

QUICK FACTS

Q1 What is an HCP?

The County's plan to help building permit applicants meet federal Endangered Species Act requirements that affect county permits. The HCP acts as a permitting umbrella to cover County & federal permit approvals in a single process.

Q2 Why is the County doing an HCP?

To make getting a building permit faster, easier and more affordable with one-stop permitting. Without the HCP, applicants with ESA-species need a federal permit.

Q3 Will gopher inspections still happen?

Seasonal gopher inspections will end. Instead, the applicants will follow the County's HCP permitting process, available all year-long.

Q4 How will this impact County economy?

The HCP makes more properties financially feasible to develop. Without it, the burden of development time, costs and uncertainties rest entirely on applicants working directly with federal regulators.

O5 How much will it cost me?

The County is investing resources to reduce cost of ESA compliance for property owners and property owners have of control over their cost. Less impact = less cost.

IMPORTANT

Don't have ESA-listed species on your property? No need to worry about this! View gopher, frog, butterfly & bird species info online.

LOOK ONLINEThurstonHCP.org

ASK STAFF HCPinfo@co.thurston.wa.us

READ THE LAW

Endangered Species Act www.fws.gov/endan-gered/laws-policies/





Q6 How does this improve conservation?

A large-scale reserve system will replace the current piecemeal mitigation process and it will be professionally managed. With the HCP, Property owners no longer have to manage conservation on their own property.

Q7 Will the HCP ensure the species survival?

Federal regulators are actually responsible for the recovery of animals. The HCP describes how the County will offset and manage species impacts it permits.

Q8 When will the HCP be implemented?

OUTREACH & EDUCATION Q3
Q3 2020-ongoing

ENVIRONMENTAL IMPACT STATEMENT Q4 2020-Q4 2021 PLANNING COMMISSION REVIEW Q4 2021-Q1 2022 BoCC REVIEW & ADOPTION
Q1 2022-Q2 2022

DEFINITIONS you might hear when talking about the HCP

- **1. Mitigation:** Making up for environmental impacts on a Covered Species by providing an equal environmental benefit for the Covered Species.
- **2. Incidental Take Permit (ITP):** The County expects to get a Federal permit issued under the Endangered Species Act for projects it permits that might result in the take (or harm) of an endangered or threatened species.
- **3. Certificate of Inclusion:** Document issued by Thurston County that enrolls a landowner into the HCP for purposes of obtaining coverage under the county's ITP.
- **4. Environmental Impact Statement (EIS):** Government document that outlines the impact of the County HCP to sensitive environmental resources like air or water; impacts to cultural resources; or community impacts like increased traffic.

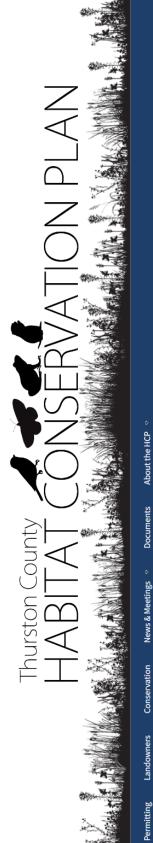
Visit the HCP website at www.ThurstonHCP.org



THURSTON COUNTY







Habitat Conservation Plan Homepage

Year-Round Permitting & Expert Conservation

answers year-round, and apply for permits anytime. No waiting for gopher inspection season. It will also mark the beginning of a more robust approach to habitat conservation at the Federal approval of the County's habitat plan will return permitting fully to the County. That means most permit applicants with gophers, or other federally-protected species can get

Road to HCP approval (Click or tap on the timeline to see detail. Dates may change.)



The HCP Covers these projects & species





Thurston County Links

County Government Offices

Quick Links

Code Update Projects

HCP Video



Quick Links Contact Us

HCP News & Meetings

HCP Story Map

Back to Community Planning

Subscribe to get emails



HCP Permitting Process

BACKGROUND

The proposed Thurston HCP is a countywide plan to provide Endangered Species Act permits and mitigation for capital improvement projects (e.g., roads, schools, fire stations) and development (e.g., commercial buildings, residential developments, accessory structures) over the next 30 years.

