with appurtenances, may be required throughout the plat. A storage tank(s) with Telemetry/SCADA communication will also be required to serve the proposed development, tank size will be calculated based on development build-out and District requirements. Water system extensions, improvements, or new facilities are to be constructed in accordance with District requirements and design criteria, with all costs to be borne by the developer. Water system improvements are to be coordinated through the District by the developer's licensed engineer and private contractor.
- Upon receipt of water pipeline design plans, District personnel can review the project and determine engineering, tie-in, and inspection costs.
- Any Public Utility District owned water pipelines on private property will require a minimum of a 20-foot wide easement.
- Upon completion of any necessary water system improvements, receipt of the necessary fees, addresses, copies of building permits and site plans, separate domestic metered water services can be installed to serve the proposed lots.
- Present fees for Type-III **standard** metered water services are as follows:

Size	Service Fee	SDF*	Total
5/8-inch	\$345.00	\$4,420.00	\$4,765.00
3/4-inch	\$370.00	\$6,630.00	\$7,000.00
1-inch	\$480.00	\$11,050.00	\$11,530.00

*SDF = System Development Fee

- Upon request, fees for metered water services larger than 1-inch can be determined by District personnel.

- The current standard service design and bill of materials do not allow for the installation of a residential fire sprinkler system. If a residential fire sprinkler system is required or desired, then the service line size, the meter location, and the bill of materials will need to be reviewed, and possibly revised, by the District.
- **Meter Sizing.** For water services other than for single-family residences, applicants are to submit a complete list of fixtures with their respective equivalent fixture values, and minimum meter size necessary based on the most current Uniform Plumbing Code (UPC). Irrigation demand shall also be included in these calculations. This can be completed by the applicant's licensed architect, mechanical engineer or plumber. The portion(s) of the UPC (Chapter 6, Appendix A, etc.) used for fixture unit values and meter sizing is to be noted on the submittal, along with the preparer's name, signature, license number and phone number.
- **Cross Connection Control.** The current Washington Administrative Code (WAC) 246-290-490, states the water purveyor is to protect the public water system from contamination via cross-connections. The water purveyor's responsibility for cross-connection control begins at the water supply and ends at the point of delivery to the consumer's water system, the water meter. Under RCW 19.27, the Administrative Authority (building department) is responsible for cross-connection protection within the consumer's water system and property lines.
- To protect the public water supply, the District may require premise isolation of a facility based on the highest potential health risk from potential or actual onsite cross-connection and/or within the building. Appropriate planning should address the possible requirement of a Reduced Pressure Backflow Assembly (RPBA) or Double Check Valve Assembly (DCVA) to be installed immediately after any metered water service or fire service connection, now or in the future. DCVAs can be installed below ground with brass plugs in the test cocks. RPBA's are to be installed above ground and protected from freezing and abuse and with a minimum of 12-inches of clearance below the assembly to finish grade. If the RPBA is installed in an above ground enclosure, the enclosure must have a drain opening adequately sized to handle the maximum flow of the relief valve.
- For new water services, 2-inch and smaller, a dual check valve will be included in the meter assembly. The check valves will create a closed pressure zone within the customer's plumbing system. Installation and maintenance of a thermal expansion tank and pressure/temperature relief valve is necessary to satisfy building regulations. Consult with a licensed plumber, the appropriate local building department, and the Uniform Plumbing Code for the specific requirements.
- Fire hydrant location and requirements are the responsibility of the Skagit County Fire Marshal and plans must be submitted to the Fire Marshal for review.

The comments in this letter are based on information available at the time of writing. Modification to the water system or policy change can make the information provided outdated. A re-evaluation of the comments is necessary one year after the date of this letter.

Thank you for this opportunity to review and comment on water availability to the above property.

Sincerely



Michael E. Demers
Engineering Technician



Burlington - Edison Public Schools

Laurel W. Browning
Superintendent

927 East Fairhaven Avenue Burlington, WA 98233
(360) 757-3311 Fax (360) 755-9198

July 26, 2016

Vineyard Development
C/O Bill Sygitowicz, Owner
PO Box 29840
Bellingham, WA 98228

Re: Avalon Community Development Project of Butler Hill

Dear Bill Sygitowicz:

Thank you for the opportunity to engage in discussions about the proposed Avalon Community Development Plan of Butler Hill. As we discussed, the proposed development will create a significant number of family residences within the Burlington-Edison School District. We currently have approximately 3600 students in four K-8 grade schools, one p-6 grade school and one 9-12 grade high school. The completed development of 3000 homes could conservatively add 1500 more students. This is based on a facilities study done that calculated student generated rates in 2010. If for some reason the type of housing constructed changed to high density these numbers could double. This will impact the District's ability to provide classroom space for the increased student population within this development and at our high school.

The Board recently reviewed its District properties for possible school development, and we are unable to build on District land to house these students. The District cannot commit to the development of a school or schools within the Avalon Community Project as there are many factors that must be considered prior to making this decision, however, the District would urge that suitable land be set aside for essential school facilities based upon the ultimate approved plan. To house 750 students, it would require 12-14 acres per school site. Since the District would need to ask the public for support in passing bonds for new structures, we would ask that the property for school sites be made available at no cost to the District.

The District is supportive of integrated infrastructures that enhance the community and that are well planned. We are interested in the concept of schools being connected to County parks and trails. Thank you for including the Burlington-Edison School District in the planning process of this project.

Sincerely,

A handwritten signature in cursive script that reads "Richard Wesen".

Rich Wesen
Board President



July 28, 2016

Ms. Simi Jain
Carmichael Clark, P.S.
1700 S Street
Bellingham, WA 98225

Subject: Avalon
Infrastructure Context

Dear Simi:

The purpose of this letter is to provide additional context and relative benefits of existing infrastructure already serving the area of the Avalon proposal.

In the last 40 years, large-scale planned communities in the Puget Sound region have typically been added on the eastern or western edges of the urban growth boundaries of King, Pierce, Snohomish, Thurston, and Kitsap counties. With some exceptions, major transportation and utility infrastructure corridors in the region generally orient to serve the north-to-south line of communities paralleling Interstate 5 and Puget Sound.

Prior to development, large-scale planned communities in the region, such as Redmond Ridge, Tehaleh, McCormick Woods, Snoqualmie Ridge, Oakpointe, and The Villages, have been outside of this central corridor, and as such, at the outset have lacked requisite major transportation and/or utility infrastructure. Planned communities have therefore had to plan, permit, and construct substantial infrastructure in order to provide basic services. This translates directly into higher home costs as the infrastructure investment is recovered by home sales.

The Avalon development is unique in its adjacency to Interstate 5 and to major sanitary sewer, domestic water, and franchise utility infrastructure with a capacity to serve new urban density development. It is also unique in that its water and sewer service providers, Skagit PUD, Samish Water District, and the City of Burlington, have substantial available conveyance capacity as well as resource and treatment capacity. Avalon will need to construct off-site infrastructure improvements, but at a much smaller scale and over much shorter distances than other typical large-scale planned communities, which will in turn translate to lower home prices.

For comparison, infrastructure cost considerations for typical large-scale planned communities such as those named above include:

Transportation

Large-scale planned communities typically must extend, widen, and/or construct new major arterials for miles from state and federal highways. The scope of these efforts involves substantial right-of-way acquisition, roadway grading and paving, stormwater mitigation, and traffic control systems such as roundabouts and new signalized intersections.

