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## Planning Commission Staff Report

**To:** Burlington Planning Commission

**From:** Brad Johnson, Community Development Director BJ

**Date:** November 15, 2024

**Subject:** 2025 Comprehensive Plan Update - Development Capacity Analysis Update

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### Summary

This memo summarizes the results of the Development Capacity Analysis (DCA) update and includes a range of options for meeting the City's long-term capacity needs.

The previous DCA was completed in 2018 and covered a period ending in 2036. Under Washington State law, the Burlington Comprehensive Plan must be updated by June 30, 2025 and cover a 20-year period ending in 2045. The updated plan must also address current growth forecasts and allocations by showing how the City will accommodate future population, housing, and employment growth.

Under the Skagit County Countywide Planning Policies, regional growth allocations are developed by representatives from the County and each City. For the 2025 Comprehensive Plan update, Burlington must show that it can accommodate growth as follows:

- Population: 4,819 people
- Housing: 2,843 units
- Employment: 5,770 jobs

Because of changes to Washington State law, the regional growth allocations now include a breakdown of housing needs by affordability income bands. The table below provides a detailed illustration of the City's housing allocation by each affordability band.

<b>Table 1. 2045 Housing Allocations</b>							
Affordability Level	0-30% AMI	31-50% AMI	51-80% AMI	81-100% AMI	101-120% AMI	Above 120% AMI	Total Housing Allocation
Units	911	584	408	218	194	528	2,843

Community Development has reviewed the DCA completed in 2018, evaluated construction permitting data between 2018 and 2023, and proposed updates to the DCA to reflect current development trends and planning policies. Based on this work, it appears that Burlington will have sufficient capacity to accommodate the City’s allocation of regional growth.

Baseline Conditions

When the last DCA was completed in 2018, the City was required to plan for the following growth allocations through the year 2036:

- Population: 3,808 people
- Employment: 3,516 jobs

Although separate housing allocations were not required at the time, the City independently calculated that it would need 1,448 housing units, of which 869 (60 percent) were projected to be attached units with the remaining 579 (40 percent) being detached houses. Table 2 illustrates the results of the 2018 DCA in relation to the City’s projected growth through the year 2036.

<b>Table 2. 2018 Development Capacity Analysis Results</b>			
	Growth	Capacity	Surplus / (Deficit)
Population	3,808	8,476	4,668
Housing	1,448	3,220	1,772
Employment	3,516	4,055	539

The Skagit Council of Governments (SCOG) issues annual growth monitoring reports that track changes in population, employment, and housing for each city in Skagit County. Using this information it’s possible to compare the surplus capacities from the 2018 DCA to the current (2045) growth allocations and determine if changes are needed to meet the City’s capacity needs.

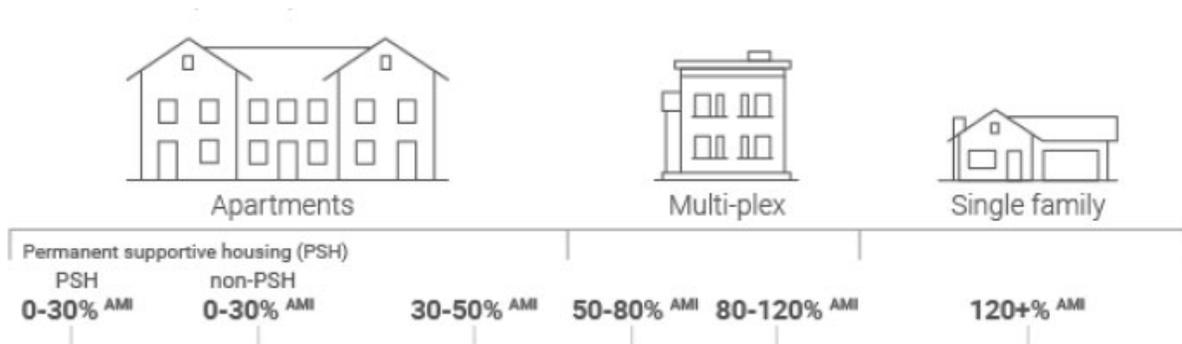
<b>Table 3. Baseline Capacity Assessment</b>					
	2018 Capacity	Growth	Remaining Capacity	2045 Allocation	Surplus / (Deficit)
Population	8,476	1,501	6,975	4,819	2,156
Housing	3,220	508	2,712	2,843	(131)
Employment	4,055	456	3,599	5,770	(2,171)

As illustrated by Table 3, unless changes are made, Burlington will not have enough capacity to accommodate its housing and employment allocations. To address the City’s capacity constraints, the Community Development Department recommends that the DCA assumptions be modified to reflect observed development trends and current City codes and policies, including:

- Changing the way employment capacity is measured in the City’s mixed-use (MUC) zones.
- Increasing assumed floor-area ratios in the City’s MUC zones to match development trends or to be consistent with Comprehensive Plan goals.
- Increasing assumed residential densities in the City’s RA and MUC zones to match development trends or to be consistent with Comprehensive Plan goals.
- Revise planning policies and development regulations to ensure development occurs at expected density levels.

