

Chapter 7. Policy and Zoning Strategies for Enhancing Industrial Land in the Central Puget Sound Region

CHAPTER INTRODUCTION

This chapter reviews potential policy and regulatory tools that cities, counties and other organizations can employ. The tools draw on research presented in the preceding chapters of the report, as well as best practices from other regions. Based on the understanding that land use policies are local, local jurisdictions are best positioned to develop them. Several jurisdictions in the region already have in place similar policies to those recommended below. In these cases, preservation of existing policies that protect industrial land may be sufficient.

LAND USE STRATEGIES FOR CONSIDERATION BY LOCAL JURISDICTIONS

Zoning codes throughout the region do not currently reflect a clear consensus on a set of uses that are industrial and need exclusively industrial-zoned land to operate. Identifying more clearly which uses are industrial, industrial-dependent (suppliers and infrastructure), and industrial-related (services directly to industrial uses and employees) can help jurisdictions analyze their industrial designations and policies. Core industrial districts could allow non-industrial uses only to the extent that they provide services in support of industrial businesses or otherwise encourage the viability of industrial corridors. At the core of this work would be recognizing compatibility issues between industrial and non-industrial uses. The region's Shoreline Master Programs offer an example of a system that identifies and prioritizes uses to ensure valuable waterfront is held for essential uses. In the program, land uses are categorized as water-dependent or water-related. The following are land use strategies that local jurisdictions should consider to preserve an adequate and appropriate supply of industrial land.

1. Ensure an Adequate Supply of Land for Industrial Uses

Core industrial land that is protected from incompatible uses is needed for future industrial development. Certain subareas show high demand and low vacancy of land zoned for industrial uses; others may encounter shortages in the future given current development patterns. Maintaining an adequate supply of industrial-zoned land will ensure that current and future industrial users will be able to operate effectively and expand if necessary. Considering compatibility issues will ensure that industrial uses do not negatively impact, or are impacted by, nearby land uses. The following policies and actions are examples of strategies that local jurisdictions should consider to protect existing land supply and, where necessary, to expand it.

A. Identify and Protect Priority Users of Industrial Lands

Port operations, rail operations, logistics, distribution, general and heavy manufacturing and other uses require industrial lands due to the impacts they generate and their unique infrastructure needs. These uses are keystones in the industrial ecosystem, since they generate demand for warehousing, transportation, resource extraction and other related industries. Some of these users, for example, the ports' container terminals, cannot be moved elsewhere in the region. Uses such as these are often called water or port-dependent/related uses. Similarly, uses that rely on access to freight rail can be identified as rail-dependent. Prioritizing these users over users who may enjoy space or agglomeration benefits only should be considered.

Several of the region's cities already have policies in place that prioritize and protect industrial uses. For example, the City of Everett zoned all of the land within the vicinity of Paine Field and in the noise footprint of its airport for industrial use, and prohibited housing in these areas. In the 1980s, the City of Everett formed large local improvement districts to extend roads and utilities into Southwest Everett to encourage industrial development of this large area. Property owners did not have the resources to take on large infrastructure investments needed to make the area ready for industrial development. In 1990 Everett revised its industrial zoning regulations and rezoned areas that previously had allowed a wide range of non-industrial uses under a pyramidal zoning code. This strictly limited non-industrial uses. In 1991, Everett approved a master plan amendment for the Boeing 777 expansion at the Everett plant, and required Boeing to provide \$49 million in transportation impact mitigation. This funding was then leveraged into over \$300 million in transportation improvements in the area, most of which went to state highway facilities and county arterials.

B. Limit Non-Industrial Uses on Industrial Land and Provide Adequate Non-Industrial Land for Non-Industrial Uses off Industrial Land

Often, non-industrial uses are allowed on industrial lands, particularly in industrial-commercial zones, because these locations are easier or less expensive to site. When cities allow non-industrial uses such as small retail, auto sales and repair, and offices on industrial-zoned land, the only restriction placed on them is often a size limitation. These uses compete with industrial uses in a number of ways. Some non-industrial uses are able to pay more for land or rent. In addition, these auto-oriented uses can create localized traffic congestion and other challenges for freight mobility. These are essential businesses in any city, but finding a place for them that minimizes competition for a jurisdiction's prime industrial land will create healthier industrial economies.