These transportation corridor improvements often involve environmental impacts to water courses, wetlands, and wildlife habitat which must be mitigated at additional cost. Based on historic cost data for existing communities, transportation improvement costs may be on the order of \$75 to \$150 million or more for a new community, depending on scope of development and location.

Sanitary Sewer

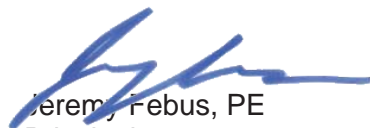
Large-scale planned communities typically cannot simply extend gravity sewer mains from nearby municipalities or utility districts, and when gravity sewer extension is possible the treatment capacity is usually not available in the municipal or district system being extended. Therefore, new planned communities are often constructing large-scale sewer lift station facilities and transmission networks as well as investing in sewer treatment upgrades at municipal or utility district treatment plants providing service. Alternatively, new communities may construct their own sewer treatment and disposal facilities on site. Based on historic data for existing communities, construction of major sewer pump and conveyance systems or construction of a new sewer treatment plant and disposal systems can cost \$25 to \$50 million or more, depending on the demand and location of the new community.

Domestic Water

New large-diameter water mains typically must be extended for miles from nearby utility districts or municipalities to serve new large-scale planned communities. Long-distance main extensions require additional reservoir and pressure boosting or pressure reduction facilities. In many cases, nearby municipal or district water providers do not have water rights or well supplies of sufficient capacity for the new community, and new water sources must be permitted and constructed. Based on historic data for existing communities, water service for a new planned community can cost \$10 to \$25 million or more, depending on demand and location of the community.

It is our opinion that given Avalon's location and proximity to utility district and municipal utility purveyors, the above infrastructure development costs will be less for Avalon. We hope that this provides some context for the relative benefits of the location of the Avalon proposal and the existing utility systems in place. If you have any questions, please feel free to call me at (206) 622-5822.

Sincerely,



Jeremy Febus, PE
Principal

JSF:kjl

1600263

Population Change and Migration

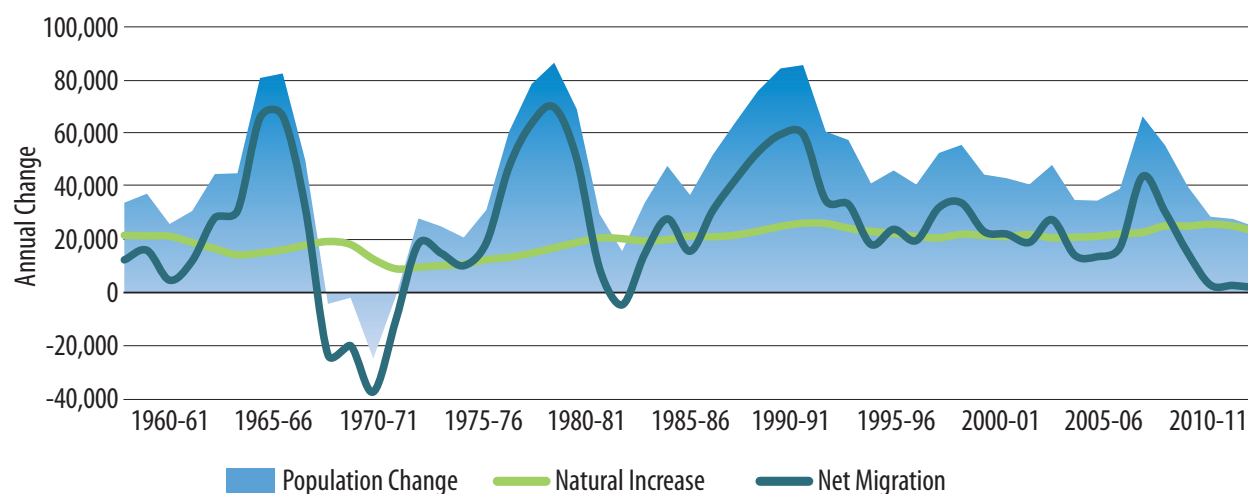
Fewer people moved into the central Puget Sound region in the 2000s compared to the previous two decades, showing the effects of two significant recessions and the bursting housing bubble that made it harder for people to find or change jobs, sell their houses and relocate.

Components of Population Change and Migration

Population change is a function of two components: **natural increase** (births minus deaths) and **net migration** (people moving into an area minus people moving out). Since 1960, according to estimates by the state Office of Financial Management (OFM), net migration has contributed 55% of the region's total population growth while natural increase accounted for the other 45%.

Net migration is the primary driver behind population growth trends in the region. While growth from natural increase remains relatively stable from year to year, net migration is far more volatile, rising and falling in response to the strength of job opportunities and attractions in the central Puget Sound relative to other places. Federal policy governing international migration flows can also play a role.

Figure 1. Annual Population Change by Component, Central Puget Sound Region



Source: OFM

Puget Sound Regional Council

information center

1011 Western Avenue, Suite 500
Seattle, Washington 98104
206-464-7532 • info@psrc.org • psrc.org

Table 1. Components of Population Change by County, Central Puget Sound Region

	1960-1970	1970-1980	1980-1990	1990-2000	2000-2010	% Share by Component 2000-2010	1960-2010	% Share by Component 1960-2010
King								
Net Migration	119,700	55,700	140,700	120,400	75,600	38.9%	512,000	51.4%
Natural Increase	104,700	54,900	96,700	109,300	118,700	61.1%	484,200	48.6%
Total Population Change	224,400	110,500	237,400	229,700	194,200	—	996,200	—
Kitsap								
Net Migration	9,800	36,400	26,000	24,400	7,700	40.3%	104,400	62.5%
Natural Increase	7,700	9,000	16,600	17,800	11,400	59.7%	62,600	37.5%
Total Population Change	17,600	45,400	42,600	42,200	19,200	—	167,000	—
Pierce								
Net Migration	46,600	33,800	44,200	62,300	42,400	45.0%	229,300	48.4%
Natural Increase	44,200	39,500	56,400	52,400	52,000	55.0%	244,400	51.6%
Total Population Change	90,800	73,300	100,500	114,600	94,400	—	473,600	—
Snohomish								
Net Migration	68,200	48,700	87,000	92,400	59,500	55.4%	355,700	65.7%
Natural Increase	24,900	23,700	40,900	48,000	47,800	44.6%	185,400	34.3%
Total Population Change	93,000	72,500	127,900	140,400	107,300	—	541,100	—
Region								
Net Migration	244,200	174,700	297,800	299,500	185,200	44.6%	1,201,400	55.2%
Natural Increase	181,500	127,100	210,600	227,500	229,900	55.4%	976,600	44.8%
Total Population Change	425,700	301,800	508,400	527,000	415,100	—	2,178,000	—

Source: OFM

The region grew by 415,000 persons over the last decade from 2000 to 2010. This level of growth was comparatively lower than the two preceding decades when the region grew by well over a million people — 508,000 during the 1980s and 527,000 during the 1990s. The difference is due to substantially lower levels of net migration — 185,000 persons during the 2000s, compared to 300,000 per decade during the 1980s and 1990s. Recent trends reflect the impact of two severe recessions on the regional economy, complicated by the national housing crisis that constrained mobility for numerous households owing more on a home than its worth.

Net migration accounted for just 45% of population growth in the region during the 2000s, compared to 55% on average from 1960 to 2010. These trends held across each of the region's four counties, to varying degrees. Net migration constituted just 39% and 40% of King and Kitsap counties' population growth over the last decade, compared to averages of 51% and 63% over the past 50 years. In Snohomish County, net migration contributed a notably higher share of its last decade's growth than in the region's other counties, 55%, although this was a level still significantly lower than its 50-year average of 66%. Pierce was the only county for which recent net migration levels over the past decade, 45%, were relatively consistent with its 50-year average of 48%; major expansion of military personnel at Joint Base Lewis-McChord was likely a factor.

