

MEMORANDUM

To: Sonoma County Land Use Audit Steering Committee
From: Consultant Team
Subject: Review of Key Trends & Presentation of Scenarios; EPS #12143
Date: May 5, 2003

This memorandum reviews key land use trends and presents the conceptual and methodological framework of the Future Land Use Scenarios. Three proposed scenarios are presented in this memorandum. The proposed scenarios derive from work completed to date, meetings with the Steering Committee, and discussions among Consultant Team members. In the context of the broader mission of the Land Use Audit, the Scenarios are a vehicle for illuminating and discussing potential conflicts between urban and rural land uses in the County that may arise in the future. The scenarios will also provide a framework for discussing policy actions that could be initiated by the Steering Committee in order to avoid future land use outcomes that the Committee finds undesirable. These scenarios are not intended to provide a forecast of future land use patterns per se, but rather to identify areas that are vulnerable to urban development and to test the policy implications of various potential growth patterns.

This memorandum is organized into two sections. The first section, *Review of Key Land Use Trends*, revisits key land use trends in the County as identified and discussed in the earlier document “Land Use Patterns & Trends”. These trends are very important to the Future Scenarios exercise as they have provided the basis for selection of the future scenarios that will be developed. The second section, *Proposed Land Use Scenarios*, presents three land use scenarios recommended by the consultant team.

REVIEW OF KEY LAND USE TRENDS

This section reviews and summarizes key land use trends in the County, as identified and discussed in the earlier document “Land Use Patterns & Trends.” These trends provide the basis for selecting the three future scenarios.



URBAN FORM

For the past 30 years, Sonoma County has developed and maintained a pattern of city-centered growth, despite a doubling of population between 1970 and 2000 from 205,000 to 457,000 residents. This land use pattern has resulted largely from implementation of the County's first General Plan in 1978, which steered growth toward the cities' and County's urban service areas while providing protections for agricultural and natural resource areas. Subsequently, over the last 30 years, population has shifted away from the unincorporated areas to the cities. In 1970, 51 percent of the County's total population were living in the unincorporated County. By 2000, only 33 percent of County residents were living in unincorporated areas.

Land use policies and practices of the cities in the County also have played a critical role in the successful realization of a pattern of more compact growth. In particular, the implementation of urban growth boundaries (UGBs) in eight of the County's nine cities has been an effective tool in managing the expansion of urban areas. Nevertheless, despite the cities' and County's compact growth policies, urban development has tended to "spread" outward from historical city cores into rural/agricultural areas on the urban fringe. These trends have occurred as a result of steady demand for suburban single-family housing as well as the need for office and industrial land. Demand for commercial land has been fueled both directly and indirectly by the County's high-tech sector, which has its roots in the 1970s and the establishment of a Hewlett Packard satellite facility in Rohnert Park. Evidence of employment-related spread can be seen at the Airport Business Center, which was developed in the unincorporated County north of Santa Rosa adjacent to agricultural lands. The Center is a 465-acre master planned development that includes 60 buildings and approximately 2.3 million square feet of industrial/flex space.

Although the County has avoided "leap-frog" development in the past and is not likely to experience it in the future, continuing population and employment growth will contribute to urban spread as land is developed on the fringe and/or urban growth boundaries are expanded in response to growth pressures. Current city UGBs are designed to accommodate growth for a specified period, generally 10 to 20 years, after which they will be re-evaluated. At that time, policy decisions may be made to expand them; a less likely possibility is that the boundaries will not be renewed at all.

RURAL DEVELOPMENT TRENDS

Rural development in the County over the last 30 years has been spurred by demand for residential homes, visitor serving uses such as small hotels and special event venues, and agricultural processing facilities that support crops grown and/or raised in the County.

Rural Residential

Rural residential development has become increasingly expensive in Sonoma County over the years; what was once an option for affordable housing has been replaced with a market almost exclusively composed of “rural estate” development, mostly on large existing rural parcels or on parcels created by parcel maps. A number of exclusive rural estate subdivisions have also been created in recent years (e.g., Shiloh Ranch, George Ranch, etc.). Over the last ten years, home values in the County’s unincorporated communities have increased an average of 11 percent (in constant dollars). Highest value increases have occurred in Occidental, Eldridge, Guerneville, Glen Ellen and Graton. Not surprisingly, Eldridge, Graton, and Guerneville were also among the areas to see the most population growth during the time period.

Areas with the highest median home values in 2000 were Bodega Bay (\$431,206), Glen Ellen (\$357,387), Occidental (\$324,493), and Larkfield-Wikiup (\$285,116). In the cities, the average median home value reported by the Census 2000 was \$263,800. In many cases, unincorporated communities reported higher median home values than the cities, suggesting that demand for housing in certain rural areas is strong enough to command a premium over housing in the cities.¹ This trend may indicate future willingness-to-pay for new housing development in the unincorporated areas, even if development costs are high due to lack of available infrastructure or other constraints such as steep slopes.

