

PLANNING COMMISSION AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Comprehensive Plan Update and TDR; Update on SEPA Thresholds
DEPARTMENT: Planning & Community Development
PRESENTED BY: Steven Szafran, AICP, Associate Planner
Rachael Markle, AICP, Director P&CD

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| <input type="checkbox"/> Public Hearing | <input type="checkbox"/> Study Session | <input type="checkbox"/> Recommendation Only |
| <input checked="" type="checkbox"/> Discussion | <input type="checkbox"/> Update | <input type="checkbox"/> Other |

INTRODUCTION & BACKGROUND

There have been recent changes to State Law that are relevant to Shoreline's Comprehensive Plan Update. Staff believes having a discussion on these topics may guide policy in the Natural Environment and Land Use elements of the Comprehensive Plan. The two topics are Transfer of Developments Rights (TDR) and SEPA thresholds.

1. In 2011, the Washington State Legislature passed the Landscape Conservation and Local Infrastructure Program. This law creates a voluntary infrastructure financing tool for eligible cities (one of them being Shoreline) that is predicated upon accepting transferrable development rights from designated natural resource and some rural lands.

2. Effective July 10, 2012, the Washington State Legislature passed ESSB 6406 which requires The Department of Ecology to evaluate the rule based categorical exemptions to SEPA, as well as update the Environmental Checklist. Basically, the Legislature established the baseline for the categorical exemptions at the upper end of the range that was developed by the Department of Ecology using its rulemaking authority.

DISCUSSION

SEPA

The State Environmental Policy Act (SEPA) adopted in 1971 applies to decisions by every state and local agency within Washington, including: proposals for construction projects; and nonproject actions such as a policy, plan, or program. Generally, before an action can be taken by an agency to regulate, finance, license or otherwise approve an activity environmental impacts must be evaluated by the lead agency. However, SEPA rules contain exemptions called "categorically exemption" actions that have been determined to not result in significant impacts to the quality of the environment. Categorically exempt actions do not require environmental review under SEPA.

In the bill, the legislature recognized that the SEPA rules should be revisited "in light of the increased environmental protections in place under chapters 36.70A and 90.58 RCW, and other laws" (RCW 36.70A is the Growth Management Act and RCW 90.58 is the Shoreline

Approved By: Project Manager 

Planning Director 

Management Act). The City has also adopted and updated its regulations for Critical Areas based on Best Available Science since the State Environmental Policy Act was originally adopted. The City of Shoreline has been using the lowest (most restrictive) thresholds with one exception for landfill and excavation for exemption prior to the new legislation. The Council increased the threshold for landfill and excavation in 2002. The thresholds for exemption were:

- A. The construction or location of any residential structures of four dwelling units.
- B. The construction of an office, school, commercial, recreational, service or storage building with 4,000 square feet of gross floor area and with associated parking facilities designed for 20 automobiles.
- C. The construction of a parking lot designed for 20 automobiles.
- D. Any landfill or excavation of 500 cubic yards throughout the total lifetime of the fill or excavation; any fill or excavation classified as a Class I, II, or III forest practice under RCW 76.09.050 or regulations there under.

The Legislature updated the exemptions through ESSB 6406 to the highest categorical exempt level currently authorized under WAC 197-11-800. The following language is directly from WAC (197-11-800-(1)(c).

Cities, towns or counties may raise the exempt levels to the maximum specified below by implementing ordinance or resolution. Such levels shall be specified in the agency's SEPA procedures (WAC 197-11-904) and sent to the department of ecology. A newly established exempt level shall be supported by local conditions, including zoning or other land use plans or regulations. An agency may adopt a system of several exempt levels (such as different levels for different geographic areas). The maximum exempt level for the exemptions in (1)(b) of this section shall be, respectively:

- 1. The construction or location of any residential structures of **20** dwelling units.
- 2. The construction of an office, school, commercial, recreational, service or storage building with **12,000** square feet of gross floor area and with associated parking facilities designed for **40** automobiles.
- 3. The construction of a parking lot designed for **40** automobiles.
- 4. Any landfill or excavation of 500 cubic yards throughout the total lifetime of the fill or excavation; any fill or excavation classified as a Class I, II, or III forest practice under RCW 76.09.050 or regulations there under.