County-to-County Migration Trends

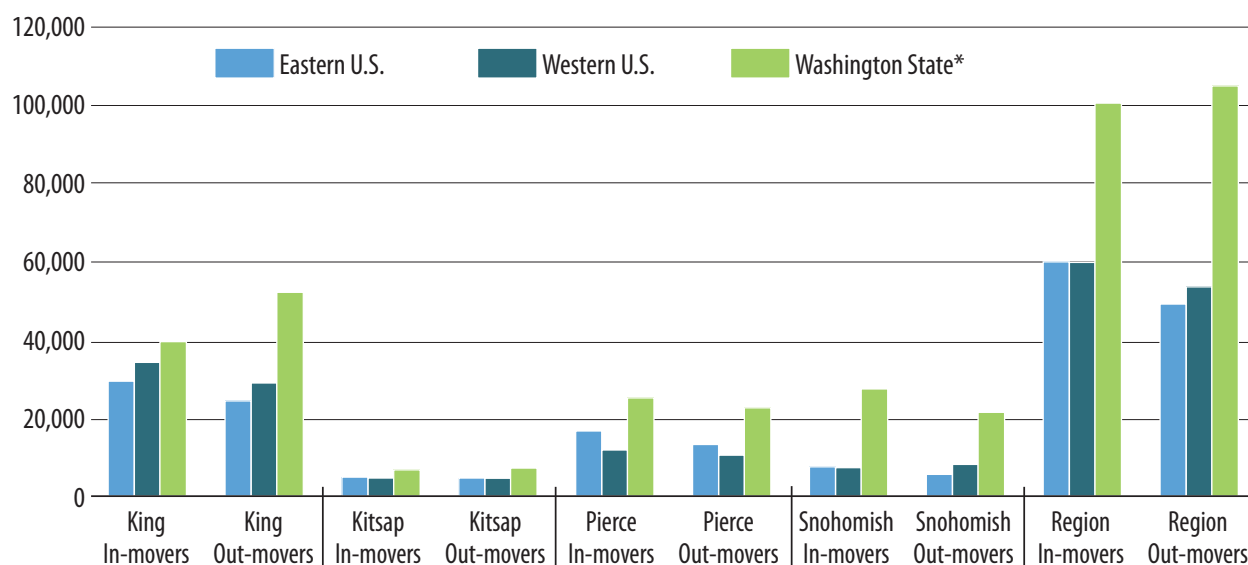
Census Bureau data on county-to-county migration flows provides additional detail about the geographic component of where people are moving to and from. The data come from the 2005-2009 American Community Survey, and the question asked was where the person lived one year previous to filling out the census questionnaire.

Over that five-year period, the biggest contribution to regional in-migration came from within Washington state, with nearly 40% of all in-movers to the Puget Sound region coming from other Washington counties. However, slightly

more of the region's residents moved the other way to other parts of Washington state during this same period. This trend was mostly driven by migration flows to and from King County, where the number of county residents who moved to other parts of the state outside the region was 31% greater than the number who moved to King County.

This trend for King County held for movement within the region as well. The number who moved to the other regional counties was nearly 45% greater than those moving into the county. Most of this movement out of King County went to Pierce and Snohomish counties, which both had considerably more movement into those counties than out of them. Looking beyond in-state migration, approximately equal numbers of people came here from both the eastern and western regions of the United States, while fewer went the other way.

Figure 2. Migration to and from Region



*Note: Does not include movement within Puget Sound region.
Source: Census Bureau – American Community Survey (ACS)

Table 2. Percent Movers within Region by County

	In-movers		Out-movers	
	Estimate	Margin of Error	Estimate	Margin of Error
King	36.4%	2.2%	52.6%	2.0%
Kitsap	6.9%	1.2%	7.2%	1.0%
Pierce	27.6%	2.1%	20.1%	1.9%
Snohomish	29.0%	1.4%	20.2%	1.8%
Region	100.0%	0.0%	100.0%	0.0%

Source: Census Bureau – American Community Survey (ACS)

Data Note: The Washington Office of Financial Management (OFM) and Census Bureau's American Community Survey (ACS) use different methodologies to estimate in- and out-migration. As such, the estimates reported by the two datasets may differ substantially. It is recommended that the OFM dataset be used for actual numeric estimates, whereas the ACS dataset be used to derive migration flow patterns.

Copies of this *Puget Sound Trend* are available at psrc.org and through the PSRC Information Center at 206-464-7532, info@psrc.org. For questions about the data presented in this *Trend*, contact Neil Kilgren at 206-971-3602 or nkilgren@psrc.org.

From the Puget Sound Business Journal:

<http://www.bizjournals.com/seattle/blog/health-care-inc/2015/02/billgates-backed-company-eyes-historic-skagit.html>

Bill Gates-backed company eyes historic Skagit County hospital site for major expansion

Feb 17, 2015, 1:34pm PST

In Skagit County, a homegrown company could be the answer to a 40-year-old problem: what to do with a long-vacant property.

Janicki Bioenergy is proposing to turn the historic Northern State Hospital site in Sedro-Woolley into a research-and-development facility where as many as 1,000 people could work in the next five years.

Janicki is the company behind a clean-water OmniProcessor technology that the **Bill & Melinda Gates Foundation** is backing, and the company plans to develop other sanitation and energy technologies.

The OmniProcessor uses heat and steam to turn human feces into potable water. In a blog post last month, Bill Gates drank water out of jar filled directly from the machine, and he later challenged Jimmy Fallon to drink up during a "Tonight Show" appearance.

Peter Janicki, a co-founder of Janicki Bioenergy, said that since then people from more than 50 countries have contacted the company about buying machines.



PORT OF SKAGIT | CARL MOLESWORTH

Janicki Bioenergy is proposing to use the historic Northern State Hospital property in Sedro-Woolley in Skagit County for a research-and-development site where around 1,000 people would work.

With funding from the Gates Foundation, Janicki Bioenergy is hiring 65 people this year and has big plans for the property that operated as a mental hospital until closing in 1973. The company wants to break ground on the R&D facility by the end of the year.

"We are very eager to get to work," said Janicki.

He is a native of Sedro-Wooley, a town of 10,650 on Highway 20 about 10 miles east of Interstate 5.

Officials from the city, Port of Skagit and the county are trying to clear the way for re-development of the state-managed property that is on the **National Register of Historic Places**. On Friday, state and local officials issued a press release stating that a "memorandum of intent" could be finalized in April. The memo will outline transferring the property to local control through a long-term lease or ownership transfer.

Janicki said he would like state officials to decide the matter by this spring. The company is also looking at an OmniProcessor assembly site in Utah, but Janicki said he prefers the site in his hometown if the company's timetable can be met.

The renowned Olmsted Brothers landscape architecture firm designed the hospital site. Janicki Bioenergy envisions using renovated existing historic buildings as training facilities, meeting and conference space and short-term housing for visitors, and office and research space.

The chance to help a local company generate local jobs with a humanitarian mission is a "once-in-a-lifetime opportunity..." Skagit County Commissioner Ken Dahlstedt said in the press release.

State Sen. Kirk Pearson, R-Monroe, is sponsoring legislation that would grant the state Department of Enterprise Services the authority to pursue a long-term arrangement with the port for the Northern State Hospital campus.