Extensive areas of the unincorporated County are characterized by small rural residential parcels (less than ten acres). This development pattern has in many locations existed for decades and is an integral part of the County’s landscape. Areas that show the highest levels of parcelization include the diamond-shaped area between Sebastopol, Graton, and Occidental; the area to the northwest of Rohnert Park and south of Santa Rosa; the area north west of Petaluma; the area east of Larkfield-Wikiup; and the southern Highway 12 spine from Glenn Ellen to the south of the City of Sonoma. In recent years many of these areas also have shown a continued increase in housing prices, population density, and housing units.

There remains substantial potential for additional rural residential development through further intensification of existing rural residential areas. Such development, depending upon its scale and exact location, could change the historically low density rural residential and the quasi-agriculture nature of these existing areas.

There has also been increased demand for rural estate housing in more remote areas of the County that have not historically been the location of rural residential uses, for example in the uplands overlooking Alexander and Dry Creek Valleys. Although

¹ It should be noted that median home values are not adjusted for square feet of building or lot space. Therefore, the higher values observed in the unincorporated communities may be attributable in part to higher median housing size and/or lot size than typically found in the cities.

residential development in these areas may preserve relatively large parcels (40 acres and greater), when such development occurs along ridgelines or other highly visible slopes, the rural character of the area may be compromised.

Tourism & Visitor-Serving Uses

Tourism has long been a main component of Sonoma County's economy. Early in the century, the County's hot springs and outdoor recreation opportunities (resorts, fishing, boating, hiking, and hunting) drew visitors from San Francisco and beyond, fueling demand for hotels, camps, and cottages. Today, tourism remains an important component of the County's economy. Visitor spending generates an estimated 15,000 jobs and nearly \$20 million in local tax revenues annually. Transient Occupancy Tax collected in the unincorporated County in 2001 totaled \$5.5 million; \$7.8 million was collected in the cities.

A major attraction for visitors to Sonoma County is the wine industry. A web-based survey conducted by the Sonoma County Tourism Program found that 53 percent of respondents identified Food & Wine as their primary activity during their visit to Sonoma County.² Although Sonoma has a diverse array of attractions, Food & Wine is a critical component of Sonoma County's drawing power and has provided significant opportunity for Sonoma to develop a distinguishing "brand identity". In fact, many grape growers and vintners have come to rely on tourism to boost sales and profitability and have added visitor-serving components to their operations such as tasting rooms, retail shops, and special events venues.

Many other types of farmers earn supplementary income through their own versions of agricultural tourism by offering farm-related activities such as hay rides, crop mazes, petting zoos, overnight farm stays, and "u-pick" operations.

Agricultural Processing

The Agricultural Element of the County's General Plan allows processing and support services on land designated for Land Intensive, Land Extensive, and Diverse Agriculture as long as it is related to growing crops or raising animals. It is the County's policy to permit these uses, as long as they are clearly subordinate to on-site agricultural production and do not adversely affect agricultural production in the area. In addition, these uses must not require the extension of sewer or water or create a concentration of commercial uses in the immediate area.

Agricultural processing facilities and businesses are increasingly important to viable agricultural production because they allow farmers to differentiate their products, build brand identity, and de-commoditize their crops. The nexus between the production and processing sectors has become increasingly important as the world food market is progressively more segmented by consumer demands for fresh, convenient, high-

² The survey was conducted between July 2001 and March 2003. Approximately 4,000 responses were received.

quality, and specialized products. These products include certified organic foods and dairy items, fresh packaged foods (baby-cut carrots, salad in a bag), and home meal replacement products. In order to remain competitive and respond to consumer preferences, many growers and distributors are trying to move away from commodity-only sales toward value-added products that bundle commodities and services.

In recent years, demand for new processing facilities has been generated largely by viticulture. Wine grapes are by far the dominant crop by value in the County whereas the value of other crops, livestock, and dairy has remained flat or has declined over the last 30 years. As a result, demand for processing facilities directly tied to crops other than wine grapes has not raised concerns in the County to the extent that the demand for new wineries has. Since 1985, over 300 permits have been approved by Sonoma County to either site new wineries or expand existing facilities.

Other food processing businesses also have flourished in the County, in some cases blurring the line between agricultural processing and industrial activities. For example, organic and specialty food processing has begun to emerge as a notable component of the County's economy. Some of these businesses rely on agricultural inputs produced exclusively in the County whereas others use agricultural inputs from around the nation. As a result, these operations do not necessarily qualify as agricultural processing as currently defined by County land use policy.

It is likely that demand for agricultural processing facilities in the rural areas will continue; accommodating these uses (either in the rural areas or shifting them to urban industrial lands) will be an important component to maintaining agricultural viability.

AGRICULTURE TRENDS

According to the State's Farmland Mapping and Monitoring Program (FMMP), nearly 60 percent of the County's land mass is in grazing or agricultural uses. The FMMP's Field Report 2000 indicates that 42 percent of land in the County is categorized as grazing and 17 percent as farmland, for a total of 59 percent in agricultural uses. The rest of the County is classified as 7 percent urban and 32 percent "other uses," which include wetlands, low-density rural estates, and brush and timberlands unsuitable for grazing.

