



Status of Regional Transfer of Development Rights Program

Current status

RCW 43.362.030 directs the Department of Community, Trade and Economic Development (CTED) to fund a process to develop a regional transfer of development rights (TDR) program in the four central Puget Sound counties consistent with the Growth Management Act (GMA). Transferring development rights is a market-based technique that encourages the voluntary transfer of growth from places where a community would like to see less development, referred to as sending areas, to places where a community would like to see more development, referred to as receiving areas. The purpose of this program is to conserve rural, agricultural and forest land while ensuring the quality of life in compact communities receiving development rights. CTED is directed to work with an advisory committee to develop recommendations to the Governor and Legislature by December 1, 2008, to implement a regional TDR program.

The Policy Advisory Committee has accomplished the following to date:

- Adopted ground rules and a set of working principles to guide their work.
- Advised CTED and a consultant hired by CTED on conducting a market analysis of TDRs.
- Discussed the results of the market analysis and possible transactional mechanisms for a regional TDR program with the consultant.
- Discussed strategies for addressing issues of certainty for buyers and sellers of TDRs.
- Heard from a panel of state and regional infrastructure and transportation funding programs regarding possibilities for funding a TDR program.
- Begun discussions at its July 17 meeting of what is needed to establish a regional TDR program and how it might be funded.

Working Principles/Goals of the Policy Advisory Committee

The Department of Community, Trade and Economic Development (CTED) is directed to fund a process to develop a regional transfer of development rights (TDR) program that comports with the Growth Management Act (2SHB 1636 – Chapter 43.362 RCW).

Consistent with the Legislature's intent, the Policy Advisory Committee finds that a TDR program is a creative approach that will assist in slowing the conversion of rural, agricultural and forested lands. It is good public policy to build upon existing TDR programs, pilot projects, and private initiatives that foster effective use of transferred development rights through the creation of a market-based program that focuses on the central Puget Sound Region.

These goals are proposed only for the regional TDR program and not intended to apply to other programs that local governments may choose to adopt. These principles may need to be revisited because the development of a TDR program is an iterative process.

1. The focus of this Committee is to make TDR programs work.
2. TDR programs should be included in local comprehensive land use plans and development regulations, including zoning ordinances.

3. Sending areas should be designated to preserve forests, farms, and open space in rural and resource areas. Designation of sending areas should support local farming and forestry industries.
4. Designation of receiving areas will be guided by the priorities in the Puget Sound Regional Council's VISION 2040.
5. Prior to designation, receiving areas should have adequate infrastructure planned and funding identified for development at densities consistent with what can be achieved under the local transfer of development rights (TDR) program.
6. Designation of sending and receiving areas should include significant public outreach.
7. Work toward the creation of a marketplace that builds on and enhances existing TDR and other open space programs.
8. Develop a regional approach that provides a common process that is flexible enough to accommodate the unique circumstances and needs of individual counties and cities.
9. Develop a process that results in actual transfers from sending to receiving areas within two years of its establishment.

Possible recommendations for a regional TDR program

- Creation of an informational clearinghouse to provide outreach and information about the program to landowners and developers, and to issue, track and redeem TDR certificates.
- Creation of a bank to facilitate transactions between buyers and sellers of TDRs. The bank would buy TDRs from landowners and make them available to developers. The bank would probably operate as a revolving fund.
- Legislation that would facilitate transfers of development rights between jurisdictions. For example, legislation could allow transfer without an interlocal agreement.
- Legislation that would create additional authority for local governments to raise revenue for infrastructure and amenities to support increased density in receiving areas.
- State funding to:
 - Continue and enhance a TDR technical assistance program in CTED.
 - Capitalize a TDR bank.
 - Create an information clearinghouse and TDR tracking system.
 - Provide infrastructure and amenities to support increased density in receiving areas. The statute specifically requires that CTED and the Committee examine the value in modifying criteria by which state capital funds are allocated as incentives for cities.

Discussion of what is needed to establish a regional TDR program will continue and hopefully conclude at the next meetings on August 14, and possibly September 18. The public is welcome to attend the meetings and provide comments. Although the due date for recommendations to the Governor and Legislature is December 1, final recommendations are anticipated by October 31, 2008.

For more information:

Heather Ballash

Washington Department of Community, Trade and Economic Development
Growth Management Services, Regional TDR Program

(360) 725-3044

heatherb@cted.wa.gov

www.cted.wa.gov/growth