The HCP will coordinate mitigation to maximize benefits to the Covered Species, as well as provide benefits to other species that use prairie and riparian habitat. The plan strikes a balance between natural resource conservation and economic growth in the county.



STREAMLINED PERMITTING









The HCP replaces the project-by-project site reviews and mitigation process property owners and project developers currently must complete. Such a process carries uncertainties associated with time and costs. The HCP provides a more predictable, streamlined, and local permitting process for public and private development in Thurston County, saving time and effort to project applicants. A third-party report showed the proposed HCP makes development more feasible on sites with HCP-covered species habitat.

COVERED ACTIVITIES

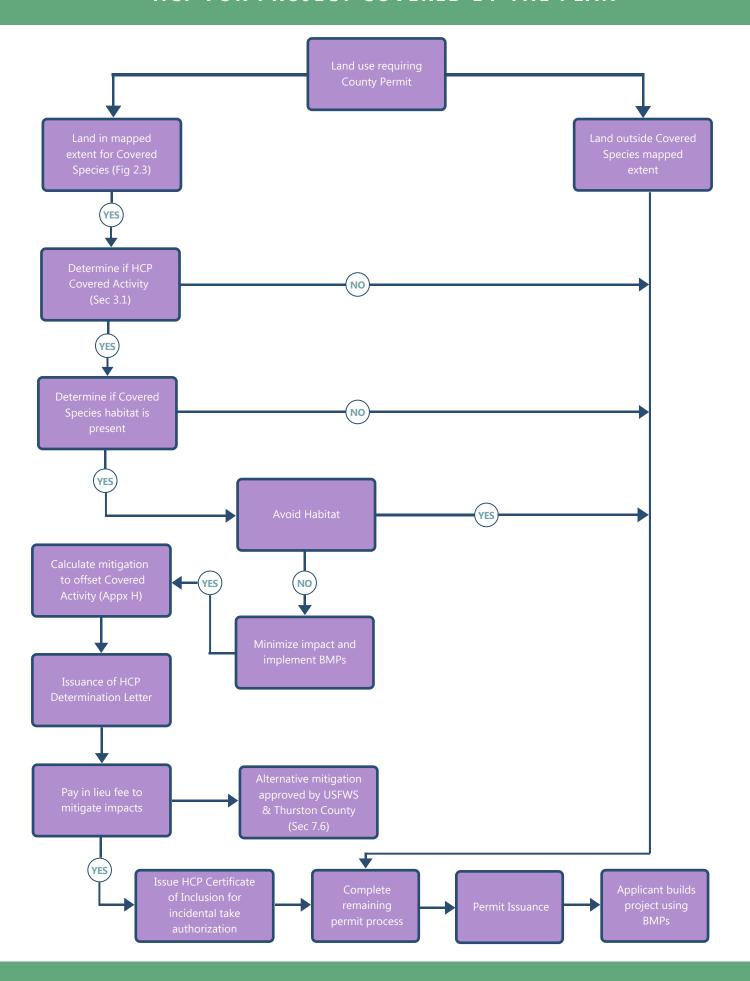
The HCP details existing land use conditions and land use plans in Thurston County to help identify activities that will have effects on covered species and their habitat. As a result of the HCP, the County will obtain incidental take authorization from the U.S. Fish and Wildlife Service for covered activities. Mining activities will not be covered.

AVOIDANCE AND MINIMIZATION

The Thurston HCP requires project applicants to implement Best Management Practices (BMPs) to avoid and minimize take of covered species and impact on habitat. The BMPs provide predictable and consistent requirements for project applicants. Permitting staff will evaluate projects to ensure project applicants incorporate all applicable BMPs. Design changes will be requested if HCP BMP's aren't used. Visit Thurston HCP website and read Appendix C "Best Management Practices" for the full description.



