



Memorandum

DATE: January 13, 2022

TO: Mayor and City Council

FROM: Chad Eiken, Director, Community Development Department
Bryan Snodgrass, Principal Planner, Community Development Department

RE: Proposed Moratorium on Large Warehouse and Distribution Facilities

CC: Eric Holmes, City Manager

Problem Statement

As discussed at the December 12, 2022 City Council meeting, there has been a significant increase in development applications and inquiries for large warehouse and distribution facilities, typically over 100,000 square feet in size, over the past year and in recent months. Such facilities are allowed outright in Light (IL) and Heavy Industrial (IH) zones with no limitation on size, and existing development agreements would allow warehouses on specific properties in the Employment Center Mixed-Use (ECX) and Office-Commercial-Industrial (OCI) Districts.

These extremely large facilities appear to be a growing trend in response to the increasing demand for online retail shopping and parcel delivery as well as supply chain logistics issues, and consume significant swaths of limited industrial land with lower jobs per acre ratio than many other industrial uses.

Some communities have recognized that such facilities may result in unintended consequences that should be addressed, and staff has proposed an emergency six-month moratorium (with one six-month extension) on large warehouse and distribution facilities to allow for potential issues to be analyzed and addressed through amendments to VMC Title 20, the City's Land Use and Development Code as needed.

Local and National Context: Increase in Need for Warehouse and Distribution Facilities

Nationally, warehouse capacity is reportedly at a premium, with almost 96 percent of existing warehouse space in use. E-commerce, with its direct shipments to consumers, represents a fundamental shift in warehouse logistics. CBRE estimates that the U.S. alone needs 330 million more square feet of warehouse space to meet e-commerce demand into 2025; to meet total demand, another firm, JLL, put that number at one billion square feet.¹ CBRE further indicates that every \$1 billion in new e-commerce sales requires one million square feet of new warehouse space.

¹"The Warehouse Space Race," www.Prospect.org

As documented in a recent [Columbian article](#), there has been a surge of significant recent development of large scale warehouses and distribution centers in Vancouver and elsewhere in Clark County. While these facilities have a role in the local and regional economy, the number of recent developments and the size of the facilities which typically locate on industrially zoned land with limited levels of employment raise questions about the long-term efficiency of limited industrial land resources in Vancouver.

Prior Council Review

City staff provided an overview of the need for a moratorium on large warehouse and distribution facilities at a Council Executive Session on December 5, 2022. On December 12, 2022 City Council adopted an ordinance imposing an emergency moratorium on new or expanded warehouse facilities of more than 100,000 square feet in order to allow time to study long term land use implications and develop any necessary code changes to address identified issues. Staff explained that in order to complete the work, one six-month extension of the moratorium would be needed.

At the December 12 meeting, City Council asked several questions of staff, as follows:

1. *Potential inconsistency with climate action goals was mentioned. How are larger warehouses less consistent with the City's climate action goals than other industrial uses?*

Staff Response: The primary concern with the emerging trend in very large warehouses has to do with their land intensive nature while delivering much fewer jobs per acre than many other industrial uses. However, as described in the City's Climate Action Framework, 90% of Vancouver's emissions are from either transportation or buildings. While there may be ways to lessen impacts in both sectors, the current reliance by the industry on high volumes of diesel-powered trucks to transport goods and the construction and operation of buildings that are often several acres or more in size would suggest that inconsistencies may exist with the City's climate action goals. As staff indicated previously, more analysis is needed to understand these potential inconsistencies and to determine if they can be addressed by changes to the City's land use regulations.

2. *Will the proposed scope of analysis require funding to complete?*

Most of the work outlined in the attached work plan is intended to be accomplished using in-house resources, however some outside expertise to help staff understand and explain the industry trends is anticipated, similar to how we used outside experts to assist with the fossil fuel moratorium. Staff estimates that approximately \$25,000 should be sufficient given the anticipated scope of services that would be needed and if existing budget cannot be realigned, staff will include a request in the Spring Supplemental budget.

3. *Is there currently adequate staff capacity to undertake this study?*

Staff Response: Several positions have been added recently to the Comprehensive Planning Team and, barring any unanticipated changes in workload, there is sufficient bandwidth to complete the proposed work plan by the end of the year.

Proposed Staff Work Plan

Staff proposes to complete its analysis and present a set of recommendations to City Council for approval by the end of the calendar year. Tasks and outcomes will be assigned to four separate phases of work, outlined below. A full description of the tasks and outcomes in each phase is included on Attachment 2 to this memo.