### Housing Capacity

The City is now required to demonstrate how its housing allocation can be accommodated and must show that zoning and development regulations permit the number, and type, of housing units needed for each of the affordability bands in the allocation. The affordability bands are intended to guide planning decisions related to the number, and type, of units permitted under the City’s planning policies and development regulations. The graphic below from Department of Commerce guidelines illustrates the type of housing unit associated with each affordability band.



The 2018 DCA contains several errors related to the capacity of the MUC Comprehensive Plan designation. Specifically, the total area of the MUC zone is misstated and does not account for mapping changes made during the development of the Comprehensive Plan. Also, the DCA misstates the assumed ratio of residential and commercial development. Because the MUC designation allows both commercial and residential development, the DCA assumed that a portion of each developable MUC designated parcel would include residential development, and a portion would be exclusively commercial.

The 2018 DCA indicates the ratio used was 80 percent commercial and 20 percent mixed-use. In actuality, this ratio was revised during the Comprehensive Plan development to reflect development trends. The results included in the Comprehensive Plan reflect the use of a 50/50 ratio. A review of permitting data between 2018 and 2024 suggests the 50/50 ratio may be overly conservative. The permitting data includes ten major projects in the MUC designation, only two of which were exclusively commercial. A total of 20.22 acres of MUC land has been developed or redeveloped since 2018. Of this total, 12.48 acres was used for mixed-use developments, 6.06 acres was used for residential development, and 1.68 acres was used for commercial development. Based on these number the following ratios should be considered for the updated DCA:

- Mixed-Use: 60 percent
- Residential: 30 percent
- Commercial: 10 percent

Since 2018, residential development has generally occurred at densities higher than those envisioned in the DCA. For MUC designations, the average density of residential development permitted or completed since 2018 was 35 dwelling units per gross acre (du/ac). The MUC designation includes two zones, MUC-1 and MUC-2. However, densities have varied dramatically from site to site, with the lowest achieved density being 13 du/ac, and the highest being 72 du/ac.

Generally, larger-scale developments have achieved higher residential densities, which is logical since these developments tend to occur on larger sites, which enable more efficient land utilization. In fact, three developments accounted for 44 percent of all the units in the MUC designation. These three developments all exceeded 40 dwellings per gross acre with a combined average of 53 du/ac. To ensure the updated DCA accurately reflects the effect of current policies and regulations, consideration should be given to adopting a low range assumption and a high range assumption as follows:

- Low range mixed-use density assumption: 35 du/ac
- High range mixed-use density assumption 50 du/ac

The density assumption originally applied to the RA Comprehensive Plan designation was 25 du/ac. Permit data indicates the average achieved density in the RA Comprehensive Plan designation was 24 du/ac, with the highest achieved density being 51 du/ac and the lowest

being 13 du/ac. This designation is intended to accommodate a wide variety of housing types, including townhomes and small apartment buildings. Based on the Comprehensive Plan goals for this designation and the permitting data, the existing density assumption should not be changed.

<b>Table 4. Incorporated Residential Capacity</b>					
<b>Comp Plan Designation</b>	<b>Allowed Housing Types<sup>1</sup></b>	<b>Income Band (% Area Median Income)</b>	<b>Land Available 2018</b>	<b>Land Remaining 2024</b>	<b>Capacity (housing units)<sup>2</sup></b>
MUC	Multiunit buildings, horizontally attached, and emergency housing	0-100%	112 acres	101 acres	3,182 / 4,545
CI	Employee and student housing	NA	NA	NA	NA
RA/MUR	Detached, duplex, horizontally attached, multiunit, and boarding houses	0-120%	23 acres	21 acres	428
RD	Detached, duplex, small boarding houses, ADUs	>120%	NA	NA	1,140
PFT	Public housing and emergency housing	0-80%			
<b>Total</b>					<b>4,750/6,113</b>

(1) Only housing types permitted outright are listed. Additional housing types may be permitted with a conditional use permit or through an alternative approval process. For example, horizontally attached housing and small multiunit buildings are permitted in the RD designation with a conditional use permit.