Marc Stiles

Staff Writer

Puget Sound Business Journal



From the Puget Sound Business Journal:

<http://www.bizjournals.com/seattle/news/2015/01/07/kent-aerospace-supplier-expands-partners-with.html>

Burlington aerospace supplier expands, partners with state to train workers

Jan 7, 2015, 2:48pm PST Updated: Jan 7, 2015, 3:57pm PST

Washington state has teamed up with a Burlington aerospace manufacturer to train about 40 aerospace workers in advanced composites techniques. **Hexcel Corp.**, which will pay about 20 percent of the cost of training the workers, is the 12th company to receive this support from the state since 2013.

The workers will be trained at Hexcel's facility, where the company itself is already in growth mode. As a response to growth at **Boeing**, Hexcel is adding 70,000 square feet of space to its facility.

Hexcel, which is traded on the NYSE under the ticker HXL, makes carbon fiber composites, which are increasingly popular with aerospace manufacturers. Boeing's 787 Dreamliner has a variety of carbon fiber parts.

"Hexcel is very pleased to benefit from this grant. By providing funding to train our workforce, it is another great step for Washington state's drive to be a center of excellence for aerospace," said Jim Collins, Hexcel's plant manager.

The program, called WorkStart, is intended to encourage aerospace companies to remain or grow in Washington, said Alex Pietsch, director of the state's office of



HEXCEL PHOTO

Hexcel is adding 70,000 square feet to this building to accommodate aerospace growth. The company is partnering with the state to train new workers for the facility.

aerospace.

"We have limited tools here to incentivize companies to grow and expand," Pietsch said. "One of the things the state does know how to do is train workers."

The program has so far trained 714 workers.

A few aerospace supply companies have opened sites in North Charleston, S.C. since Boeing started making 787 Dreamliners there, the epicenter of the supply chain continues to be in Washington state. Building on the skill base is one tactic the state is using to keep it that way.

"Companies serving aerospace and other industry sectors that are using more advanced carbon fiber composites need a workforce with very specialized skills, often unique to their particular production processes," said Commerce Director Brian Bonlender, in a statement. "The WorkStart program is designed to get workers ready to go and on the floor with the necessary expertise quickly and cost-effectively."

The training will be coordinated through Skagit Valley Community College, said Sean Meehan, director of the WorkStart program for the Department of Commerce.

"It opens up those folks to increased career opportunities," he said.

Steve Wilhelm

Staff Writer

Puget Sound Business Journal



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New Janicki project could bring 1,000 jobs to county



March 3, 2015

By Hilary Parker

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[EDASC 2015 Forecast Dinner: Year of growth, change predicted for Skagit County By Hilary Parker](#)

[Dakota Creek Industries Launches R/V Neil Armstrong](#)

A highlight of Feb. 19's Forecast Dinner was Peter Janicki's presentation on his newest venture, Janicki Bioenergy.

Born out of a desire to help make a difference to the world's 2.5 billion people still without access to clean drinking water and proper sanitation, Janicki has developed the "Omni Processor" to turn sewer sludge into clean drinking water.

The Omni Processor converts the sludge biomass into steam and a dry byproduct. The steam is captured and turned into clean drinking water while the byproduct is used to generate energy. Excess energy is sold back to the community.

"I don't think anybody has ever turned sewer sludge into money," Janicki said.

Fifty engineers currently are working on the processor, and Janicki hopes to double that number by the end of the year. His goal, within five years, is to build one processor per day, with profits going back into research and development for additional innovations to aid developing countries.

Demand is already great: Of 196 countries in the world, 194 have already expressed interest in bringing the technology to their country.

Janicki Bioenergy is still in its infancy, and is looking for a permanent home where it can manufacture the Omni Processor. Janicki is working with Port of Skagit, Skagit County, the City of Sedro-Woolley, EDASC and others in hopes of locating the plant at the North Cascades Gateway Center on the former Northern State hospital property.

EDASC's Don Wick, Janicki, Port of Skagit's Executive Director Patsy Martin, Commissioner Kevin Ware, Commissioner Ken Dahlstedt, and Sedro-Woolley Council Member Keith Wagoner have already traveled to Olympia to speak to House and Senate representatives about facilitating this project. It is estimated Janicki Bioenergy could bring as many as

Economist suggests reasons for optimism for 2014 recovery

Looking Ahead At 2014- A Message From EDASC Board President, Lennart Bentsen

From Farmer's Market To Grocery Market- Lemon Love Growing By Leaps And Bounds

Global Entrepreneur Week Panel Podcast

More Exporting From Skagit County Leads To An Increase In Translation Services

Janicki Industries Key To Safety of NASA's Orion Spacecraft

La Conner Marine Tenants Share Insights With Port of Skagit Officials

Port of Skagit Keeping The La Conner Marina Clean

EDASC Receives International Award for Excellence in Economic Development

Industrial Resources Inc., Completes Engine and Incinerator Room Replacement on the M/V Excellence

Sedro Woolley City Council Votes To

1,000 jobs to Skagit County.

The project already has backing from the Bill & Melinda Gates Foundation. Watch this video [HERE](#) to learn more.

NEXT:

Skagit Refinery Impact Study

PREVIOUS:

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Sedro-Woolley Means Business

It's All In The Family

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Sound Ocean Metal Fabricators Finds New Avenue For Food Processing Expertise

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Industry Thrives In Pacific Northwest County

The Business Of Attracting Business To Skagit County

Janicki Industries Rapid

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March 2, 2015

The 2015 EDASC Forecast Dinner drew a record 570 attendees to the event to hear a report on Skagit business and economic development in the past year as well as get a snapshot of where they are headed in the year to come.

The evening was also an opportunity to honor EDASC Executive Director Don Wick in what was his final Forecast Dinner at the helm of the organization. Wick will be retiring from his post of 28 years later this year.

Corporate Strategy Search has been selected by the EDASC recruitment committee to conduct the search for Wick's replacement. The goal is to have a candidate identified for the position by mid-year, said EDASC Board of Directors President Mary Anstensen.

After a touching video tribute to Wick, he joked, "I don't know who you're talking about." And in true Don Wick fashion, he went on to thank all those he has worked with over the past years, attributing his and EDASC's success to the team.

Economist suggests reasons for optimism for 2014 recovery

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La Conner Marine Tenants Share Insights With Port of Skagit Officials

Port of Skagit Keeping The La Conner Marina Clean

EDASC Receives International Award for Excellence in Economic Development

Industrial Resources Inc., Completes Engine and Incinerator Room Replacement on the M/V Excellence

Sedro Woolley City Council Votes To

EDASC's Year in Review

2014 was another fruitful year for EDASC. New businesses are settling in Skagit County, and existing businesses are enlarging their footprint. Employment numbers are up – and at a higher level than the state average.

Last year, EDASC made 932 new contacts, assisted 300 companies with their business expansion and retention programs, helped bring \$300+ million in total investment to the county, and created or retained 150 jobs, Wick reported. Additionally, more than 3,000 attended EDASC's five major events last year, and the organization attracted 32 new members.

Wick also highlighted a number of businesses, both new to the county and existing, expanding their footprint in Skagit County:

Paccar has recently added 100 jobs, and will add an additional 25 this year.

Hexcel began a major expansion last year that will result in 30 to 60 new jobs.

Team Corp. broke ground on a \$4 million expansion project in August 2014. The company expects to add 70 employees once the expansion is complete later this year.

FedEx broke ground on a new \$25 million, 220,000-square-foot facility that will serve Skagit County and employ 90 FedEx Ground employees.