ESSB 6406 further states that until the Department of Ecology completes the rule making with a deadline of December 31, 2013, a city or county may apply the highest categorical exemption levels authorized under WAC 197-11-800 to any action, **regardless** if the city or county with jurisdiction has exercised its authority to raise the exemption levels above the established minimums, **unless** the city or county with jurisdiction **passes an ordinance or resolution that lowers** the exemption levels to a level below the allowed maximum but not less than the default minimum levels detailed in WAC 197-11-800. The rules will automatically go into effect for the City on July 10, 2012. If Council wants to keep SEPA thresholds at their current levels, then the

Council will have to pass an ordinance to lower SEPA thresholds from what was adopted at the State level. If the Council chooses to lower SEPA thresholds, the Commission will be part of the public process for that action. Even though the City is not required to amend the Development Code to apply the new increased State SEPA threshold exemptions, staff will be recommending that the Council consider amending the Development Code to match these exemptions to reduce confusion about what exemption threshold will be applying.

Transfer of Development Rights

The Landscape Conservation and Local Infrastructure Program (LCLIP) (RCW 39.108) was enacted into law during the 2011 session of the Washington State Legislature. Between July 2011 and March 2012, the Puget Sound Regional Council worked with King County to identify the total number of development rights available on eligible lands and to allocate them to eligible cities. The City of Shoreline was allocated 231 transferrable development rights.

A transferable development right (TDR) means a right to develop one or more residential units in a sending area (qualifying areas outside of urban growth boundary) that can be sold and transferred to a developer (most likely) to use in a receiving area (qualifying areas located inside the urban growth boundary). TDRs are used to protect land from development by voluntarily removing the development rights from a sending area and transferring them to receiving areas for the purpose of increasing development density or intensity. The LCLIP is an incentive to developers by allowing a developer to buy increased density or more building area that would be over and above what would be allowed under the current zoning requirements. For example; if an area around a future light rail station calls for a three story building with 100,000 square feet of gross floor area, the developer may buy TDR's to increase the building to four stories with a gross floor area of 200,000 square feet. The developer would have to buy the TDR's from the property owner of the sending area and the City would have to agree to increased develop within the established district. The cost of the TDR is negotiated between the developer and the property owner in the sending area.

The LCLIP is a potential new revenue stream for the city. The City of Shoreline would collect all of the property tax that would have otherwise gone to the County for the units transferred from sending areas to Shoreline as a receiving area. The funds from the taxes are supposed to be used to fund district infrastructure projects. Infrastructure projects may include sidewalks, stormwater facilities, parks, open space, or any other amenities that are necessary to support a residential or mixed-use community.

The City's Comprehensive Plan has had policies that support the use of TDR's beginning back in 1998. The current proposal is to take those policies out of the Comprehensive Plan because TDR's are not something that had ever been used in the City. Considering new legislation by the State, the Commission may want to discuss adding back policies about TDR's or may want to add TDR's into another element of the Comprehensive Plan such as Economic Development or Natural Environment.

NEXT STEPS

After all elements have been discussed, staff will continue to incorporate Commissioner and public comments, solicit additional review and revision from internal and external stakeholders, draft narrative for introductions and other background information, perform environmental analysis, create a formatted template, update requisite maps, and compile a Draft Comprehensive Plan document for Commission to discuss. Staff aims to have a functional draft ready by September, but intends to bring forward policies that could potentially be incorporated into various elements for Commission review in August. This will likely be necessary because

much of the discussion to date has dealt specifically with introducing each element and staff recommendations on material to be deleted, which allowed for only general direction to be provided regarding policies that should be incorporated.

If you have questions or comments prior to the meeting, please contact Steven Szafran, AICP at (206) 801-2512 or by email at sszafran@shorelinewa.gov or Miranda Redinger at (206) 801-2513 or by email at mredinger@shorelinewa.gov.

ATTACHMENTS

Attachment A- Summary of 2012 SEPA Legislation

Attachment B- Regional Allocation of Transferable Development Rights

Summary of 2012 SEPA Legislation

There has been significant discussion regarding SEPA legislation for the past couple of years. This year's session resulted in a push for Ecology to update the statewide SEPA rules (WAC 197-11) to better reflect local land-use planning and development regulations. There were two bills passed by the end of the 2012 special session. The first is SB 6406, which mandates SEPA rule update and changes several provisions of the statute. The second was SB 6082 which addresses the need for SEPA to better address impacts to agricultural resource lands.