C. Increase the Supply of Land Zoned to Accommodate Low-Impact Industrial Uses

Jurisdictions can rezone land to allow industrial uses, as appropriate for the subarea and the neighborhood. These efforts may be most successful if pursued in combination with a reevaluation of industrial zoning paradigms, recognizing that Euclidean codes, which focus on the rigid separation of uses, are declining in utility. Where performance-based zoning paradigms are deemed appropriate, single-use and mixed-use commercial zoning designations may be able to accommodate low-impact industrial uses.

EXPLORE NEW ZONING

Manufacturing, a major component of core industrial uses, is going through a period of transformation, changing in character and impact. While large, complex, capital-intensive manufacturing uses are expected to remain important to the industrial ecosystem, there is a small, but growing component of manufacturing that is smaller-scale, and has needs and impacts that are similar to those of a small retail or home occupation use. These small-scale manufacturing uses could locate outside of prime industrial land and may even contribute to walkable, mixed-use environments and transit-oriented jobsites.

Current zoning codes in cities across the region do not yet reflect these trends and instead isolate most manufacturing uses in peripheral locations buffered from other parts of the city. If zoning strategies begin to take the changing face of some industrial uses into account, then industrial land supply could potentially be configured differently to maximize performance for core industrial users.

D. Retain Large Parcels for Large Industrial Needs

The availability of large parcels is a main consideration for industrial users. Large-scale industrial development typically seeks parcels larger than 5 acres. Unavailability of large parcels could be a limiting factor in site selection, limiting attraction of new firms to the region and not allowing existing firms to expand. Maintaining the availability of these types of parcels in industrial areas will ensure these uses continue to be viable.

E. Work with Industrial Businesses to Improve Space Efficiency and Land Utilization

Jurisdictions and regional organizations alike can interface with industrial users to innovate in land use policy and industrial business models; changes to the latter have the potential to increase the productivity of existing industrial lands. Some specific ideas include:

SEEK OUT INDUSTRIAL TENANTS THAT CAN OPERATE ON THE UPPER FLOORS OF EXISTING INDUSTRIAL BUILDINGS

In dense, urban subareas, one alternative to accommodating forecast jobs would be to increase employment densities. Attracting manufacturing businesses that can operate on the upper floors of multi-storied buildings would be one strategy.

In designated mixed-commercial and industrial districts, allowing small-scale manufacturing (i.e., artisanal and craft industrial users) to locate in mixed-use buildings alongside retail or office uses can also increase employment densities while reserving space in industrial districts for more intensive industrial uses.

REUSE OLD OR OBSOLETE SITES TO ACCOMMODATE EMERGING INDUSTRIAL USES

As industrial businesses outgrow their space, they sometimes leave underutilized land in their wake. When a similar tenant is unavailable, identifying ways that the space can accommodate another industrial user builds industrial vitality.

Additional examples of ways to intensify existing industrial uses include 1) using the vacant portions of partially-developed parcels, 2) using existing building space more intensively, or by 3) adding stories to sprawling buildings as vacant land becomes scarcer.

2. Simplify Regulations to Improve Permitting Efficiency

As industrial needs and external land use challenges evolve, new regulatory tools may help preserve industrial land for industrial uses and improve the effectiveness of existing industrial districts. Planned-action ordinances and special zoning districts streamline the permitting process and provide predictability for industrial users.

3. Develop a Strategic Planning Framework for Industrial Subareas

Industrial lands vary in their location and mix of jobs and uses. Targeted area strategies, such as planned manufacturing districts or subarea plans, can address contexts more effectively. Other cities have combined these types of local area planning with evaluation matrices or criteria. Matrices or criteria may identify industrial lands for protection or in some cases conversion, and incentives for economic development.

