

Demystifying Transfer of Development Rights

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The West Sound Conservation Council sponsored this workshop on the Transfer of Development Rights (TDR). The workshop included a presentation by: Mark Sollito, TDR Program Manager, King County, and Tim Trohimovich, 1000 Friends of Washington, who helped develop the City of Redmond's TDR Program. This summary is intended as a companion piece to the presentation material presented.

What is TDR?

Transfer of Development Rights is a voluntary way for a community to preserve rural areas (open space, farm land, forested areas, wildlife habitat, riparian areas, wetlands...), while allowing for greater density in its urban areas. A community decides what kind of land it wants to preserve in its (rural) "sending areas" and what sort of densities it is willing to accommodate in its (urban) "receiving" areas. Then the jurisdictions establish a Public Benefit Rating System for setting a transfer ratio between different types of land.

For example: One TDR from farm land might equal either one residential housing unit or 1000 sq. ft of office space, or five extra commercial parking spaces. A TDR from a wildlife habitat might equal 3 residential housing units or 3000 sq. ft of office space.

A Transfer for Development Rights program is a voluntary tool for jurisdictions to use in meeting GMA goals and a way for participating landowners to lower their property taxes. Properties designated as either sending or receiving sites must meet all environmental and concurrent regulations for building, and densities cannot exceed or go below those specified in the GMA.

A TDR program is a way to get public benefit from a private transaction. Sending site landowner "sells" and the Receiving site landowner "buys". The market sets the price of the TDR; in King County and Redmond the price tends to average about \$22,000 - \$29,000 per TDR. A conservation easement is then placed on the title of the sending site property. The sending site landowner retains all other property rights.

Key Discussion Points:

- A TDR program operates within existing land use and transportation framework. Receiving sites go through full review and local compliance.

- The County and Cities involved in a TDR program execute an Inter-Local Agreement.
- Community involvement is essential in establishing a TDR program. Community support is necessary both to establish the types or areas the public wishes to preserve in the sending sites, and to support the higher densities allowed in the receiving sites.
- TDRs have a maximum density. A TDR cannot be used for unlimited density or development.
- Once a community has agreed to act as a receiving site and set the densities it is willing to accommodate, these numbers are lowered. TDR's are then used to "buy-up" the density. *(i.e. an urban area may zone density at 4 units per acre, but allow a developer to go 6 units per acre with the use of TDRs.)*
- A "Receiving Area" may be offered some Public Amenity Funding to encourage the citizens to accommodate higher density, and create livable areas.
- One "right" may have multiple transfer ratios depending on what/where you are building.
- Transfer of Development Rights is a private transaction between the seller and buyer. A purchase and sale agreement is executed and is required to list the purchase price.
- Successful programs generally start very small and focused, choosing to preserve one type of land (i.e. farmland) or one area (i.e. a "view" or public use area).
- Programs are typically slow to take off; it may take a year or more before a jurisdiction sees its first transaction. (Redmond's first transaction was for less than a full TDR).
- TDR programs can be used to encourage urban homes and jobs while protecting public open space or view areas.
- TDR programs can be used to protect Historical Sites or Affordable Housing in downtown areas.
- There may be some funds available to help de-fray the start up costs of TDR Program. There is some Federal Funding for programs that focus on farmland. A discretionary grant through CTED might also be a possibility.

What are TDR Programs in our Region doing?

- Bainbridge Island has yet to have a sale with its TDR program, but it has had some TDR's donated.
- King County established a TDR "Bank" with Capital Funds including some Conservation Futures Funds. This Bank allows the County to have TDR's already

available for purchase, with minimal paperwork. It has also been a useful way to “Jump Start” their program.

- Vashon Island is permanently excluded as a “Receiving site”
- Redmond had to establish a TDR program; in response to a court ruling allowing agricultural zoning within city limits...but only if there was a TDR program in place. Redmond’s program has been highly successful.
- Redmond has a sending site located in their downtown area. It was established to protect wildlife habitat; a heronry, it carried a transfer ratio of 47 TDRs per acre.
- Thurston County allows the use of TDRs to “Buy-down” density in some areas.
- Clallam County has a TDR Program, but has yet to make its first transaction.
- San Juan County has had a TDR Program in place for almost 20 years.
- Snohomish County is developing a TDR Program.

More information on TDR’s available at: <http://dnr.metrokc.gov/wlr/tdr/>