SEPA Provisions in SB 6406 2012 Session Law

Effective date: July 10, 2012

[Excerpt of SEPA provisions in Part 3 of SB 6406 \(PDF\)](#)

1. **Rulemaking:** New rulemaking requirements for the Department of Ecology are summarized on the [SEPA Rulemaking webpage](#) and specified in Section 301 of the bill. Note that this section expires on July 31, 2014.
2. **Flexible exemption thresholds for minor new construction projects:** Section 301(2)(d) includes the following language, which is applicable only in the interim period before rule making is complete:

“Until the completion of the rule making required under this section, a city or county may apply the highest categorical exemption levels authorized under WAC 197-11-800 to any action, regardless if the city or county with jurisdiction has exercised its authority to raise the exemption levels above the established minimums, unless the city or county with jurisdiction passes an ordinance or resolution that lowers the exemption levels to a level below the allowed maximum but not less than the default minimum levels detailed in WAC 197-11-800.”
3. **Planned actions:** Section 303 moves and revises the language in 43.21c.031 related to planned actions. The types of development that may qualify as a planned action are expanded to include essential public facilities that are associated with a residential, office, school, commercial, recreational, service, or industrial development. Public notice and hearing requirements are delineated for proposed planned action ordinances.

4. **Infill exemption:** Section 304 expands the application of the infill exemption in RCW 43.21c.229. Currently, the types of development eligible for the exemption are residential and mixed use (residential along with other uses, such as commercial). Section 304(1)(a) states that the types of development eligible for the exemption (via local adoption of a SEPA infill exemption ordinance or resolution) are residential, mixed use, and commercial up to 65,000 sq. ft –but not including retail businesses. The EIS requirement is also not limited to the entire comprehensive plan but can include only the area under consideration for the exemption. An additional exemption criterion is also added that requires a case-by-case determination that “specific probable adverse environmental impacts” of the specific projects are addressed by current regulations and plans.
5. **Non-project actions exempt from SEPA review:** Section 307 identifies that adoption of the following local ordinances are exempt from SEPA review:
 - Development regulations required to ensure consistency with an adopted comprehensive plan or shoreline master program. The program or plan must have included an analysis of development regulation impacts in its previous SEPA review.
 - Amendments to development regulations that, upon implementation of a project action, will provide increased environmental protection, and includes one of the following:
 - Increased protections for critical areas, such as enhanced buffers or setbacks;
 - Increased vegetation retention or decreased impervious surface areas in shoreline jurisdiction; and
 - Increased vegetation retention or decreased impervious surface areas in critical areas;
 - Amendments to building, energy and electrical codes of local government adopted to ensure consistency with minimum standards contained in state law.
6. **Environmental Checklist flexibility:** Section 308 provides new flexibility for pre-answering questions on the SEPA checklist. The lead agency “may identify within the checklist provided to applicants instances where questions on the checklist are adequately covered by a locally adopted ordinance,

development regulation, land use plan, or other legal authority.” This is intended to reduce redundancy and improve clarity regarding existing development regulations (ex. reference adopted school impact fees as addressing this Checklist issue.) The bill has several specific conditions regarding implementation of this new flexibility:

- Lead agency must still “consider whether the action has an impact on the particular element or elements of the environment in question” and “explain how the proposed project satisfies the underlying local legal authority.”
 - An applicant may still provide answers to any questions on the checklist.
 - Lead agency cannot “ignore or delete a question on the checklist.”
 - This provision does not alter the standard for when an environmental impact statement is required, change appeal provisions or modify rules on determining lead agency.
7. **The Growth Management Planning and Environmental Review Fund (PERF) is amended in Sections 309 and 310** to allow the PERF to make loans and grants to local governments for programmatic SEPA review. The amendment includes additional evaluation criteria when awarding grants and loans from the fund. Specifically “environmental review that addresses the impacts of increased density or intensity of comprehensive plans, subarea plans, or receiving areas designated by a city or town under the regional transfer of development rights program” can be given preference when included in a proposal for funding.
8. **Miscellaneous clarifications:** Sections 311 and 312 are minor language changes related to the rule development section of the SEPA statute -RCW 43.21C.110.

Agricultural Resource Lands and the SEPA Checklist

A [new section is added to the SEPA statute](#) to emphasize the importance of protecting and preserving agricultural lands. Ecology is directed to consider an administrative rule change to the checklist form in order to “ensure consideration of potential impacts to agricultural lands of long-term commercial significance . . . the review and update shall ensure that the checklist is adequate to allow for consideration of impacts on adjacent agricultural properties, drainage patterns, agricultural soils, and normal agricultural operations.

Ecology plans to incorporate this subject of rule review and amendment into the 2013 rulemaking process specified in SB 6406 ([see Ecology's SEPA Rulemaking page](#)).



Regional Allocation of Transferable Development Rights per Revised Code of Washington Chapter 39.108.070

The *Landscape Conservation and Local Infrastructure Program* (RCW 39.108) was enacted into law during the 2011 session of the Washington State legislature. This program provides a voluntary infrastructure financing tool for eligible cities that is predicated upon accepting transferable development rights (TDRs) from designated natural resource and some rural lands.