PROCESS FOR PROJECT APPROVAL UNDER THE THURSTON HCP FOR PROJECT COVERED BY THE PLAN







Thurston County HABITAT CONSERVATION PLAN

Economic Study | Executive Summary | May 2021

Prepared by

ECONorthwest ECONOMICS · FINANCE · PLANNING

In 2014, the U.S. Fish and Wildlife Service listed the Mazama pocket gopher (MPG) as threatened under the Endangered Species Act (ESA). The MPG is found in Thurston County and depends on prairie habitat found there. However, land development disturbs prairie habitat and the ESA-protected species that depend on it.¹ Since 2014, landowners have had to demonstrate that they are not harming the MPG and its habitat before they can develop their land. This requirement can be costly, in terms of both direct expense and time, making development more difficult or infeasible.

Habitat Conservation Plan:

This is a plan allowed under the Endangered Species Act, whereby areas for species-specific habitat conservation and restoration are designated and protected over a permit term, in mitigation for allowance of development in other areas under an incidental take permit.

To make ESA compliance easier for landowners, Thurston County has been developing the Thurston County Habitat Conservation Plan (HCP) in coordination with U.S. Fish and Wildlife Service (USFWS). The HCP would provide an avenue for developers of land in unincorporated Thurston County to comply with Endangered Species Act (ESA) requirements without the effort, complexity, and potential cost of individually led HCPs or take avoidance strategies. ES Figure 1shows the areas of prairie habitat that the county's HCP would cover and the types of development that could occur on those lands.

ECONorthwest prepared an economic analysis to better understand how Thurston County's HCP would affect the

Take Avoidance:

This is the strategy for ESA compliance without an HCP where each development activity must conduct site surveys and avoid any loss or degradation of habitat for ESA-listed species.

The economic analysis does not assess - and is not intended to assess - the economic impacts of the ESA listings themselves, together or individually.

economy of the county. The findings of that analysis are summarized here and detailed in an accompanying report. The analysis compares two states of the world: one assuming the status quo, and one assuming the county's HCP is approved and enacted. It provides insights into three questions the county wanted to answer before adopting the HCP:

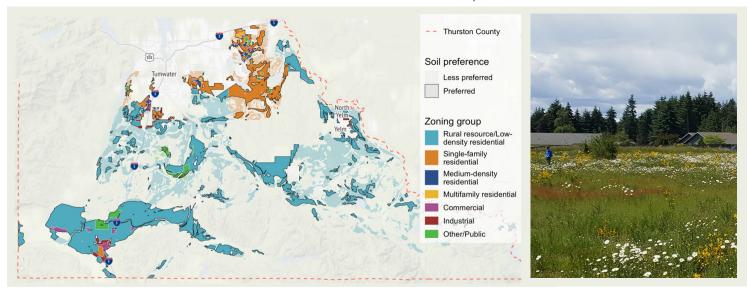
- 1. For <u>current and future landowners in unincorporated</u> <u>Thurston County</u>, how would a county-led HCP change the <u>costs associated with developing their land?</u> Similarly, for developers seeking to invest in new developments in unincorporated Thurston County, how would a county-led HCP change the costs of developing land?
- 2. For the county and its taxpayers, how would a county-led HCP that potentially changes the development patterns in the county lead to changes in assessed value in the aggregate land base, and associated property tax collections, over the 30-year permit term?
- 3. For <u>local and state government entities</u> and the citizens of Thurston County, by potentially changing development patterns, how might a county-led HCP change the trajectory of the local economy over the 30-year permit term?

To answer these questions, ECONorthwest developed a model that estimated development feasibility across different types of development including ESA-compliance costs under the two states of the world. Cost reductions can change the financial feasibility of development projects and may result in more development occurring in the county, all things equal. This could lead to increases in county revenue from property and sales tax collections, changes in employment, and overall improvements in the long-term trajectory of the economy. The rest of this summary describes the findings of ECONorthwest's analysis for each of these categories of effects.

