

MEETING SUMMARY

TDR/PDR Multi-Stakeholder Work Group

Wednesday July 5, 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 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 type="checkbox"/>
Myrle Foster	Rural Property Owner	<input checked="" type="checkbox"/>
Ralph Black	TDR User	<input checked="" type="checkbox"/>
Phil Thompson	Economist	<input type="checkbox"/>
Steve Powers	Affordable Housing	<input checked="" type="checkbox"/>
Brad Rader	Agriculture	<input type="checkbox"/>
Karlee Deatherage	Environmental	<input type="checkbox"/>
Rud Browne	Council Member	<input checked="" type="checkbox"/>

Attendees – Alternates/Representatives	Perspective	Present
Natalie Knops	Environmental	<input checked="" type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>

Quorum Present	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
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Attendees - Staff	Present	Attendees - Staff	Present
Matt Aamot	<input checked="" type="checkbox"/>	Mark Personius	<input checked="" 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 2:40 pm, when a quorum was present.

Approval of June 7 Meeting Summary

The June 7 meeting summary was approved without changes.

Open session to take public comment

There were no public comments.

Barriers to Effective TDR and PDR Programs - Preliminary draft discussion paper

The Work Group reviewed the preliminary draft discussion paper.

TDR Barrier # 1 – Lack of Market Demand for Higher Densities was modified to add that “Since 2008, cities have generally increased allowed residential densities, which is in accordance with the Whatcom County Comprehensive Plan (e.g. Goal 2P and Policy 2N-5).” The next sentence was changed to “At the current time, development is generally at or below ~~still not occurring at~~ the maximum densities allowed by city zoning.” Jori had raised the issue that cities have increased their zoning densities, as requested by the County.

Rollin indicated that the cities create a vision through the comprehensive planning process and enact zoning to fulfill that vision. Jori agrees and indicated increasing density via TDRs may change a city’s vision or character of certain areas (receiving areas). Dave agrees. If cities want higher densities, they modify the zoning to allow more development. Rollin indicated that the point of the TDR program is to extinguish development rights in the Lake Whatcom Watershed and agricultural areas (not to achieve higher densities, which may be achieved by changing zoning without TDRs).

Ralph indicated that use of TDRs to achieve higher densities will not drive down the overall cost of housing. Some people are selling homes in the Seattle area and buying here. Bill said that he has also seen cases of people buying here and commuting and/or telecommuting to the Seattle area. Chris Behee indicated that about 2% of the property in the City of Bellingham is in foreign ownership.

TDR Barrier # 2 – Lack of Relevant Incentives, 1st paragraph, was modified as follows:

The primary incentive for a developer to use the TDR program in the Whatcom County Zoning Code is the assumed ability to meet market demand, and thereby earn additional returns, through increased residential density. However, in

order to meet market demand, land is often developed at densities at or below those allowed by zoning. Therefore, increasing residential densities has not provided a large incentive to entice developers to utilize the TDR program.

Additionally, a paragraph was added stating:

Neither increased residential densities nor the other existing incentives have provided developers with sufficient opportunities to derive adequate profits to undertake the added risks associated with using the TDR program. Therefore, additional new incentives should be considered.

Jori had raised the issue that this section should reflect more of the builder's perspective (as opposed to the government's perspective).

TDR Barrier # 3 – Limited County TDR Receiving Areas – No changes.

TDR Barrier # 4 – City Participation – The population figure for the City of Bellingham was updated to reflect the 2017 OFM estimate.

Jori indicated that city residents and politicians would want to see any additional revenue used to make improvements nearby that benefit city residents, such as a park, rather than preserving agricultural land in an area that they may not frequent. Chris Elder indicated that there are several PDR applications adjacent to cities.

Ralph indicated that it may be problematic to significantly increase density because of pushback from the neighborhoods. Therefore, developers may not be able to use TDRs. He liked the idea of targeted receiving areas for multi-family development in single family residential neighborhoods to provide diverse housing types.

TDR Barrier # 5 – Uncertainty / Complexity for Developers – No Changes. Bill stated that he talked to people in the building industry, who indicated that the TDR process is so convoluted that they do not use it.

TDR Barrier # 6 – Lack of In Lieu Fee – No changes.

TDR Barrier # 7 – State Law (RCW 82.02.020) – No Changes.

PDR Barriers # 1 – 3 No Changes.

Rollin asked the Work Group to consider the preliminary draft discussion paper relating to Barriers to Effective TDR and PDR Programs again at the August meeting. He indicated that TDR programs create a disincentive for higher densities and affordable housing by creating additional costs on development when compared to simply upzoning property for higher densities.

Rud said we either find a market for TDRs or we don't. We need to ask where we can create value for a developer, rather than where we can charge. Ralph said we need to look at creative ideas to provide value. Chris Behee expressed concern about creating barriers for high density development.

Birch Bay Small Lot Proposal – Density Transfer Credits

The County Council adopted Whatcom County Comprehensive Plan Policy 2BB-4 in August 2016, which states:

Birch Bay is unique with its traditional cottages on small lots that enhance the character of the area. In order to facilitate continuation of this traditional character, encourage small lot single family development in the Birch Bay UGA. Propose amendments to the Resort Commercial zoning district, applicable only to single family dwellings, that increase density to between 10 and 20 dwelling units/acre, reduce setbacks, and require pervious surfaces for driveways or other methods of stormwater infiltration.

When staff started drafting Zoning Code amendments to implement this policy, we considered tying a density increase in the Birch Bay Resort Commercial zone to TDRs. Given the concerns about the complexity of the TDR program, we asked how the concept could be simplified in the proposal. We drafted a proposed new "Density Transfer Credit" chapter. This chapter, along with proposed changes to the Planned Unit Development chapter, would allow doubling the density from 7 units/acre to 14 units/acre for single family residential development in the Birch Bay Resort Commercial zone if:

- The lots are located outside the floodplain; and
- No other residential density increases are granted; and
- Density transfer credits are acquired.

The price for density transfer credits would be set by the County Council. Any revenue raised from developers purchasing density transfer credits to increase density would go to the County's PDR program, towards retiring development rights in rural and agricultural areas. Staff showed the map of the Resort Commercial zones in Birch Bay with the floodplain superimposed.

The Work Group generally preferred the density transfer credit model when compared to TDRs, because it would be much simpler and easier to use. Ralph indicated that wetlands and transportation level of service should be considered. He also indicated that areas to the north and east, which don't have as many environmental constraints, should be considered. Dave noted that the funds would go to an existing PDR program with proven results. Rollin suggested that "transfer" should be removed from the term "density transfer credit" because density really isn't being transferred.

Work Group – General Direction

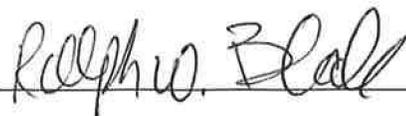
Voluntary TDR Program / Alternatives – Ralph stated that the traditional TDR model isn't working. The Work Group generally agreed. Chris Behee indicated that Bellingham, the largest city in the County, is not seeing development like Seattle where traditional TDR programs are working. The City is trying to incentivize new development, not put additional cost on development.

Ralph asked the Work Group to think about what types of non-traditional models might work (including cash in lieu or density transfer credits). Steve asked if TDRs could be used in exchange for reduced wetland buffers. Ralph also asked the Group to think about the County's role and will the cities participate in the program. Rud said he would like to start with a "blank sheet" instead of trying to make the old TDR system work. We need to ask what creates value for the developer and what creates value for the community.

Next Meeting

August 2, 2017.

Meeting Adjourned at 4:30 pm

Signed:  Ralph Black, Chairperson