

**Meeting Summary**  
**Skagit County TDR Advisory Committee Meeting**  
Thursday, August 8, 2013  
Skagit County Commissioners Administration Building  
1:30 – 4:30 pm

**Committee members present:** Charlie Boon, Martha Bray, Wayne Crider, Paul Kriegel, Bruce Lisser, Kim Mower, Ed Stauffer, Margaret Fleek

**Project staff and advisors:** Kirk Johnson; Taylor Carroll

**Meeting Objectives**

- Review preliminary TDR market analysis memo
- Answer questions about the analysis and discuss its preliminary findings
- Receive committee input on next steps in TDR market analysis
- Receive an update on Burlington urban planning activities and their relationship to TDR

**Summary of Heartland Memo (Phases I and II)**

Kirk explained that the preliminary market analysis (phases I and II) was intended to provide a broad overview of TDR market opportunities and help to focus and prioritize the more detailed analysis in Phase III. Some of the key findings of the preliminary analysis are as follows:

- The initial analysis suggests there will not be a significant market for TDR purchases in the near term, due to the recession.
- The nearest-term TDR market opportunities appear to be for additional units of residential density in the Bayview Ridge Residential (BR-R) zone and in certain mixed use (commercial/residential) zones in Burlington.
- In the medium to long-term (5 – 20 years), more TDR market potential will appear in terms of demand for additional residential development at Bayview Ridge and residential and commercial development in Burlington.
- Linking TDR to industrial development at Bayview Ridge does not appear viable in the 20-year planning horizon, unless the rate of demand for industrial land increases significantly over past trends.
- Linking TDR to commercial development in Burlington may be viable if the city is willing to consider a Floor to Area Ratio (FAR) cap for commercial development that could be exceeded with the purchase of TDRs or density credits.
- Few Rural Upzone proposals are considered or approved by the County each year. However, there may be significant TDR purchasing power associated with individual rural upzones which, when approved, create high-value rural lots.

- Ag-NRL development rights are valued from \$85,000 to \$100,000 through the Farmland Legacy Program. It may be hard for a TDR program to compete with those purchase prices. Development right values in other zones may be significantly lower.

### **Market Analysis Phase III**

The Phase III analysis will provide more precise data on:

- Developer ability-to-pay for TDR for the most promising development types;
- The estimated value of residential development rights in various potential sending site zones in addition to Ag-NRL, and
- Recommended exchange rates to make TDR transactions viable in the marketplace.

The Phase III analysis will also provide recommendations on what type of transaction mechanisms (simple buyer-seller; TDR bank; density fee; or hybrid approach) would be most successful in Skagit County given market conditions and the desire to complement the Farmland Legacy Program.

### **Committee Discussion**

Some committee members felt the Heartland memo was too general to be of much value. Others said it did not appear to identify much market demand for TDR.

Margaret said it was important to get a broad array of information and options on the table and that is what the final phase of the study would provide. Allen thought the memo was a good first step and he looked forward to more detailed information from Phase III.

### **Receiving Areas**

The committee discussed issues related to the potential receiving areas, including issues surrounding residential densities.

Bruce asked 1) whether the 2 units of bonus density allowed in the Bayview Ridge Residential zone would be available only through a Planned Unit Development process, and 2) would there be a cap on the use of the density credit provision? Kirk said he would look into those questions.

Bruce said residential development at Bayview Ridge appeared to be the most viable TDR opportunity analyzed by Heartland. However, the development community is key to making it work. Kirk said Heartland would conduct a focus group meeting with local developers as part of the final phase of the market analysis.

Charlie Boon asked whether the 6 dwelling units/acre proposed at Bayview Ridge would be like the Skagit Highlands or Rosewood developments in Mount Vernon, which are overly dense for his preference.

Kirk said how a given density plays out in a particular jurisdiction depends on that jurisdiction's development regulations and design standards, if any. The County has invested significant time and energy to produce regulations and design standards it believes will result in high-quality, attractive development at Bayview Ridge.

There was discussion about why Mount Vernon's TDR program and the higher residential densities previously allowed through its Planned Unit Development ordinance ended up being curtailed by the Mount Vernon City Council. Reportedly the Council did not like the development that was resulting on the ground. Bruce said even when higher density development is done well, it takes time for it to be accepted in the community.

Margaret said Burlington sees TDR as an opportunity. The city needs affordable housing for people who work there. The base density is 14 dwelling units/acre, or 3,000 square foot lots. The Burlington density credit program allows development at higher densities, for instance for the provision of multi-family housing (apartments and condos).

Margaret was asked if Burlington would accept transferred residential development rights from the County. She said yes, because city residents value agricultural land and other forms of open space around them. She said Burlington's density credit program would continue if the County created a TDR program.

Charlie expressed concern that Burlington, which is in the floodplain, is the only city being considered as a TDR receiving area.<sup>1</sup> He wondered why other cities were not also being looked at. Kirk noted that Mount Vernon and La Conner are at least represented on the Advisory Committee. He recounted the reasons why the other cities have chosen at this time not to be considered as receiving areas. He said some Anacortes city council members have shown interest and that he would continue to talk to the cities.