Gielow Pickles, a family-owned Michigan company, has signed a 10-year lease with the Port of Skagit. The Port invested \$600,000 to prepare the 70,000-square-foot production facility that employs 30 workers.

Oracle Racing is returning to production in Anacortes. They chose to return to Skagit County to be in close proximity to Janicki Industries. Oracle plans to be fully operational by early fall.

Reduce Some Impact Fees By As Much As 91%

Manufacturing Matters In Skagit County

Sedro-Woolley Means Business

It's All In The Family

High-Speed Internet, Without Big-City Hassles, Draws Business To Mount Vernon

High-Tech, High-Test Rope Is Cortland Co.'s Calling Card

Learning By Doing At Shell Puget Sound Refinery

Mavrik Marine Relocates & Brings Jobs To Skagit County

Sound Ocean Metal Fabricators Finds New Avenue For Food Processing Expertise

Schmooze Cruise Puts County Businesses On Display Local Manufacturers 'On Tour' In April

Industry Thrives In Pacific Northwest County

The Business Of Attracting Business To Skagit County

Janicki Industries Rapid

Terrenus Resources broke ground late in 2014 on a facility to condition and stabilize Bakken crude as well as refine and produce bio-diesel.

Janicki Bioenergy is currently working with the Port of Skagit, Skagit County the City of Sedro-Woolley and EDASC to secure the North Cascades Gateway Center as the headquarters for a research and manufacturing center and development of its Omni Processor. The project would bring up to 1,000 jobs to Sedro-Woolley.

County is 'Fertile Oasis'

Next, Wick introduced Michael J. Parks, editor emeritus of Marple's Business Letter, to share his predictions for the economy in 2015. With the usual wit and insight he has brought to previous Forecast dinners, Parks said he sees Skagit County and the greater Seattle area as a "fertile oasis in a slow-growth world."

2014 showed excellent gains in employment in Skagit County, growing 3.7 percent, outpacing the state average of 2.7 percent. That's more than one-third faster than the state as a whole, Parks said.

In particular, manufacturing employment is now higher than pre-recession levels, Parks said. This is excellent news for the county's economy because manufacturing jobs pay 50 percent better on average compared to non-manufacturing wages.

On the world stage, Parks says to listen to the "music" of the global markets. With inflation missing in action, and a near-zero interest-rate policy (N-ZIRP) continuing to be the rule, the world economy is not likely to move anywhere fast.

When comparing world economies "the U.S. is the best house in kind of a dodgy neighborhood," Parks said.

Europe has been burned by a weak banking system, he explained, whereas U.S. banks have come through their rough times. China's growth rate may be lower than their government is letting on, and Japan is no longer an economic engine as its population is shrinking and

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Janicki Industries
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Anacortes Bottling
Facility

Ag & Aerospace Thrive
in Skagit County

EDASC Announces
Newly Redesigned
Website

aging rapidly. Emerging countries are growing more slowly than in the past.

In comparison, Parks said, "Most [U.S.] economic indicators are growing, which is cause for encouragement." Among those indicators, median household income is up 3.3 percent year over year and unemployment is declining. Combine those indicators with low oil prices and it's no wonder consumer confidence is improving.

Regionally, Seattle continues its growth as a tech hub. Amazon is the behemoth of the bunch, with 9 million square feet of office space in Seattle. The Amazon Web Services division, making Amazon's IT infrastructure available to anyone on a pay-as-you-go basis, is expected to eventually outpace the company's retail arm.

Facebook, Dropbox, Apple and Google all have a foothold in Seattle as well.

And Boeing isn't to be left out. While many of the aerospace giant's white-collar jobs have left the state, Washington still employs 80,000 Boeing workers, while California trails behind at 20,000 employees. Park also predicts that with the backlog of planes to be built, Boeing may add a third production line in Renton.

Laughs at the economy's expense

The evening wrapped up with the comic stylings of Yoram Bauman, the world's first and only stand up economist.

"I just stand up and let the jokes trickle down," he quipped.

With a doctorate in economics, Bauman isn't just a funny guy, but a serious thinker who, after living in pollution-filled China for five years, now is seeking to use market-based approach to reduce emissions.

His theory: We can make pollution expensive by using “economy and the power of cap and trade to protect the environment.” By driving the cost of fossil fuels up, we reduce their demand.

His proposal: “Tax what we are burning, not what we are earning.”

His organization, Carbon WA, is advocating for a revenue-neutral carbon tax. The organization’s proposal, in part, institutes a carbon tax of \$25 per metric ton CO2 on fossil fuels consumed in the state in exchange for cutting sales tax by 1 percent and eliminating the B&O tax.

Carbon WA is aiming to bring a ballot measure to the voters in November 2016.

Special thanks goes to the evening’s sponsors: Heritage Bank, Chmelik Sitkin & Davis P.S., Larson Gross, Skagit Publishing, Port of Skagit, Swinomish Casino & Lodge and US Bank.

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PREVIOUS:
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Jobs Created in the U.S. When a Home is Built

BY **PAUL EMRATH** on **MAY 2, 2014** • (17)

In an [article published the first day of this month](#), NAHB released new estimates of the impact that building single-family and multifamily homes has on the U.S. economy. The new estimates show that building an average single-family home generates 2.97 jobs, measured in full-time equivalents (enough work to keep one worker employed for a year).

A substantial share of this is employment for construction workers. But also included is employment in firms that manufacture building products, transport and sell products, and provide professional services to home builders and buyers (e.g., architects and real estate agents). A breakdown by industry is shown below, along with the wages and business profits generated in the process.

Save

	Full Time Equivalent Jobs	Wages and Salaries	Profits Before Taxes		Wages and Profits Combined
			Proprietors	Corporations	
All industries	2.97	\$162,080	\$61,273	\$57,081	\$280,433
Construction	1.76	\$95,875	\$38,661	\$16,965	\$151,501
Manufacturing	0.37	\$19,063	\$1,679	\$15,681	\$36,422
Trade, Transportation & Warehousing	0.38	\$16,721	\$2,659	\$7,772	\$27,151
Finance and insurance	0.06	\$5,202	\$127	\$3,759	\$9,088
Real estate and rental and leasing	0.02	\$1,289	\$7,009	\$1,738	\$10,036
Professional, Management, Admin. services	0.21	\$14,192	\$3,964	\$2,646	\$20,802
Other	0.18	\$9,738	\$7,175	\$8,520	\$25,433

Wages and profits are subject to a variety of taxes and fees. The national impacts of

building an average single-family home include \$74,354 in federal taxes and \$36,603 in state and local fees and taxes, for a total of \$110,957 in revenue for governments at all levels.

The article also shows equivalent estimates for building an average rental apartment, including 1.13 (full-time equivalent) jobs, with a breakdown by industry as shown below.

	Full Time Equivalent Jobs	Wages and Salaries	Profits Before Taxes		Wages and Profits Combined
			Proprietors	Corporations	
All industries	1.13	\$60,877	\$24,393	\$22,445	\$107,715
Construction	0.68	\$36,874	\$17,949	\$7,876	\$62,699
Manufacturing	0.14	\$7,747	\$507	\$6,153	\$14,407
Trade, Transportation & Warehousing	0.17	\$7,328	\$1,179	\$3,336	\$11,843
Finance and insurance	0.01	\$1,199	\$33	\$907	\$2,139
Real estate and rental and leasing	0.01	\$391	\$1,333	\$678	\$2,402
Professional, Management, Admin. services	0.06	\$4,204	\$1,019	\$646	\$5,869
Other	0.06	\$3,133	\$2,373	\$2,850	\$8,357

Estimates of wages and jobs garner the most attention, but in industries like








construction and real estate it can also be worthwhile to look at profits generated for business proprietors. Included in this category are many


construction subcontractors and real estate brokers with relatively modest incomes, who are organized as independent contractors and therefore not technically counted as having jobs—although casual observers no doubt tend to think of them that way.

