

# MEETING SUMMARY

## TDR/PDR Multi-Stakeholder Work Group

Wednesday November 1, 2017, 2:30-4:30 PM

Planning and Development Services – Annex Conference Room

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

Attendees – Alternates/Representatives	Perspective	Present
		<input type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>

<b>Quorum Present</b>	<b>YES <input checked="" type="checkbox"/> NO <input type="checkbox"/></b>
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Attendees - Staff	Present	Attendees - Staff	Present
Matt Aamot	<input checked="" type="checkbox"/>	Mark Personius	<input type="checkbox"/>
Chris Elder	<input checked="" type="checkbox"/>		<input type="checkbox"/>

Attendees – Guests	Organization (if applicable)	Present
		<input type="checkbox"/>

Meeting was called to order about 2:30 pm.

### Approval of October 4 Meeting Summary

The October 4 meeting summary was approved without changes.

### Open session to take public comment

There were no public comments.

### Density Credit Price Recommendations

Staff indicated that the density credit price recommendations have two components:

- UGAs - The price for an additional dwelling unit in the Birch Bay Urban Growth Area (UGA); and
- Rural - The full price of retiring a development right in the rural & agricultural areas.

The County Council's agenda for November 8 includes consideration of the Density Credit / Birch Bay Small Lot proposal that staff discussed with the Work Group in July. Under this proposal, a developer could potentially double the density for single family residential development, from 7 units/acre to 14 units/acre, in the Birch Bay Resort Commercial zone through the planned unit development permitting process if density credits are purchased. The County has received several letters from representatives of land owners and developers in favor of this concept. However, a critical factor is going to be the price charged for a density credit to acquire each additional dwelling unit.

The Work Group discussed density credit pricing. A town in Colorado charged density credit fees of \$3,000 for a single family residence and \$1,500 per multi-family dwelling unit from 2000-2009. However, these fees were discontinued in 2009 because of the Great Recession. The County's PDR Oversight Committee looked at this issue in August and recommended considering 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. Chris Behee indicated that 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. [*Editor's note: The \$5,000 was approved by the City Council in Resolution 2009-24*].

Michael questioned whether the Colorado example is relevant to our situation. Several Work Group members suggested starting with a lower price, because if the price is too high, developers will not use the program. If it turns out there is a lot of

demand at the price set, it can be adjusted higher in the future. If there is little to no demand at the price set, it can be adjusted lower in the future. Ralph gave an example that, if raw land is \$10,000 per dwelling unit, then a density credit price of \$3,000, \$4,000, or \$5,000 for an additional unit would be a good price. Ralph indicated that \$4,000 would be a reasonable cost to a developer for an additional residential unit. Bill indicated that \$4,000 would probably work, but we need to be aware of other costs in the platting process and that it can take several years to get a project approved. Bill stated that the fee payment should be as late in the process as possible. Rollin indicated that Bellingham is generally more expensive than Birch Bay, so \$4,000 may be reasonable for Birch Bay. Ralph noted that cities will look at specific issues, incentives, and prices unique to each city and may come up with different figures if and when they set density credit fees.

The Work Group passed a motion to recommend a density credit price of \$4,000 per bonus dwelling unit in the Birch Bay UGA (12 in favor, 0 opposed, 1 abstain, 1 absent).

Steve asked if the fee could be waived to provide extra density for affordable housing. The Work Group indicated that there a number of ways to address affordable housing and that this is a whole discussion in and of itself.

The discussion on the full cost to retire a development right in rural and agricultural areas will wait until early 2018, when we have the full costs for 2017 from the County's PDR program.

### **Opportunities/Alternatives to a Workable TDR Program**

Rollin submitted language for consideration by the group. The first part of the proposal indicated that a jurisdiction could decrease densities allowed by right, and then allow voluntary purchase of density credits to gain the density back. Rollin indicated that this approach has challenges and the Work Group may not want to recommend this, but should at least discuss the concept. The second part of the proposal would provide a new conceptual framework, especially for cities, under which local jurisdictions would not give away additional density, such as through traditional up-zoning. Rather, zoning regulations would be modified to allow land owners to voluntarily buy density credits to increase density up to newly established maximum densities. Rollin gave an example, in residential 4 unit/acre zone, where the zoned density at 4 units/acre would be allowed to increase to 8 units/acre if density credits are purchased on a voluntary basis. The increased densities allowed would be unique to each city.

Jori indicated that the 1<sup>st</sup> idea would be a serious way to deal with the issue of rural development. He was concerned that the 2<sup>nd</sup> idea, increasing density, could cause increased city costs for infrastructure, which is a cost to the taxpayer. Regarding the 1<sup>st</sup> idea, Ralph preferred the incentive-type programs and indicted that the downzone concept would send the wrong message. Chris Behee indicted that urban villages typically include upzones where they want density. They may not want to charge additional fees for these upzones. The Work Group decided not to add either of the two suggestions to the preliminary draft discussion paper. Rollin indicated that he might bring back revised language for Work Group consideration on the 2<sup>nd</sup> idea.

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

The Work Group looked at the idea 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).

Rud said development rights could be removed from good agricultural land and moved to other rural areas that aren't as good for agriculture and have access to public water. Michael agreed that the quality of land for agricultural use should be an important factor. Rollin expressed concern that lots that are less than 5 acres in size could tend towards sprawl, but supported keeping this issue on the table. Myrle asked if density would be reduced near the site of the increased density? Staff indicated that the density credit funds would go to the County's PDR program, which would prioritize sites based upon the PDR guidelines.

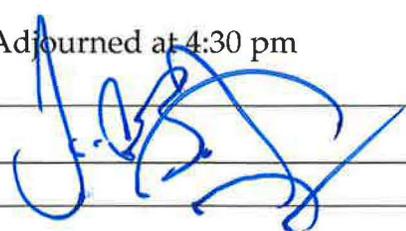
The Work Group passed a motion to recommend allowing a density of one dwelling/2.5 acres in the Rural one dwelling/five acre (R5A) zone if one rural development right is retired for each additional rural development right granted (11 in favor, 0 opposed, 1 abstain, 2 absent – one member had to leave the meeting about 15 minutes early). This recommendation was with the understanding that staff will come back to the Work Group next meeting with suggested areas where this concept should not be allowed (e.g. areas that are valuable for agriculture or environmentally sensitive areas).

Next Meeting

December 6, 2017.

Meeting Adjourned at 4:30 pm

Signed: \_\_\_\_\_



Jori Burnett, Vice-Chairperson