MEETING SUMMARY

TDR/PDR Multi-Stakeholder Work Group

Wednesday October 4, 2017, 2:30-4:30 PM

Planning and Development Services – Annex Conference Room

Attendees – Members	Perspective	Present
Chris Behee	City of Bellingham	☒
Michael Jones	City of Blaine	☐
Rollin Harper	Cities of Everson, Nooksack, and Sumas	☒
Jori Burnett	City of Ferndale	☐
Dave Timmer	City of Lynden	☒
Bill Henshaw	Building Industry	☐
Betty Sanchez	Realtors	☒
Myrle Foster	Rural Property Owner	☒
Ralph Black	TDR User	☒
Phil Thompson	Economist	☒
Steve Powers	Affordable Housing	☒
Brad Rader	Agriculture	☐
Karlee Deatherage	Environmental	☒
Rud Browne	Council Member	☒

Attendees – Alternates/Representatives	Perspective	Present
		☐
		☐
		☐

Quorum Present	YES ☒ NO ☐

Attendees - Staff	Present	Attendees - Staff	Present
Matt Aamot	☒	Mark Personius	☐
Chris Elder	☒		☐

Attendees – Guests	Organization (if applicable)	Present
		☐
		☐
		☐
		☐
		☐

Meeting was called to order about 2:30 pm.

Approval of September 6 Meeting Summary

The September 6 meeting summary was approved without changes.

Open session to take public comment

There were no public comments.

Opportunities/Solutions for a Workable TDR Program

The Work Group reviewed the preliminary draft discussion paper.

Opportunity # 1 - Density Credit Program / In Lieu Fees: In General

The Work Group discussed density credit pricing. Berthoud, Colorado, charged density credit fees of $3,000 for a single family residence and $1,500 per multi-family dwelling unit from 2000-2009. Berthoud's fees were discontinued in 2009 because of the Great Recession. The County's PDR Oversight Committee looked at this issue on August 25, 2017, and recommended that Whatcom County consider a density credit charge of $4,000. Chris Elder indicated that the PDR Oversight Committee wanted the fee to provide a significant benefit to the PDR program. Additionally, it costs about $4,000 to preserve one acre of farmland on average.

The City of Bellingham has a voluntary PDR program that charges $5,000 for each bonus unit in the city. The money raised from this program goes towards Lake Whatcom Watershed preservation. Chris Behee indicated that money from the purchase of bonus density may sit in the bank for a while before the local government uses the funds to purchase conservation properties. Bellingham had their first significant private use of this program in 2017 for a development on Telegraph Rd. Chris Behee indicated that the developer originally planned to acquire density bonuses by a paying into the Lake Whatcom Watershed Property Acquisition Program and providing open space and public amenities. However, the developer would need to hire design professionals to develop plans for the amenities, so they abandon this approach and simply paid $5,000 per unit into the Lake Whatcom Property Acquisition Program to acquire all 48 bonus density units.

Myrle indicated that areas would have to be defined in areas of the County where density could be added and where development rights could be bought. Rollin said that the density credit price to gain incentives (i.e. density bonuses) should be lower in cities or UGAs than in rural areas. In rural areas, a bonus residence should only be allowed if the density credit price is high enough to retire one full development right in the rural or agricultural area. Chris Behee also said it makes sense to charge less for a density credit to obtain bonus density in a city, where GMA encourages growth, than in a rural area.

Betty asked if all density credits are one flat fee or variable. Rud indicated that the cost of a density credit should be tied to the assessed value of a property. For example, if a property was assessed at $200,000, the density credit should cost twice as much as for a property assessed at $100,000. Ralph indicated that formulas can become complex. He liked a flat fee, as long as there was rationale to support it. Rud stated that it makes sense to use density credit money along with federal matching funding.

Dave indicated developers must be willing to pay the price for a density credit, or the program won't be used. Rollin mentioned that the County and cities have given away density for nothing (but any application fees) in the past by approving upzones.

Phil asked if an appraisal is only required for government expenditures on PDRs. Rud thought that the appraisal is only required when there's an expenditure of public funds (but not for privately sold TDRs). Chris Elder said the appraisals for PDRs must meet federal and state standards.

Opportunity # 5 – Density Credit Program: Rural Areas

The Work Group discussed the three bonus density concepts for rural areas.

Rural Concept # 1 – Increasing the Size of Accessory Dwelling Units

Accessory dwelling units (ADUs) are currently allowed in the following rural zoning districts:
- Residential Rural;
- Rural; and
- Point Roberts Transitional District.

ADUs are limited to 1,248 square feet in these zoning districts. The Work Group discussed the idea of allowing a 500 square foot increase in the size of an ADU, which is similar to the King County rule, if density credits are purchased.

Rollin talked to a developer who liked the idea. Dave said the density credit price should be higher for acquiring incentives (e.g. increased square footage) in rural areas than in cities or UGAs. Karlee agreed. Ralph said that adding 500 square feet for a maximum ADU size of 1,748 square feet would comfortably accommodate a three bedroom single family home. A 1,248 square foot limit would accommodate a two bedroom home. Betty asked how the increase in size would affect affordability. Ralph said it would provide greater affordability for a family.

The Work Group unanimously passed a motion to recommend allowing an increase in the size of ADUs from 1,248 square feet to 1,748 square feet in the rural areas if density credits are purchased.

Rural Concept # 2 – Allowing Rental of Both the Main House and Accessory Dwelling Unit

At the last meeting, Rud had raised the idea that the County could consider allowing a non-resident investor to pay to retire one full development right in a rural or agricultural area in exchange for eliminating the following requirement, which is normally imposed on accessory dwelling units:

> The owner(s) of the single-family lot upon which the accessory apartment or detached accessory dwelling unit is located shall occupy as their primary domicile at least one of the dwelling units on that lot.

This would allow a non-resident investor (who retires one full development right) to rent out both the main house and the accessory dwelling unit on the property, as the owner would not have to live on the site.

Rud indicated that rural receiving areas would need to be defined where this incentive could be utilized. This may include consideration of agricultural use and other factors. Dave and Chris Behee indicated that the owner-occupied requirements for ADUs were important in their cities. Steve indicated that more affordable rentals are needed to meet housing demand.

The Work Group unanimously passed a motion to allow a non-resident investor to pay to retire one full development right in a rural or agricultural area in exchange for eliminating the requirement that either the main house or ADU must be owner-occupied.

Rural Concept # 3 – Allowing Increased Density in Certain Rural Areas

The Work Group also looked at the idea that of allowing a density of one dwelling/2.5 acres in the Rural one dwelling/five acre (R5A) zone if density credits are purchased (similar to the King County rules).

Rollin asked if such a concept should only apply in the R10A zone and not the R5A zone. That way, a land owner could create two 5-acre lots in a R10A zone (if they pay to retire a development right elsewhere), but could not create two 2.5-acre lots in the R5A zone. Ralph agreed that five acre lots seem more rural than 2.5 acre lots. It was asked how such an approach would affect farmland. Chris Elder indicated that Rural Study Areas should be avoided. These are areas zoned R5A and R10A that are valuable for agriculture. Staff will look into areas that should not be considered for this type of incentive (such as areas that have value for agriculture) and this concept will be discussed further at the next meeting.

General Discussion

The Work Group will discuss recommending a price for density credits in unincorporated areas at the next meeting.

Next Meeting
November 1, 2017.

Meeting Adjourned at 4:30 pm

Signed: ______________________ Ralph Black, Chairperson