

Land Use & Climate Change Advisory Committee

Background Information and Research for LUCC Potential Recommendation on Developer Incentives to Encourage Compact Development in Urban Areas

The Technical Support Team (Tech Team) is tasked with providing information and research to the Land Use and Climate Change Advisory Committee (LUCC). Based on the ideas moving forward as potential recommendations from the LUCC, the Tech Team has conducted research and provides this preliminary information to the LUCC. To the best of their abilities the Tech Team has researched to provide information in response to the SB 6580 legislation and the LUCC Work Plan.

1. What, if any, actions have been taken by local governments to address climate change related to this particular idea?

Developer incentives, in and of themselves, will not specifically address climate change. They are a tool to encourage the type of desired development in a designated area. Jurisdictions are doing this already in some instances. For example, some cities have adopted very low or even “failing” level of service standards for transportation in some areas of their cities, such as general commercial zoning districts, so that additional development can occur in an area that may otherwise not be developed or redeveloped. Or, residential bonus densities or higher floor area ratios are permitted when additional outcomes (additional open space, affordable housing, etc.) are provided.

There is a wide array of developer incentives that can be provided. Ultimately, the degree which these are pursued will be determined by each local government. Examples include:

- Reduce or eliminate parking requirements in urban centers or targeted areas
- Allow less expensive types of construction for mixed-use in-fill projects or ensure that height and/or bonus density incentives are permitted under current building code (Is Type 1 construction supported by the market?)
- Provide exemptions from certain development fees in targeted areas
- Reduce impact fees for high-density in-fill projects within Urban Growth Areas
- Provide tax incentives for voluntary carbon emission reductions
- Establish voluntary Climate Benefit Districts in targeted areas (this is an idea currently being developed by interested professionals at Foster Pepper LLC and Mithun Urban Planners and Architects)

- Use maximum exemption levels permitted in SEPA for categorical exemptions in Urban Growth Areas or areas targeted for compact development. (WAC 197-11-305, -800(1)(c), -800(1)(a) and (2)) <http://apps.leg.wa.gov/WAC/default.aspx?cite=197-11-800>

2. What, if any, computer modeling programs or other analytic and assessment tools are available to assist a local government in addressing this idea?

Depending on the types of developer incentives chosen, computer modeling may be unnecessary. However, in the even of a planned action, the developer could provide an analysis of the carbon footprint of the proposed development, which the government entity could use to ensure the proposal is within the range of the impacts they anticipated and can mitigate.

In this instance, a project-level analysis type of model could be useful.

3. What are the positive and negative impacts of a local government addressing this idea on:

- a. Affordable housing**
- b. Employment**
- c. Transportation costs**
- d. Economic development**

This is a very challenging question to try to answer. Answers would be dependent upon how the local governments choose to pursue the policy, rather than based on the policy itself. The technical team would appreciate guidance from LUCC members into where data may exist to help provide input into these topics.

The technical team will continue to look for analysis in these areas. The most promising data may come from California State. As California seems to be on a similar path and ahead of where we are, we may be able to find data on this topic related to our questions outlined above. The technical team will continue to search for relevant data.

4. Please provide a general assessment of state and local resources needed, financial and otherwise, needed to fully implement the idea.

Generally, the cost to cities of adopting new incentives is relatively small. However, it is likely that incentives will bring some cost or time savings (or both) to private developers, which would therefore attract more development that would add to a jurisdiction's revenues.