Since 1984, agricultural and grazing lands in the County have slowly declined by a total of approximately three percent. In 1984 total agricultural land (including grazing) was estimated at 627,876 acres, or 61 percent of the County's total land mass. In 2000, agricultural acres had decreased to 606,551 acres, or 59 percent of the County's total acreage. Most of this loss can be attributed to urban development which has increased since 1984 by 12,225 acres from six to seven percent of the County's total acres.

Interestingly, although agricultural lands overall have decreased since 1984, certain types of irrigated farmlands have actually increased during this period. Since 1984, lands designated as Farmlands of Statewide Importance and Unique Farmland increased dramatically (67 and 92 percent respectively). These changes are attributed largely to the shifting away from dry grazing lands, which have decreased by roughly five percent, to irrigated agricultural uses, in particular grapes.³

While vineyard uses appear stable (despite the current downturn) the same may not be true for the more land-extensive grazing and dairy uses. Agricultural market forces, federal and state price support systems, and environmental regulations are making it increasingly difficult to maintain profitable dairy or cattle operations. If farming becomes economically infeasible, pressure will increase to convert agricultural lands to urban or rural residential uses, particularly on lands at the urban edge.

ROLE OF INFRASTRUCTURE

In the past, various infrastructure extension and improvement projects in Sonoma County have preceded and supported urban growth and development within their service areas. In some cases these project have accommodated even the expansion of their service areas. However, this pattern has begun to change in recent years. Various constraints are causing infrastructure development to respond to rather than precede growth, and, at times, to lag significantly behind development approvals.

Currently, Sonoma County is at or approaching its maximum infrastructure capacities. Because of various constraints facing the County, the infrastructure capacities are likely to limit rather than promote urban growth and expansion in the near future. Today, water supply and sewage disposal capacities are the two most limiting factor for the future growth rate and patterns in Sonoma County.

PROPOSED LAND USE SCENARIOS

The purpose of the Land Use Scenarios in the context of the Land Use Audit is to explore the implications of key current land use trends that have a significant potential to influence future land use patterns. This exploration is intended to illuminate these trends, the existing land use policy framework, and overall growth trends in the County. It is expected that this illumination ultimately will lead to a policy formulation by the Steering Committee to avoid what it considers to be undesirable outcomes.

The Scenarios are designed to test broad **land use** patterns that could realistically occur in the future. As such, the Scenarios examine the **distribution** of growth in the County under different “what if” circumstances predicated on assumptions of future market and

³ California Department of Conservation.

policy conditions. Regional growth projections developed by ABAG will define total future growth in the County (through 2025) and the Scenarios will be used to test where that growth may be distributed.

To a certain extent, the Scenarios will require a degree of “suspension of disbelief.” For example, current trends indicate that sewer and water infrastructure capacity likely will constrain expansion of future rural development even in the face of market pressures. However, in developing the Scenarios, which are intended to test land use policy, it may be necessary to assume that infrastructure is unconstrained.

Scenarios recommended by the Consultant Team are as follows:

SCENARIO #1 – URBAN GROWTH BOUNDARIES EXPAND

Under this Scenario the urban growth boundaries are shown to expand beyond their current configuration due to growth pressures. The direction and magnitude of this expansion is, of course, speculative; however it will be assumed that growth would occur in the most logical (from a physical and market perspective) locations. **This Scenario will focus on future growth trends on the urban fringe.**

SCENARIO #2 – RURAL DEVELOPMENT INTENSIFICATION

Under this Scenario it is assumed that the urban limit lines hold but uses currently permitted in the rural areas are developed at a quicker pace than anticipated. In this case, trend line growth in the existing rural residential areas and unincorporated communities would be increased. This intensification could result from, for example, “spillover” demand from the cities or existing policies that encourage additional rural development (e.g., visitor-serving uses). **This Scenario will focus on growth in the County’s rural communities.**

SCENARIO # 3 –RURAL DEVELOPMENT ON AGRICULTURAL LANDS

Under this Scenario a substantial amount of land currently utilized for extensive agriculture (mainly grazing and pastures) would no longer remain in agricultural use. It is assumed that this change would come about because of increasing economic infeasibility of agriculture, primarily dairy and related cattle industries, in the County. In this case, it will be assumed that there is significant pressure to convert these heretofore rural, relatively remote lands to other uses. It will also be assumed that zoning designations would be changed to Rural Residential, which permits housing densities in the range of one to twenty acres per unit. **This scenario will focus on the County’s extensive agriculture and grazing lands.**

SCENARIO EVALUATION PROCESS

Scenarios will be evaluated to quantify the number of new acres in urban uses and the corresponding reduction of acres in farmland. Other secondary impacts of development such as traffic, housing affordability, environmental consequences will be discussed broadly and qualitatively.