The impacts of building an average rental apartment include \$28,375 in federal taxes and \$14,008 in state and local fees and taxes, for a total of \$42,383 in revenue for governments at all levels. For more details and assumptions used to produce the above estimates, consult the [full article](#).

And keep in mind that these are national estimates, designed for use when the impacts on suppliers of goods and services across the country are of interest. Avoid trying to use national estimates to say something about impacts at the state or local level. For that, keep referring to NAHB's [Local Economic Impact](#) web page.

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[‹ Baths Edge Kitchens for Most Common Remodeling Project in 2013](#)
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Reblogged this on [Southern California Real Estate – IrvineHomeBlog.com](#) and commented:

As Unemployment numbers get better, we can see more buyers stepping in. Interest Rates holding their own and down a bit have helped many buyers. In Irvine, Ca builders are rolling out New developments like Orchard Hills which is expected to receive massive demand.

[Reply](#)

2. [How Many US Jobs Does A New Home Create? | EleBlog](#)



Impact of Home Building and Remodeling on the U.S. Economy

May 1, 2014

By Paul Emrath, Ph.D.

Economics and Housing Policy

This article updates NAHB's estimates of the economic impact that residential construction has on the U.S. economy. These national estimates are designed for use when the impacts on all U.S. suppliers of goods and services to the construction industry—for example, manufacturers of building products—are of particular interest. The national estimates should not be used to try to analyze economic impacts confined to the state or local area where the housing is built. NAHB has a separate Local Economic Impact section on its web site for that.

The national estimates for 2014 include the following:

- Building an average single-family home: 2.97 jobs, \$110,957 in taxes
- Building an average rental apartment: 1.13 jobs, \$42,383 in taxes
- \$100,000 spent on remodeling: 0.89 jobs, \$29,779 in taxes

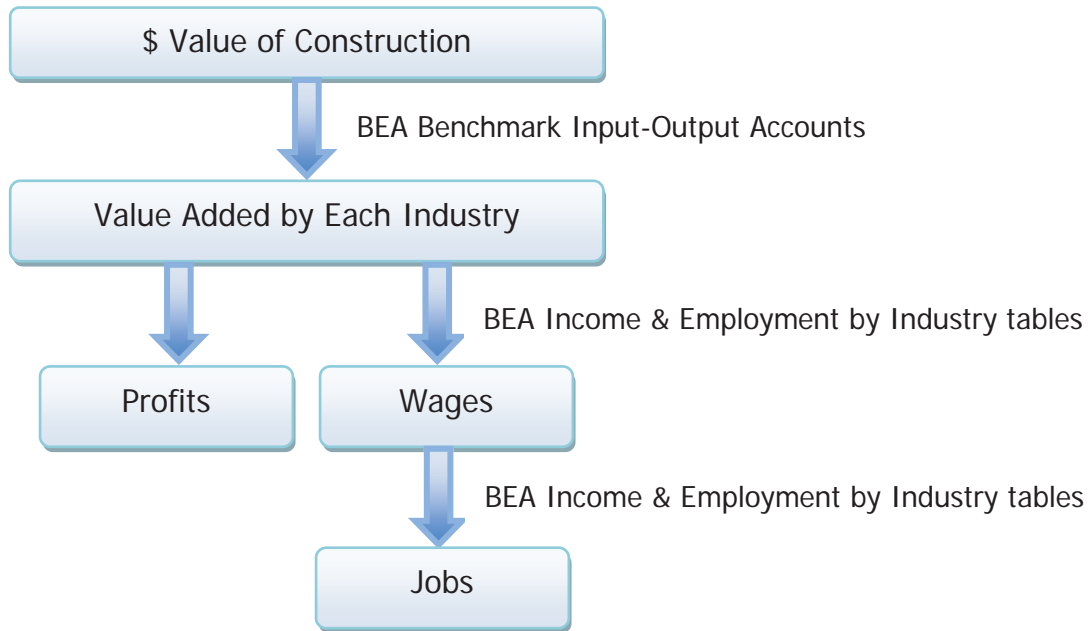
The jobs are given in full-time equivalents (full-time equivalent is enough work to keep one worker employed for a full year based on average hours worked per week in the relevant industry). The term taxes is used for revenue paid to all levels of government—federal, state, county, municipal, school district, etc. The tax estimates include various fees and charges, such as residential permit and impact fees.

The impact of a new housing unit depends on, among other things, the value of construction per unit. The first two sets of estimates are based on projections of the value of construction of average single-family homes and rental apartments that will be built in 2014. Details are provided in the following sections, which also describe the methodology used to generate the estimates, including data sources, and break down jobs by industry and government revenue by category of tax or fee.

Wages, Jobs and Profits by Industry

Probably the most obvious impacts of new construction are the jobs generated for construction workers. But, at the national level, the impact is broad-based, as jobs are generated in the industries that produce lumber, concrete, lighting fixtures, heating equipment, and other products that go into a home or remodeling project. Other jobs are generated in the process of transporting, storing and selling these projects. Still others are generated for professionals such as architects, engineers, real estate agents, lawyers, and accountants who provide services to home builders, home buyers, and remodelers.

Conceptually, estimating the effects in each industry is a fairly straightforward exercise in manipulating national accounts maintained by the U.S. Bureau of Economic Analysis, as the flow diagram below indicates:



In practice, the process is slightly more complicated than the diagram suggests, primarily because the industry categories BEA uses in the [input-output accounts](#) and [income and employment by industry tables](#) do not match up perfectly.

A key part of the process is inputting the dollar value of construction. Because this article is estimating impacts for calendar year 2014, the inputs are projected average construction values for new single-family homes and rental apartments that will be built during 2014. The projections are average construction value of \$323,000 for single-family homes and \$128,000 for multifamily rental apartments (equivalent to market value of \$378,000 and \$143,300, respectively). Details and data sources for these projections are given in the appendix. For remodeling, a construction value of \$100,000 was chosen as convenient round number on roughly the same scale as construction value for a new housing unit.

The jobs, wages and salaries, and profits generated by these construction values are summarized in Table 1:

Table 1. Income/Employment Impacts of Residential Construction on the U.S. Economy

