



City of Puyallup
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To: City Council
From: Katie Baker, AICP, Senior Planner
Subject: **Transfer of Development Rights/Landscape Conservation and Local Infrastructure Program**

Date of CC meeting: February 13, 2018

Introduction

In September 2017, City Council directed staff and a consultant (Forterra) to restart work on developing a transfer of development rights (TDR) program, a project that was previously being developed in 2011/2012 as part of the *Cultivating Puyallup* project. At that time, there were a number of concerns raised by some members of the community that led City Council to terminate the project prior to its completion. Before restarting the work to develop a TDR program for the City, staff had indicated we would come before City Council to further discuss TDR and get feedback and policy direction early-on in the process.

At this meeting, staff and consultants would like to provide City Council with background on the work done in 2012, an overview of the components that make up a TDR program, and the role that the Landscape Conservation and Local Infrastructure Program (LCLIP) can play in relation to a TDR program. This will also serve as an opportunity to for Council provide input and direction on key policy issues that will inform the development of a TDR program; these policy issues are outlined below.

Transfer of Development Rights (TDR)

TDR is a market-based land use tool for helping implement a jurisdiction's growth policies while conserving natural resource and open space lands. Through individual transactions, development rights are transferred from privately owned farmland, forest land, and natural areas (known as sending sites) to areas that can accommodate additional growth (known as receiving sites). Landowners in sending areas receive compensation for giving up their right to develop, while developers in receiving areas pay for the right to develop at greater densities or heights than would otherwise be allowed, under base zoning.

Landscape Conservation and Local Infrastructure Program (LCLIP)

LCLIP is a financing program that combines TDR with a public finance option for cities. In exchange for accepting development rights, cities may use this to capture the County's portion of future tax revenue generated by new development projects. This additional revenue is then used to make improvements to infrastructure such as parks, utilities, and streets, that is needed to accommodate growth. This project will provide a feasibility analysis to examine the requirements and benefits that the City could experience if using the LCLIP tool in combination with TDR.

Policy Questions

As noted above, staff intends to raise a number of policy questions for Council to consider which will help shape the overall TDR program priorities. The policy direction provided will give staff and the project consultants a framework with which to inform development of a Puyallup-specific TDR program moving forward. These questions are consolidated into the four general components of a TDR program.

- Sending sites:
 - Some possible sending sites may be identified within the current boundaries of the City and its urban growth area. Many more possible sending sites can be identified that are located in greater Pierce County. ***Should potential sending sites be prioritized by geographic location or type of land use (e.g. agriculture vs. forest lands)?***
- Receiving Sites:
 - In the prior work and this restart, identified receiving areas include the City's two Regional Growth Centers: Downtown and South Hill. ***Are these two receiving areas acceptable? Are there any other areas of the city (i.e. River Road or East Main) that should be considered for receiving areas?***
- Conversion Commodities:
 - Typical credits or bonuses allowed in exchange for a development right may include additional commercial floor area or building height, reduced parking ratios or impact fees, or other development incentives. ***Are there any commodities that should be excluded from consideration?***
- Administration of a TDR program:
 - It is anticipated that the City would participate jointly in the established Pierce County program through an Interlocal Agreement. This would include some City staff administration to oversee the receiving sites. Alternatively, the program could be administered through a land trust in a public/private partnership. ***Is one of these arrangements preferable to the other?***

Summary

At the February 13, 2018 City Council meeting, staff and project consultants will provide an overview of this project and more detailed information related to development of a TDR program and the potential use of LCLIP. Policy questions will be posed for Council consideration to provide direction that will inform the project as it moves forward.