(2) Capacity estimates include only housing types permitted outright. See note above.

## Employment Capacity

Calculating the City's employment capacity is more difficult and considerably less precise than calculating residential capacity. The number of people employed per acre can vary dramatically from one parcel to another. For example, commercial storage buildings may employ very few people but occupy several acres of land, while office buildings typically concentrate a large number of employees in small amount of space. Employment capacity calculations are further complicated by a lack of data. Employment data is usually obtained from the Washington State Employment Security Department; however, this data is suppressed for privacy reasons and subject to reporting errors.

When the 2018 DCA was completed, employment densities were calculated on the basis of the number of employees per acre. While this approach can work well when applied to the development of vacant land, it is problematic when applied to infill development. As explained above, different economic sectors have different employment densities. Employment densities can even change at an existing business in response to economic conditions without a corresponding change to buildings (hiring and layoffs). Employment changes are not directly tied to development in the same way that population and housing need are.

Given these difficulties, and the City's approach to accommodating growth through infill, redevelopment, and intensification, it may no longer be appropriate to calculate employment densities on the basis of employees per acre. Instead, an approach that considers the number of square feet of building space per employee should be used. This approach will allow the city to estimate future floor area ratios and make assumptions about the maximum number of employees that can be accommodated.

By 2045 total employment in the City is expected to grow by 5,770. In order to calculate future land needs, assumptions must be made about the relative composition of the future workforce based on different economic classifications. For example, the percentage of the future workforce comprised of healthcare workers as opposed to retail or warehouse workers. To estimate the future composition of the workforce, the percentage share from the employment sector forecasts in the Comprehensive Plan were applied Burlington's 2045 employment allocation. The results are shown below in Table 5.

<b>Table 5. Future Employment by Sector</b>				
<b>Sector</b>	<b>Percentage of all Employment</b>		<b>Comprehensive Plan Designation</b>	<b>Jobs</b>
Retail	45%	73%	MUC/MUR-1	4,212
FIRES	18%			
Healthcare	10%			
Manufacturing	5%	19%	CI/MUR-2	1,096
WTCU	13.42%			
Government	0%	8%	PFT	462
Education	8%			
<b>Total</b>				<b>5,770</b>

<b>Table 6. Incorporated Employment Capacity</b>		
<b>Comprehensive Plan Designation</b>	<b>Employment Capacity</b>	
	<b>High Range<sup>1</sup></b>	<b>Low Range</b>
MUC	5,133 <sup>(1)</sup>	3,850 <sup>(2)</sup>
CI	1,094 <sup>(3)</sup>	875 <sup>(4)</sup>
RA/MUR	NA	NA
RD	NA	NA
<b>Total</b>	<b>6,227</b>	<b>4,725</b>

Notes: (1) & (2) – MUC assumptions based on 70.7 acres of land being develop at 0.5 FAR; (1) High range MUC designation assumes employment densities of 300 sq. ft. per employee; (2) Low range MUC designation assumes employment densities of 400 sq. ft. per employee; (3) High range industrial assumes employment densities of 10 employees per acre; (4) Assumes 8 employees per acre.

### Unincorporated UGA Capacity

In addition to residential capacity within the City’s municipal boundaries, approximately 438 acres of land exists within the City’s unincorporated Urban Growth Area (UGA). While much of this land is geographically remote, lacks access to utilities, improved roads, or other urban services, it is theoretically developable. The Burlington Comprehensive Plan envisions this land as a development reserve that would only be annexed and developed in the latter stages of the 20-year planning horizon. Burlington Comprehensive Plan Policies further specify that detailed annexation urban service studies would be required as a condition of annexation and development. For these reasons, capacity estimates for the City’s unincorporated UGA are necessarily less precise than those prepared for incorporated areas.

Much of the City’s unincorporated UGA is already developed at, or near urban densities. Due to small parcels sizes and fragmented ownership patterns, there is little or no economic incentive to annex and develop such areas. Accordingly, only privately owned parcels larger than one acre were considered developable for the purpose of this analysis.

The City’s western UGA, which includes land to the west of the City’s incorporated boundaries, includes approximately 13 acres (566,280 sq. ft.) of land suitable for a Residential Detached (RD) designation. This land is located north of the SR-20 corridor. If development is assumed to achieve the density permitted in the RD-2 zoning designation (one unit/6,000 sq. ft. of lot area), a total of 95 detached units could be accommodated. The portion of the western UGA lying south of the SR-20 corridor lacks access and utilities. A total of seven acres (304,920 sq. ft.) of potentially developable land exists in the western UGA. Assuming development at the permitted density in the RD-2 zoning designation, 50 units could be accommodated in this area.