	Full Time Equivalent Jobs	Wages and Salaries	Profits Before Taxes		Wages and Profits Combined
			Proprietors	Corporations	
Per New Single-family Home:					
All industries	2.97	\$162,080	\$61,273	\$57,081	\$280,433
Construction	1.76	\$95,875	\$38,661	\$16,965	\$151,501
Manufacturing	0.37	\$19,063	\$1,679	\$15,681	\$36,422
Wholesale & retail trade, Transportation & warehousing	0.38	\$16,721	\$2,659	\$7,772	\$27,151
Finance and insurance	0.06	\$5,202	\$127	\$3,759	\$9,088
Real estate and rental and leasing	0.02	\$1,289	\$7,009	\$1,738	\$10,036
Professional, Management, Administrative services	0.21	\$14,192	\$3,964	\$2,646	\$20,802
Other	0.18	\$9,738	\$7,175	\$8,520	\$25,433
Per New Multifamily Rental Unit:					
All industries	1.13	\$60,877	\$24,393	\$22,445	\$107,715
Construction	0.68	\$36,874	\$17,949	\$7,876	\$62,699
Manufacturing	0.14	\$7,747	\$507	\$6,153	\$14,407
Wholesale & retail trade, Transportation & warehousing	0.17	\$7,328	\$1,179	\$3,336	\$11,843
Finance and insurance	0.01	\$1,199	\$33	\$907	\$2,139
Real estate and rental and leasing	0.01	\$391	\$1,333	\$678	\$2,402
Professional, Management, Administrative services	0.06	\$4,204	\$1,019	\$646	\$5,869
Other	0.06	\$3,133	\$2,373	\$2,850	\$8,357
Per \$100,000 Spent on Remodeling:					
All industries	0.89	\$48,212	\$17,975	\$17,215	\$83,402
Construction	0.55	\$29,975	\$12,833	\$5,631	\$48,439
Manufacturing	0.10	\$5,550	\$434	\$4,872	\$10,855
Wholesale & retail trade, Transportation & warehousing	0.12	\$5,371	\$829	\$2,432	\$8,632
Finance and insurance	0.01	\$990	\$24	\$577	\$1,591
Real estate and rental and leasing	0.01	\$308	\$759	\$602	\$1,668
Professional, Management, Administrative services	0.05	\$3,241	\$742	\$492	\$4,475
Other	0.05	\$2,779	\$2,354	\$2,610	\$7,743

Source: NAHB estimates, as described in the text and appendix.

The estimates are based on [total requirements](#) from the input-output accounts, so they capture not only products and services of industries directly used in construction, but the indirect effect of products and services used by those industries as well. For convenience, the table shows detail for relatively broad industry categories.

At this level of detail, the largest share of wages and salaries are generated in the construction industry, followed by manufacturing, trade & transportation & warehousing, and professional & management & administrative services.

At a more granular level, within manufacturing, substantial shares of the wages are generated in many categories of wood products (led by wood kitchen cabinet and countertop manufacturing). Outside of wood products, the largest shares of the manufacturing jobs are generated in the production of concrete, and ornamental & architectural metal products.

Within trade & transportation & warehousing, the largest shares of wages are generated in retail trade, wholesale trade, and truck transportation. Within professional & management & administrative services, the largest share by far is in architectural and engineering services.

Note that, in the construction industry, profits of proprietors are 40 percent as large as wages and salaries. Included in this category of proprietors are subcontractors. In a recent NAHB survey, two-thirds of single-family builders said they subcontracted out more than 75 percent of their construction work. Often these subcontractors are quite small, even one-person operations. The Census Bureau's most recent (2011) statistics show 1.7 million specialty trade contractors without a payroll, who have average annual revenue of under \$45,000. These subcontractors are not included in the jobs figures in Table 1; because, technically, the government doesn't classify the self-employed as having jobs, although most people would probably think of them that way.

On a percentage basis, self-employment is even more of an issue in the real estate industry, where proprietor profits are several times larger than the wages and salaries generated. This is because realtor offices are conventionally organized as a group of independent contractors, who again don't meet the government criteria for having jobs and earning wages.

Taxes and Other Forms of Government Revenue

The wages and salaries of workers shown in Table 1 are subject to federal, state, and sometimes local taxes. So are the profits of businesses, whether organized as proprietorships or corporations. Beyond this, many states collect sales taxes on material sold to home builders, and local jurisdictions typically charge fees for approving building permits and extending utility services.

The amount of tax and other revenue generated for governments by new residential construction is shown in Table 2.

Table 2. Impacts on Government Revenue

	Per New Single-family Home:	Per New Multi-family Rental Unit:	Per \$100,000 Spent on Remodeling:
Total government revenue generate	\$110,957	\$42,383	\$29,779
Federal	\$74,354	\$28,375	\$21,844
Income taxes	\$37,301	\$14,215	\$10,828
Government social insurance*	\$35,333	\$13,526	\$10,512
Excise taxes and customs duties	\$1,720	\$634	\$503
State and local	\$36,603	\$14,008	\$7,935
Income taxes	\$10,299	\$3,925	\$2,990
Permit, hook-up, impact, etc. fees	\$13,672	\$5,427	\$1,250
Sales taxes	\$6,922	\$2,552	\$2,025
Other business taxes & license fees	\$5,710	\$2,105	\$1,670

Source: NAHB estimates, as described in the text and appendix.

At the federal level, income taxes include those paid by corporations, receivers of dividends from corporations, proprietors, and employees. Corporate income taxes paid and dividends are available by industry from the same series of BEA income and employment by industry tables shown in the above flow chart. Otherwise, federal income tax rates of 15.00% are applied to dividends, and 24.82% to proprietors income (which incorporates a downward adjustment because the self-employed component of social security taxes is deductible). Variable income tax rates are applied to wages and salaries, depending on the industry in which they're earned, that averages to 8.689%.

Government social insurance paid by employers (which includes social security, Medicare, and unemployment insurance) is also available directly from the income and employment by industry tables. Rates of 7.65% and 15.30% are applied to wages and salaries and proprietors' profits, respectively. Derivation of these rates is shown in the appendix.

The benchmark input-output tables also generate a category called taxes on production and imports (or TOPI) by industry. Most of this is sales and other taxes collected by state governments, but BEA's [government current receipts and expenditures tables](#) show that 10.5% of TOPI is collected by the federal government—all either some form of excise tax or customs duty. Although, relatively small, this is included in Table 2 for completeness.

State and local income tax revenue is estimated as 27.6% of the federal amount in table 2, based on the same BEA government receipt tables. These tables are also used to separate state and local sales tax receipts from other forms of TOPI, primarily various types of licenses and non-residential property taxes (although TOPI includes all property taxes and estimate for the residential component was subtracted). Residential property taxes are not include in Table 2, because these are one-time revenue impacts realized roughly in the same year construction takes place, and there is uncertainty and local variation in the difference between residential vs. non-residential property tax rates and when the later on the full property value would kick in.

Finally, permit, hook-up and impact fees are estimated as 3.567% of a for-sale single-family house price from NAHB estimates described in a [previous article](#). The same percentage is applied to estimate local construction-related fees for custom-built single-family homes and rental apartments. For remodeling, a straight 1.25% permit fee based on the cost of the remodeling project is used, based on conversations between NAHB Economics and Housing Policy staff and NAHB Remodelers.

Final Remarks

This is the first time NAHB has updated its National Impact of Home Building estimates since 2008. For new construction, single-family or multifamily, the real estimated impacts—i.e., jobs—jobs per housing unit are approximately the same now as they were then. However, given the various assumptions that go into projecting construction value per home to the current year (explained in the appendix) along with the use of completely new federal estimates of what it takes to produce a dollar's worth of construction, little should be read into this. The nominal impacts—wages, profits & taxes—are higher now than they were in 2008, but this is to be expected, given six years of general inflation, changes in house prices (partially attributable to changes in home sizes and amenities), plus a few changes in methodology designed to make the new estimates slightly more comprehensive.

For remodeling, the nominal effects per \$100,000 are roughly the same in both years, but the number of jobs reported in the table is lower in 2014. Again, this is simply the result of inflation—\$100,000 doesn't buy quite as much of anything, including labor, in 2014 as it did in 2008.