4. Take Advantage of Industrial Revenue Development Bonds

Industrial Revenue Development Bonds (IRDBs) are administered by the Washington Economic Development Finance Authority (WEDFA)¹ and are used to provide low-interest tax-free loans to industrial development projects. Currently, the WEDFA issues IRDBs throughout the state and has been very successful within the central Puget Sound region. In addition, the Tacoma/Pierce County Economic Development Corporation established by Pierce County also issues such bonds within the county. This type of financing has thus been actively and successfully used in the region and could be used more widely.

Local, public economic development corporations, and ports are also eligible to issue IRDBs, and these organizations may be well-equipped to understand the needs of their respective areas. These bonds support the development of catalytic

industrial projects, and local jurisdictions should evaluate the feasibility of IRDB issuance.

BEYOND LOCAL LAND USE REGULATION: COLLABORATIVE STRATEGIES TO PROMOTE SUSTAINABLE INDUSTRY

Additional strategies to consider are listed below. PSRC should consider how the findings and strategies in this analysis might be incorporated as regional plans are updated, including Transportation 2040, the Regional Economic Strategy, and VISION 2040.

5. Facilitate Information Sharing of Best Practices

PSRC can convene planners in the region to share information on best practices for industrial land use policy, permitting, freight mobility, brownfields cleanup, industrial economic development, and other industrial land and development topics. One successful regional model for information sharing has been the Toolbox 2014 Peer Networking Series. For this Peer Networking Series, PSRC hosted monthly sessions where planners recognized for best practices in their jurisdiction and others with topical expertise shared information and resources on a variety of local planning and implementation topics. This series is continuing in 2015, and topics addressing industrial lands strategies could be added as sessions to the series.

6. Update Regional Designations

When next updating the regional MIC designation procedures, PSRC should consider changing the procedures to reflect that 1) the core industrial land designation protects industrial land more effectively than the industrial-commercial designation and 2) housing should not be allowed on core industrial land. In addition, PSRC should consider developing regional designation procedures and criteria for countywide MICs.

7. Continue to Monitor Supply and Demand for Industrial Land

The central Puget Sound region should continue to monitor and track the supply and demand for industrial land. In short intervals, PSRC could report on a small number of indicators. Examples of indicators that can be tracked in the short term include total employment, wages, and land vacancy rates. In longer intervals, comprehensive analysis similar to this study could be repeated. An industrial lands data viewer could be developed to interactively display information in this analysis. In addition, PSRC can consider how the distinctions among industrial zoning and land use designations might be incorporated into PSRC's Plan Review Program, particularly for MIC plans.

8. Align Infrastructure Planning with Industrial Land Policy

Industrial lands rely heavily on transportation and utility infrastructure. Infrastructure planning in the region is incorporated into capital facilities and transportation plans, which are not typically well coordinated with industrial land policy. Aligning and coordinating planning and policies at the local, regional, and state levels are key to an effective strategy and successful funding. One transportation funding consideration could be to give some funding preference to jurisdictions that are most affected by destination-based sales tax provisions in order to assist them in maintaining high-performing industrial land.

9. Provide Support for Brownfields Cleanup

Local jurisdictions can support brownfields cleanup and development by creating or updating inventories, prioritizing sites to be studied and remediated, and connecting landowners with technical assistance. As described in Chapter 3, state and federal agencies provide technical assistance and funding to both local jurisdictions and private landowners.

10. Provide Economic Development Support

Interviews and peer city analyses reveal the need for economic development strategies that go beyond land use regulation and support and incorporate workforce development, marketing, and business retention services to help small industrial businesses and foster entrepreneurship, and advocacy, especially branding and marketing. Cities can consider developing industrial incubator spaces to encourage innovation and start-up manufacturing firms. Regional and state support for many of these efforts is important because they cut across jurisdictional lines. PSRC can continue to provide assistance and connect jurisdictions to federal and state funding opportunities for industrial economic development.

¹ WEDFA. Financing Information. <http://www.wedfa.org/financing-information.html>.