

RE: SMP Regulatory Impacts versus Incentives

The Cost of Regulations

As mentioned by others tonight, the requirements that are placed on us under the SMP should not be arbitrary, must show a rational connection to the issues involved, and should not be excessive. WSSA believes the dots simply have not been connected on this topic; and several commissioners have raised the same concern.

At the last meeting there was brief mention by staff of the need to for Bellevue to be “competitive”. Assuming this as a reference to keeping Bellevue attractive as a place to live, I mentioned the need to include cost considerations of the impact of regulations on property owners. There were comments that this would be too difficult to do. That may be true, but a little research reveals this has been looked at . . . right in our own backyard.

Two messages are very clear – the cost of owning a home is dramatically affected by land use regulations AND, if those regulations are disparate compared to surrounding communities, they will also reduce the value of our homes by making them less attractive to prospective buyers.

My research on the subject led me to a study¹ by Dr. Theo Eicher, at the UW. Professor Eicher’s study conclusions show there’s a significant impact to homeownership due to land use regulations. Looking at some 250 cities over 17 years, he statistically isolates the impacts of regulations as a significant factor; state regulations being the worst, and Seattle’s at the top of the dubious list for over regulation.

How does over regulation cause this?

- More and more layers of permits are imposed
- These permits take longer to acquire and are more costly
- Reports are required or are carried out to prove the regulations are burdensome
- Legal actions increase with associated personal as well as community-wide costs
- Higher levels of government eventually have to deal with the disparity; adding more taxes

You’ll recall my concern last meeting that, should Bellevue regulations be disproportionate to those adopted by surrounding jurisdictions, this would have a negative impact on Bellevue lakeshore property values. That would not only impact us personally, but would reduce the City’s tax base, as well. I took the liberty of contacting Professor Eicher. He agreed with my premise².

But, property values will increase, not decline, you’ll be told. This is correct, if your only goal is to drive up the price of shoreline properties in Bellevue, Eicher’s and many other studies which he cites show unequivocally that your regulations eventually will increase the price of properties. The kernel of the issue, however, is that you’ll have accomplished this on the backs of today’s property owners by imposing extraordinary costs on them to comply with regulations.

¹ “Housing Prices and Land Use Regulations: A Study of 250 Major US Cities”, T. Eicher, Univ. of WA, 2008

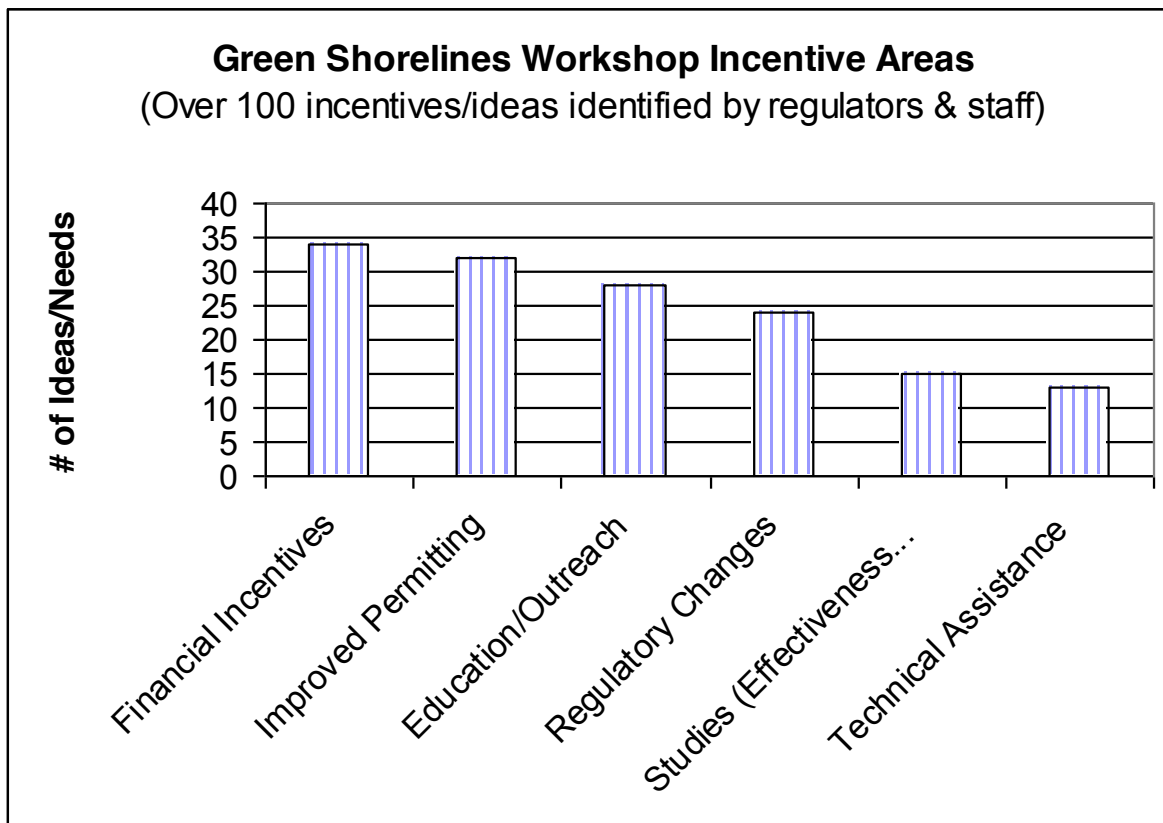
² Personal email from T.Eicher to M.Nizlek, Nov. 1, 2010