Impact of Home Building and Remodeling on the U.S. Economy
Special Study for NAHB's Housing Economics
May 2014

Appendix:
Assumptions Used in the Calculations

A. Value of New Construction

- Average price of a single-family home built for sale in 2013: \$318,308 (average of 12 months of mean new home prices from the Census series on [New Residential Sales](#)).
- Difference between price and construction value of a home built for sale: 15.8% (for raw land, landscaping, appliances, brokers fees, and marketing & finance costs. These are taken from the Census Bureau's [Construction Methodology](#), where they are called non-construction cost factors).
- Average market value of a new custom home built in 2013: \$476,260 (1.4 times the average price of a single-family home, with the ratio of 1.4 computed using microdata from the 2011 HUD/Census Bureau [American Housing Survey](#))
Custom built homes are defined to include both contractor-built and owner-built homes.
- Difference between market value and construction value of a custom built home: 12.0% (using Census non-construction cost factors for contractor built homes, plus assuming that the 10.6% for value of raw land for homes built for sale also applies).
- Share of new single-family homes built for sale: 75% (the rounded ratio from the Census Bureau's [Housing Units Started by Purpose and Design](#) for 2012).
- Average market value of a newly built rental apartment in 2012: \$119,600 (median average asking rent for apartments completed in 2012 from the HUD/Census Bureau [Survey of Market Absorption](#), divided by 11%, the median rent to value ratio from the HUD/Census Bureau [Rental Housing Finance Survey](#)).
- Inflation rates applied to market and construction value: 10.6% for 2013, 8.4% for 2014 (based on the National Case-Shiller and NAHB's forecast of it as of 1/30/2014).
- Treatment of non-construction cost factors. Except for raw land, NAHB adds the items that the Census Bureau subtracts from the price of single-family homes to arrive at construction back into the input-output accounts. Landscaping is added to the construction industry input; appliances to household cooking appliance manufacturing; brokers fees to a subset of the real estate sector that NAHB separated from the rest of real estate using data from the Census Bureau's 2007 [Economic Census](#); half of finance & marketing to monetary authorities and depository credit intermediation, the other half to marketing research and other miscellaneous services.

- Other additions for single-family homes built for sale. Based on an analysis undertaken many years ago by HUD in conjunction with the Real Estate Settlement Procedures Act, NAHB adds approximately 0.5% of construction value to monetary authorities and depository credit intermediation; 0.1% to insurance agencies, brokerages, and related activities; and 0.3% to legal services, of insurance agencies, brokerages, and related activities to account for closing costs paid by the buyer (and therefore not directly embodied in the price of the home).
- Brokers fee for rental apartments 0.56% of construction value. NAHB discussions with brokers who sell multifamily properties indicate that the fee for a typical property is about 1.0% of the sale price. This is converted to a fraction of construction value and divided in two under the assumption that half of rental apartments are sold through brokers.

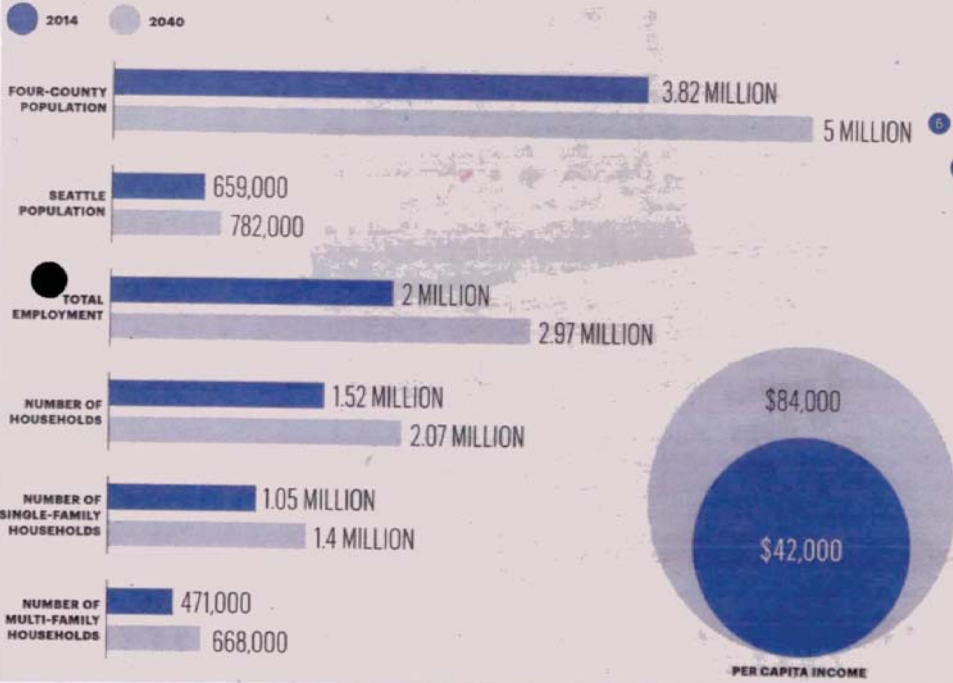
B. Federal Tax Rates

- Income tax rate on dividends: 15.00% (the statutory rate for qualified dividends that applies to most income brackets as of 2013).
- Base income tax rate on proprietors' profit: 26.46% (the effective rate paid by individual taxpayers with businesses income calculated from the IRS 2008 [Statistics of Income](#)), reduced by 1.64% to account for the fact that the extra 6.20% the self-employed pay in Social Security taxes is deductible).
- The SOI is also used to calculate a series of effective federal income tax rates based on annual income. These rates are applied to the average wage in each industry in the input-output accounts. The effective income tax rates range from 5.30% for employees of restaurants to restaurant workers to 19.70% for employees of certain financial investment businesses, and average 8.69% when aggregate tax payments are divided by aggregate wages and salaries across all industries.
- Employee contribution to social security is 6.20% of wages and salaries, the current statutory rate that applies up to wage income up to about \$110,000. Employee Medicare payment is the statutory rate of 1.45%. Due to a provision in the Affordable Health Care Act, those with incomes above \$200,000 now pay an additional 0.9%, but we assume this and the social security cut-off roughly offset, so the total employee contribution for government social insurance is 7.65% of wages. Proprietors contribution is double this rate, or 15.30%, of their profits.

AROUND THE SOUND

WHERE WE'LL GROW

The Puget Sound region is generally defined as the counties of King, Kitsap, Pierce and Snohomish, which contain 82 cities and towns with an overall population of almost 4 million people. Fast growth is expected to dramatically change the makeup of the region in the next 25 years. Much of that growth is projected in five cities: Seattle, Bellevue, Tacoma, Everett and Bremerton. U.S. Census figures from 2014 show Seattle is already the fastest-growing city in the United States. Here's a look at the region now and what it is projected to look like in 2040.



PROJECTED REGIONAL GROWTH CENTERS

- 1 Everett
- 2 Lynnwood
- 3 Bothell:
 - ▶ Canyon Park
- 4 Kirkland:
 - ▶ Totem Lake
- 5 Redmond:
 - ▶ Downtown
 - ▶ Overlake
- 6 Silverdale
- Seattle:
 - ▶ Downtown
 - ▶ First Hill/Cap. Hill
 - ▶ Northgate
 - ▶ South Lake Union
 - ▶ University District
 - ▶ Uptown
- 7
- 8 Bellevue:
 - ▶ Downtown
- 9 Bremerton
- 10 Renton
- 11 SeaTac
- 12 Tukwila
- 13 Burien
- 14 Kent
- 15 Federal Way
- 16 Auburn
- Tacoma:
 - ▶ Downtown
 - ▶ Tacoma Mall
- 17 Puyallup:
 - ▶ Downtown
 - ▶ South Hill
- 18 Lakewood

SOURCE: PUGET SOUND REGIONAL COUNCIL (SOME NUMBERS ROUNDED).