

**TDR Transfer of Development Rights Committee  
Regular Meeting  
February 1, 2018 at 2:00 p.m.**

*Minutes of the Pierce County TDR Technical Oversight Committee meetings are not verbatim. Recorded copies are available upon request.*

**MEMBERS PRESENT**

Diane Marcus-Jones, TDR Administrator  
Jim Hall  
Mike Kruger, Alt.  
Kathleen Larrabee, Alt.

Jim McCune  
Wolfgang Opitz  
Janine Redmond, Alt

**MEMBERS ABSENT**

Anne-Marie Marshall-Dody  
Kimberly Freeman  
Sean Gaffney

**OTHERS ABSENT**

Todd Campbell

Diane Marcus-Jones called the meeting to order at 2:03 p.m.

**Minutes**

***Motion made (Hall/Opitz) to approve the December 14, 2017 minutes. Unanimous aye***

**TDR Transaction Pricing**

- Based on the last negotiation, it was agreed to sell no lower than \$9,561 per credit.
- Current pricing is \$10,500, and 10 development rights were released.
- Given the 10% price discretion of the TDR Administrator, it could drop the price to \$9,450. The price will not be lower than \$9,561 per credit. Price could raise 10% (\$10,800).
- Recording fees and administration costs could be either added to, or become part of, the new price.

In response to Councilmember McCune questions about the TDR program:

- The taxpayer receives compensation which is unique to his/her property/transaction. The compensation is not the same for each transaction.
- The compensatory money comes from grants and the sale of development rights.
- The website and word of mouth are the current program marketing tools. People come to the county/city for development, and if needed, they purchase development rights.
- The TDR program purchases development rights and the landowner receives a conservation easement. The property remains in a resource land use as identified in conservation easement.
- If a transferable development right, the development right goes into the TDR Bank.
- The program is set up to have developers, farmers, etc. come to it. Other programs, i.e. Forterra, may approach people.

**Exchange Rate for Unincorporated Lands**

Ms. Marcus-Jones explained that the Agriculture Community of Interest (AgCOI) provided Forterra a two year grant to assist in assessing the TDR exchange rate for unincorporated lands and other possible revisions to Program.

Discussion and potential actions:

Possible alternative uses for the \$18,000 year 2 AgCOI funding could be:

- Use up to \$5,000 to hire IT/Communications to improve the calculator functionality;
- Use the \$18,000 this year to secure other receiving site cities (i.e. Puyallup) through interlocal agreements. Would need to let Russell and Forterra know right away as they have a contract to sign; or
- Use the \$18,000 for an abbreviated market study to facilitate a simpler alternative. Need to agree in concept how to approach the exchange rate ratio prior to agreeing to a consultant. There may not be enough funding to complete task.

Discussion included the following comments:

- The development right calculator is perceived to be too cumbersome.
- To use the calculator, you must know what the zone is and what density you want. It will then calculate the number of development credits needed.
- The calculator is set up for use in unincorporated Pierce County. There have only been a few inquiries, so the lack of interest may not solely be based on the complex calculator.
- The Council amended the Comprehensive Plan requirement during the County update cycle, so applications in the unincorporated areas were not required to use the TDR program.
- Changing exchange rate and other mechanics of the Program alone will not drive demand, they are only part of it.
- All receiving site transactions have been with Tacoma.
- Do not see the need to put more money into improving exchange rate at this time in the unincorporated areas.
- Suggest Forterra focus on finding other cities to use the program.
- Suggestion to looking at a pilot areas through the centers and corridors proposal instead of comprehensive plan amendments. It would require a code revision.
- The program has primarily been marketed through contacts to the County. Have met with Fife. Puyallup is interested again, and will try to secure an interlocal agreement. The cities create their own exchange rate through a market study.
- Tacoma allows four different scenarios using TDRs: additional square footage, additional units, increased height, increased floor-to-area ratio, and avoid parking requirements.
- LCLIP, a state tax incentive financing program using TDRs. Tacoma would have to buy 368 development rights to be able to use LCLIP for tax incentives. There are 81 development rights in the bank with a pending offer this summer. At this time, Tacoma is the only receiving jurisdiction.
- If Tacoma can use all the development rights, do we need to market to other cities?
- MUD and higher density areas are the receiving sites in Tacoma and perhaps Puyallup, Gig Harbor, and University Place.
- There is a lot of underdeveloped and underbuilt property in Tacoma right now.

Recommendations:

- Look at 1) let Tacoma pick all development rights up or 2) periodically update/reach out to other cities. Don't know what kind of outreach is needed.
  - The market has changed. Relationship building is important.
  - TDR competes with other alternatives in Tacoma such as affordable housing, sidewalks, etc.
- Do not want to go along with Forterra recommendations.
  - Need to be clear going to Council. Councilmembers felt the current exchange rate was too complicated. Now is not the time to devote more money to improving exchange rate nor calculator
- TDRs are beginning to sell. Tacoma may purchase all of them.
  - This is a market-based tool. There will be a time when the program becomes a truly private to private transaction with the County only being a conduit.
- The more you get the word out before planning/building begins, the more TDRs will be sold.
- Use the \$18,000 for outreach to other cities as receiving sites.
- This is grant money from AgCOI to Forterra. It is not County money. The Committee advises, not controls, what is done with the money. The committee would only make a recommendation to use the funds for marketing.
  - The funds may be lost.
  - The TDR program is voluntary.

**Update:** TDR sale of 6 development rights (\$9,561 each) for 1009 Martin Luther King Way South will take place this summer. Should add a sunset clause to the applicant. May send another letter a "price may increase if transaction is not completed by".

Meeting adjourned at 3:25 p.m. \cla