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|---------------------------------------|----------------------|
| 1. Information gathering and analysis | January-May 2023 |
| 2. Moratorium extension (6 mo.) | June 2023 |
| 3. Code Development | June-August 2023 |
| 4. Code Amendment Approval Process | August-November 2023 |

Port of Vancouver – Exception from Moratorium may be Warranted

At the December 12 meeting, Council made an observation about the Port of Vancouver and how warehouses are integral to their operations, which caused staff to reconsider whether the Port should be exempted from the moratorium. Upon further reflection, several factors distinguish the Port from other private industrial property owners which may warrant an exemption from the moratorium.

Since it was established in 1912, the Port of Vancouver has played a key role in the region's economy and is the primary point of entry for goods arriving by ship and rail in Southwest Washington, and ports need warehouse space to store goods that are arriving or being shipped to other destinations.

The Port is a public jobs-creating agency and its vision statement includes support for “living wage employment.” As a steward of a finite supply of industrial land, Port must maintain a long-term view of how its property is utilized in terms of job creation, versus private property owners who are not constrained by any such long term implications.

Finally, the large warehouse and distribution facilities that are the focus of the moratorium are mostly related to the increase in home delivery of retail goods, whereas the Port's focus is on shipment of bulk goods.

For the above reasons, staff would support an exception for the Port of Vancouver from the moratorium provided that the Port demonstrates that there is a nexus between the project and Port operations (e.g. transshipment and storage bulk goods versus home delivery).

Next Steps

On Monday, December 12, 2022, the City Council adopted an emergency six-month moratorium on new and expanded warehouse and distribution facilities greater than 100,000 square feet in all zoning districts. Per state law, a public hearing must be held on the emergency moratorium within sixty days. A public hearing will be scheduled for February 6, 2023, at which time Council will take public comments and determine whether the moratorium should proceed as recommended by staff.

Attachment 1

Large Warehouse/Distribution Facilities Currently in Review Process

Name and Building Size	Location	Owner/Applicant
Prologis Park – 560,000 s.f.	Tax lot 152382000 (Fruit Valley)	Wellons Group
Harmon Logistics Center – 450,000 s.f.	NW corner of SE 1 st and 192 nd Avenue	DIRG LLC
Bridge Development — 640,000 s.f.	5500 NE 162 nd Avenue	Bridge Dvmt Partners LLC
Burnt Bridge Creek Logistics - 681,000 s.f.	5920 NE 162 nd Avenue	Defenbaugh LLC
Fruit Valley Logistics -- 365,000 square feet	6112 NW Fruit Valley Road	Wilson Oil
Burnt Bridge Creek West – 275,000 s.f. (application for rezone)	6103 NE 152 nd Avenue	Hudlicky Limited Partners
Project 147 – 80,000 s.f.	6100 NE 147 th Avenue	Amazon
Portside Phase 3 – 289,000 s.f.	2600 NW Lower River Road	Aurora Logistics LLC



Attachment 2

Proposed Staff Work Plan: Warehouse/Distribution Center Moratorium

Phase	Time Period	Tasks/Outcomes
I. Information Gathering & Analysis	Jan. – May 2023	<ul style="list-style-type: none"> Industrial Land Supply in Vancouver Comparison of Local Warehouse vs. Large Distribution Center Characteristics Examine regional and national warehouse market trends Jobs/acre comparison to other industrial uses Review of impacts from Distribution Centers (traffic, pollution, tax base, job creation, land consumption, etc.) Equity disparities analysis Analysis of areas where distribution centers may be most appropriate Contact other jurisdictions regarding lessons learned, response to increase in large warehouses Review of other jurisdiction codes and best practices Outreach to key stakeholders (Port, industrial tenants, CREDC, etc.)
II. Moratorium Extension (6 month)	June 2023	<ul style="list-style-type: none"> Council workshop to provide updates on background research and preliminary analysis Council public hearing - approval of a six-month extension of moratorium to complete code development work
III. Code Development	June – Aug. 2023	<ul style="list-style-type: none"> Develop use limitations and development standards as appropriate to mitigate concerns Targeted engagement with Port, industrial stakeholders, CREDC, County, etc. to receive input on draft standards Planning Commission Workshop(s) to review draft code changes
IV. Code Amendment Approval Process and Public Engagement	Aug. – Nov. 2023	<ul style="list-style-type: none"> Complete SEPA Review/Determination Neighborhood and general public information sharing and opportunities for input (Neighborhood newsletters, meetings, Be Heard webpage, etc.) Planning Commission Workshops and Public Hearing City Council Workshops and Public Hearing Adoption of development code changes Moratorium expires December 12, 2023