¹ In addition to the MPG, the Taylor's Checkerspot Butterfly and the Oregon Vesper Sparrow also depend on prairie habitat in Thurston County and are listed or being considered for listing under the state and federal ESAs. The HCP also covers impacts to the Oregon Spotted Frog, which lives in riparian and wetland habitats in Thurston County.

ES FIGURE 1. Prairie Habitat areas Covered by the County's HCP, and Zoning in those Areas

SOURCE: ECONorthwest, with data from Thurston County GIS



ES FIGURE 2. Summary of Incremental Effects of Adopting a County-Led HCP

SOURCE: ECONorthwest Analysis

	Indicator	Data	
QUESTION 1: Changes in Feasibility of Development	Parcels with increased financial feasibility under countyled HCP, compared to status quo.	1,159 parcels – Highest in the northeastern part of the permit area; lowest in the northwestern part of the permit area.	
	Average increase in financial feasibility, as defined by the residual land value.	14.4% (average for all types of development); ranges from 5.5%-18.6% depending on development type.	
	Increase in feasibility of accessory structures.	More landowners would be able to realize improvements on their property, improving the value they enjoy from their property.	
QUESTION 2: Changes in Tax Revenues	Changes in Property Tax Collections.	\$5.57 million total over 30 years. (About \$186,000 per year on average.)	
	Changes in Sales Tax Collections.	\$1.94 million total over 30 years. (About \$65,000 per year on average.)	
QUESTION 3: Changes in the Local Economy	Employment associated with increased construction spending under county-led HCP compared to status quo.	1,400 jobs over the permit term.	
	Additional housing units under county-led HCP compared to status quo.	270 over the permit term.	
	Additional induced income related to additional household income under county-led HCP compared to status quo.	\$6 million over the permit term.	
	Additional commercial and industrial development likely, which would result in additional economic activity.	Increase (unquantified).	
	Quality of life effects related to consolidated conservation spaces and protected open space.	Positive additional to quality of life for some people.	

QUESTION 1: For current and future landowners in unincorporated Thurston County, how would a county-led HCP change the costs associated with developing their land? Similarly, for developers seeking to invest in new developments in unincorporated Thurston County, how would a county-led HCP change the costs of developing land?

ANSWER: The county-led HCP reduces the overall cost of ESA compliance for most landowners and makes more parcels financially feasible to develop. This has the potential to increase development in unincorporated Thurston County over the 30-year permit term, compared to the status quo.

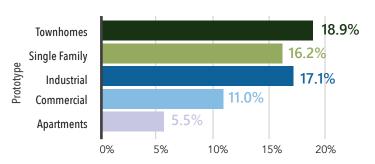
The county-led HCP reduced the costs of developing land and increases the financial feasibility of development, resulting in more parcels that develop. For all types of development across unincorporated Thurston County, the pro forma results indicate the majority of parcels are more feasible under the county-led HCP. The few parcels that are more feasible under the status quo are concentrated in the northern portion of the county, southwest of Tumwater and Olympia.

Financial feasibility is estimated by the amount a developer has left over after all hard and soft costs are accounted for. This is known as the "residual land value" RLV. A higher RLV means that a developer has more flexibility to pay for land and tolerate uncertainty and risk. On average, across all parcels, the county-led HCP results in a property developer being able to pay 14.1 percentage points more for land. The percent is slightly higher for residential development and slightly lower for commercial development.

It is possible that differences in costs between the county-led HCP and the status quo are likely to grow over time, making

ES FIGURE 4. Average magnitude of increased feasibility for developers under county-led HCP

SOURCE: ECONorthwest Analysis

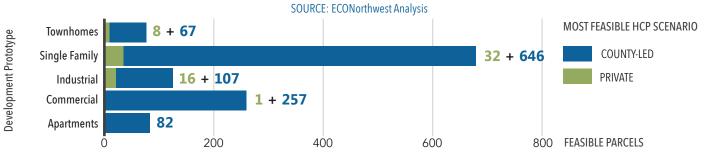


Median Percentage Point Difference (RLV: Land Cost Ratio)
County vs. Private-led HCP

the county-led HCP even more advantageous for developers from a cost perspective. Market demand for mitigation land is likely to increase as demand for development increases and appropriate parcels become scarcer. In aggregating mitigation responsibility and restoration opportunities, the county will likely be in a better position to minimize potential market-driven cost escalation. Sensitivity testing shows that as the cost of mitigation increases under the status quo by 50 percent — not an unreasonable expectation — all parcels become more financially feasible under the county-led HCP.