### **Sending Areas**

Kim sought reassurance that a TDR program would be voluntary not compulsory. Kirk said a TDR program would be voluntary in nature; no forced participation is being contemplated.

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<sup>1</sup> See written comments from Margaret Fleek.

Participation by sending area property owners would be at their discretion. Developers in receiving areas could choose to develop at densities allowed by code without TDR, or access additional development potential through the purchase of development rights.

Martha asked what sending areas are being considered through the market analysis. Kirk said the zones being analyzed are: Secondary Forest-NRL, Rural Resource-NRL, Industrial Forest-NRL, Ag-NRL, and Rural Reserve. The list of zones or geographic areas could be narrowed in the future, but including them in the market analysis keeps options open for now.

Bruce wondered if Ag-NRL should be taken off the table due to the high residential development right values identified in the phase I-II memo (\$85,000 to \$100,000). He did not think developers would be able to pay that much to purchase Ag-NRL development rights.

Taylor said that was the highest development right value he's seen in any TDR market analysis. The Phase III memo will help to determine whether that is due in part to the restrictive nature of the Farmland Legacy Program conservation easement, which restricts more than just the residential development right. He expected development right values in other zones would be considerably lower.

Allen discussed two other projects moving forward that TDR could complement, particularly if Ag-NRL lands are included in a TDR program. One is the Skagit General Investigation (GI) study looking at ways to reduce flood risks in Skagit County. A key goal of the GI study is to limit development in the floodplain outside of urban areas. Because Ag-NRL lands and the 100-year floodplain largely overlap, using TDR to help retire development rights from Ag-NRL would serve flood risk reduction goals.

Through the "3FI" or Farms, Flood and Fish Initiative, Allen said local governments, state agencies, and non-profit organizations are looking to advance "mutually beneficial" policies and projects that benefit farming, Chinook salmon recovery, and flood risk reduction. A key goal of the initiative is to permanently protect 20,000 acres of prime agricultural land over and above what is protected through the Farmland Legacy Program. TDR is one of the tools that could help to achieve those 20,000 acres of agricultural land protection.

### **TDR Program Structure**

The committee discussed issues related to the structure of a TDR program. Martha asked whether a TDR bank was an option. Kirk and Taylor said program structure would be the focus of an upcoming Advisory Committee meeting, once Heartland has completed the market analysis. Options to be considered include a private buyer-seller program; a TDR bank; density

credits (similar to the Burlington program); or a hybrid approach incorporating several of those options.

Taylor explained that TDR banks are usually capitalized with public funds. The bank purchases development rights from sending-site landowners, and then sells those development rights to interested developers. Proceeds from the sale are typically used to purchase additional development rights. The TDR bank serves as an intermediary between buyer and seller. The bank could be operated by the County or by a non-profit organization.

Bruce said one benefit of a bank is it would make it easier for developers to purchase development rights because they could go straight to the bank rather than searching out interested sellers.

Allen said first the committee needs the facts from the final market analysis, and then it can discuss the policy ramifications.

### **Wrap-Up**

Bruce asked if OFM does population projections for incorporated and unincorporated areas, as that would be helpful in thinking about a TDR program.

[Response: OFM provides data on past population growth by urban and non-urban areas, but it does not segment its future growth projections into urban and non-urban categories; it just provides the county with one projected population total, broken down by high, medium and low scenarios.]

The meeting was adjourned.

**Thoughts on Burlington's Planning, Growth and Development  
from Planning Director Margaret Fleek**

“Burlington is actively involved in getting segments of the levees upgraded so they can eventually be certified as providing 100-year flood protection AND we have an Interlocal Agreement for public access along the levees that are owned by the Dike District; connecting public access from levees to Gages Slough and all the plans for complete streets/ nonmotorized opportunities are key parts of the long range plans. During [former public works director] Chal Martin's stay here, it was flood preparation and mitigation all day every day and we are IMPLEMENTING those plans.

“Nothing has been overlooked; this planning exercise is how to make the city viable for the next 100 years and that means focusing on connecting historic Downtown with the Retail Core and making the existing community more walkable and livable with GREEN INFRASTRUCTURE that has the TOTAL GOAL of delivering CLEAN WATER TO THE SKAGIT RIVER. It also means providing more opportunities for affordable work force housing, including farmworkers, retail and service workers, and we are in an excellent position to have that housing on public sewer without destroying farmland or more floodplain.

“We have the most assertive flood hazard mitigation plan in the area, and everyone understands the dangers of flooding, but that does not mean abandon ship, it means be prepared, work on mitigation of the pollution issues to protect wildlife and salmon habitat, green up the place and keep on working the long and short term issues. We want Urban Edge Agriculture with VIVA Farms and stands around the edges of the community!

“The issue of not filling in the existing city, etc., is not realistic; does anyone think that BNSF, I-5 and SR 20 are going away? We need affordable work force housing in a really positive, green environment with super community spirit! We need Skagit County to take the next steps on Connected Open Space planning so we can get the County to do an Interlocal with DK#12 for public access on the levees in the County, and we can really make the beautiful spots shine for both conservation and public access.”