The City’s eastern UGA contains a mixture of public and private land and a significant amount of development at or near urban densities. Notably, 11 acres of land is owned by the City of Burlington and operated as a cemetery. A total of 33 acres is owned by the Housing Authority of Skagit County (HASC). While much of HASC’s land is theoretically developable for affordable housing, HASC has no long-term development plans to add a significant number of units.

Approximately 27 acres (1,176,120 sq. ft.) of land is available for residential development in the eastern UGA. This land is remote from services, no urban utilizes exist, and much of the land lacks access to improved roads. Therefore, it is assumed that residential development would occur at low end of permitted densities in RD-1 zoning designation (one dwelling/10,000 sq. ft. of land). As a result, the eastern UGA could accommodate approximately 118 detached dwellings ( $1,176,120/10,000 = 117.61$ ).

The eastern UGA also has the ability to accommodate some employment growth. Notably, 46 acres of large agricultural parcels are located east of Burlington Hill and north of the SR-20 corridor. While significant infrastructure improvements would be required, this area could, potentially, be suitable for light industrial development. Assuming an industrial employment density of eight employees per acre, an additional 368 employees could be accommodated. The eastern UGA includes an area of existing commercial development abutting SR-20; however, the parcel sizes and land ownership pattern in this area are not conducive to redevelopment.

<b>Table 7. Unincorporated UGA Capacity</b>		
<b>Land Use Type</b>	<b>Capacity</b>	<b>Income Band (% Area Median Income)</b>
Residential Detached	263 dwelling units	>120
Residential Attached	None	N/A
Industrial Employment	368 employees	N/A
Non-Industrial Employment	None	N/A

## Recommended Changes

Achieving the capacity numbers outlined in this report assumes development will occur at certain densities. Ensuring the assumed densities occur is essential for efficiently managing the City’s scarce supply of developable land. A list of potential actions to achieve assumed densities is outlined below. This list represents actions that should be further studied during the comprehensive plan update.

<b>Table 8. Potential Actions to Increase Capacity</b>		
<b>Capacity</b>	<b>Action</b>	<b>Explanation</b>
<b>Housing</b>	Change permit process for “middle housing” in RD designation	Currently the RD designation permits detached housing and duplexes outright. Horizontally attached housing and small multiunit buildings require a conditional use permit (CUP). No additional housing has been permitted through the CUP process.
	Adopt standards for cottage housing	During the 2016 comp plan update, this was identified as a future work item, and a placeholder was added to the code. This provision would allow a number of small homes to be built on a single lot.
	Fee waivers for affordable housing	The comp plan calls for the adoption of a fee waiver program, but this work has not been completed.
	MFTE (tax exemption) for affordable housing or development in targeted areas	Washington State law allows cities to create a tax exemption program for certain types of development.
	Revise ADU regulations	ADU regulations will need to be revised to comply with updates to Washinton State law.
<b>Employment</b>	Clarify ground floor commercial space requirements in MUC zone	Current requirements for ground floor commercial space along arterial streets are vague. Clarifying the requirements would increase the amount of commercial space constructed and ensure a long-term supply of employment capacity.
	Further restrict housing in CI zones	The CI zone is intended to accommodate employment uses that are incompatible with residential development, yet the City continues to see residential development proposed in these areas.
<b>Both</b>	Adopt minimum residential density standards for RA-2 and MUC zones	While some of the development occurring in RA-2 and MUC zones is achieving the densities envisioned in the comprehensive plan, some developments are being proposed at density levels significantly below the planned levels. Ensuring residential development in these zones occurs at, or near, projected levels ensure land is used efficiently, preserving capacity for future residential and commercial development.

	Annexation	Annexing additional land could increase the City’s long-term capacity for employment and housing.
	Create additional incentives for building over parking areas	By placing buildings over parking areas land is used more efficiently, preserving the city’s long-term supply of employment and housing capacity. Currently one building has been constructed over a parking deck, one is under construction, and several others are planned, suggesting this strategy is viable.

Conclusion

This memo represents a preliminary effort to assess the City’s development capacity. Additional work is needed to test the assumptions used, verify calculations, and review permit and development data. In addition, the recommended changes identified in Table 8 will need to be further reviewed. However, the results of this analysis demonstrate the City is able to accommodate its allocated population, housing, and employment growth.