The incremental cost savings between the county-led HCP and status quo are likely to be most fully realized for those developments and businesses operating closest to the margin of financial viability. Therefore, the differences between scenarios will likely be most pronounced for activities facing more overall challenges to long-term resiliency, such as affordable housing and locally owned businesses development.

ES FIGURE 3. Summary of Incremental Effects of Adopting a County-Led HCP





In this way, the social outcomes of these cost savings might be more pronounced for the most vulnerable members of Thurston County, resulting in equity and diversity benefits in addition to economic benefits.

QUESTION 2: For the <u>County and its taxpayers</u>, how would a county-led HCP lead to changes in assessed value in the aggregate land base and associated property tax collections over the 30-year permit term?

ANSWER: Because it makes development on average more feasible and more likely to occur on sites with covered species habitat — all else equal — the county-led HCP would lead to more developments being financially feasible and implemented, and therefore higher total property and sales tax collections within the 30-year permit term.

The results of the economic impact modeling indicate that the county-led HCP produces a net increase in property taxes totaling about \$4.9 million (in 2021 dollars) relative to the status quo which, when combined with the real estate excise tax, results in a total expected increase to the county of about \$5.5 million (in 2021 dollars) over the permit term.

Similarly, the increased development activity results in more materials sold and labor employed for building relative to the status quo scenario. This greater level of construction activity increases sales tax revenue. Over the course of the permit term, the increase in sales tax revenue relative to the status quo scenario is expected to total \$1.9 million (in 2021 dollars).

With property taxes and sales taxes combined, modeling estimates that the county could see tax revenues incrementally greater by a total of approximately \$7.5 million over the course of the HCP permit period with the county-led HCP relative to the status quo. Additional fiscal effects could arise from economic activity following new development, including new household spending, new employment, and income-generating opportunities from developed commercial and industrial land.

QUESTION 3: For local and state government entities and the citizens of Thurston County, how might a county-led HCP change the trajectory of the local economy over the 30-year permit term?

ANSWER: A county-led HCP would likely lead to higher feasibility and greater likelihood of development over the

30-year permit term (relative to the status quo). This outcome would bring additional employment opportunities and produce other incrementally greater effects on economic activity that improve quality of life in Thurston County.

More development would directly support greater levels of employment in construction and related industries. In Thurston County, every million dollars spent in residential construction supports about 12 jobs, directly and through respending. This means that additional construction spending over the permit term could support about 1,400 jobs. About half of these are related to increased feasibility of single-family residential development.

More housing would lead to more households, and more household-related consumption. Over the permit term, the increased feasibility of single-family development could result in an additional 270 housing units available, compared to development under an individually led HCP. For every million dollars of household income in Thurston County, household spending supports an additional \$279,000 of income generation. This translates to about \$6 million in induced labor income over the 30-year permit term from new households.

More commercial and industrial development would support additional employment and income-generation opportunities. Increasing the feasibility of commercial and industrial development could potentially lead to additional employment and income generation opportunities in the county. It is impossible to predict what types of businesses may ultimately choose to develop or expand in Thurston County, but the effect would be positive.

Conservation activities under the county-led plan could produce higher amenity benefits. The amount of land set aside for species of concern increases under both the status quo and county-led HCP options if implemented. The amount and distribution of protected land would likely be different depending on scenarios. The county-led HCP has the potential to generate larger, more contiguous conservation spaces with more value to residents and species because it is a coordinated strategy.