The Need for Incentives

An obvious but overlooked tool which likely will effect far greater change than costly regulations would be incentives.

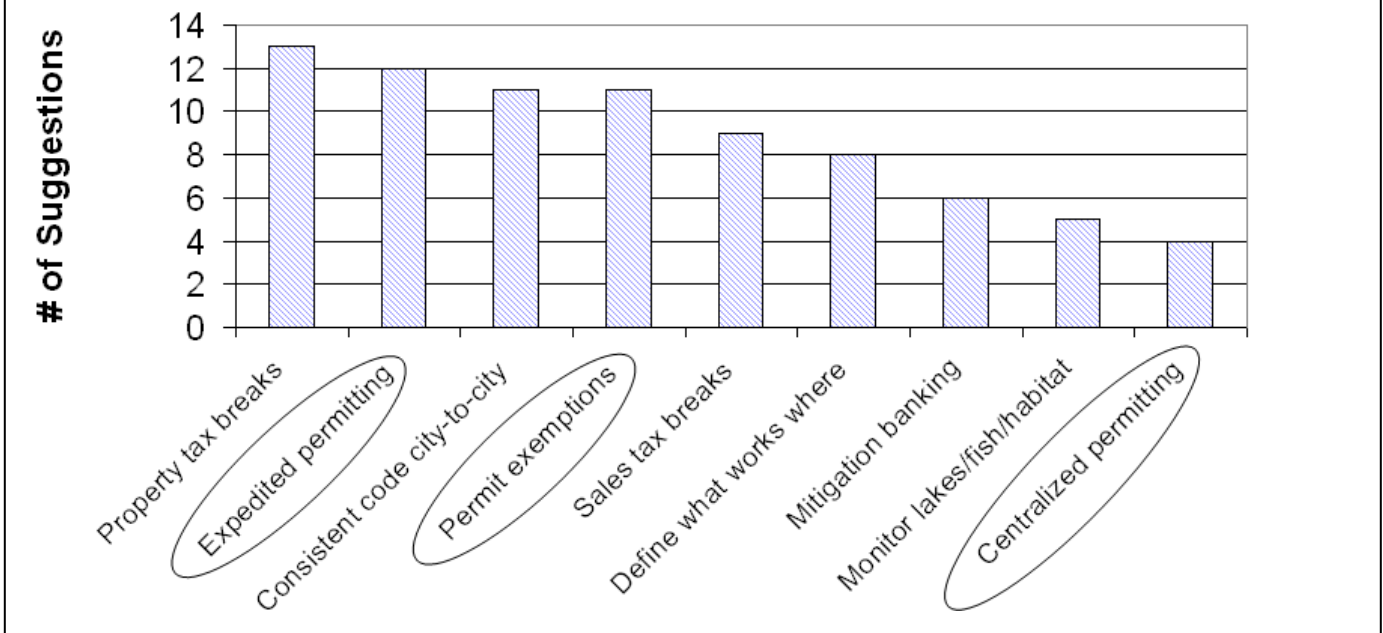
At a number of previous meetings the subject of incentives has been brought up. Other than the options matrix, which WSSA considers are more like disincentives, there's been little discussion of what incentives might include. I've done some research and provide the following -

In the spring and summer of 2009, a series of State and local agencies conducted workshops for staff of municipalities and regulatory agencies, as well as the public. The product of that effort was a report published last May entitled "*Summary Report - Green Shorelines for Lakes Washington and Sammamish*". I've extracted and tabulated data provided in the report to show you what each of these groups (regulatory and municipal staff versus property owners) felt would be the most effective means for achieving incentives. (I would also note the inclusion of such ideas as "Studies of Effectiveness" of alternative shoreline treatments (?) – demonstrating a concern within the staff and regulatory group that some concepts for improvements need to be tested.)



Green Shorelines Workshop Incentives

(Suggestion by public participants)



Clearly permitting issues are paramount among property owner concerns and would be an obvious avenue for the City SMP to focus for its incentives.

Closing Note

To summarize my message, excessive and arbitrary restrictions, such as a 50 ft. setback, will negatively impact us. If similar regulations were being considered for your property, you'd be concerned too. We ask that incentives be explored and incorporated more fully - looking at the suggestions of both regional and state staff as well as property owners.

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