Between July 2011 and March 2012, the Puget Sound Regional Council worked with eligible counties – King, Pierce, and Snohomish – to identify the total number of development rights available on eligible lands and to allocate them to eligible cities. This work was guided by the Puget Sound Regional Council's Growth Management Policy Board and planning staff from eligible cities and counties.

At its March 22, 2012 meeting, the Executive Board of the Puget Sound Regional Council adopted the Regional Allocation of Transferable Development Rights. This includes allocations for 38 eligible cities.

Shown on the following pages are the regional allocations and allocation methodology.

I. Regional Allocation of Transferable Development Rights

Adopted: March 22 2012

Per the requirements of Chapter 39.108.070 Revised Code of Washington, the Executive Board of the Puget Sound Regional Council adopts the following regional allocation of eligible transferable developments for eligible cities within eligible counties.

Table 1: Allocation for Cities Meeting Eligibility Threshold in 2011

<i>City</i>	<i>Allocation</i>	<i>City</i>	<i>Allocation</i>
Arlington	273	Marysville	593
Auburn	596	Mercer Island	92
Bellevue	1,081	Mill Creek	92
Bothell	365	Monroe	212
Burien	273	Mountlake Terrace	92
Covington	92	Mukilteo	92
Des Moines	213	Puyallup	364
Edmonds	189	Redmond	587
Everett	1,491	Renton	849
Federal Way	444	Sammamish	215
Issaquah	452	SeaTac	561
Kenmore	213	Seattle	3,440
Kent	519	Shoreline	231
Kirkland	501	Tacoma	1,843
Lake Stevens	252	Tukwila	405
Lakewood	370	University Place	232
Lynnwood	461	Woodinville	218
Maple Valley	92		

Table 2: Allocation for Cities Targeted to Meet Eligibility Threshold in the Plan Horizon

Note: These allocations will take effect *when* the city meets eligibility threshold.

<i>City</i>	<i>Allocation</i>	<i>City</i>	<i>Allocation</i>
Bonney Lake	176	Sumner	236
Fife	166		

II. Regional Allocation Methodology, per RCW 39.108.070

Overview

In the 2011 legislative session, the Washington State Legislature passed and the Governor signed Engrossed Substitute Senate Bill 5253 – the Landscape Conservation and Local Infrastructure Program (LCLIP). The program, now codified in RCW 39.108, provides a voluntary infrastructure financing tool that is predicated upon a jurisdiction accepting transferable development rights (TDRs) from natural resource and rural lands.

RCW 39.108.030 to .050 require eligible counties to calculate and report to the Puget Sound Regional Council the total number of development rights that may be available on eligible natural resource and rural lands. RCW 39.108.070 then requires the Puget Sound Regional Council to regionally allocateⁱ among eligible receiving cities the total number of development rights reported by eligible counties.

Each receiving city allocated share is to be determined by the Puget Sound Regional Council, in consultation with eligible counties and receiving cities, based on growth targets, determined by established growth management processes, and other relevant factors as determined by the Puget Sound Regional Council in conjunction with the counties and receiving cities. The allocation is to be reported to the cities and to the Washington State Department of Commerce on or before March 1, 2012.

A. Determination of Eligible Counties and Cities

RCW 39.108.010 – Definitions, Subsection 2 states:

Eligible county means any county that borders Puget Sound, that has a population of six hundred thousand or more, and that has an established program for transfer of development rights.

Based on the statute, PSRC has determined the eligible counties to be as follows:

- King County
- Pierce County
- Snohomish County

RCW 39.108.010 – Definitions, Subsection 16 states:

Receiving city means any incorporated city with population plus employment equal to twenty-two thousand five hundred or greater within an eligible county.

[Neither this section of the statute, nor any others, provides a date by which the city must meet the eligibility threshold.] Based on this, allocations are provided for all cities that meet the eligibility threshold as of the effective date of the bill (July 2011) as well as to cities targeted to meet the eligibility threshold within their growth targets planning horizon.ⁱⁱ

The "growth targets planning horizon eligible cities," include Fife, Bonney Lake, and Sumner. These cities will be eligible to accept the allocations and use the LCLIP tool when they meet the threshold. With all cities included, PSRC determined the eligible receiving citiesⁱⁱⁱ to be as shown in the following table.

Table 3: List of LCLIP Eligible Receiving Cities

<i>City</i>	<i>Current Year Population and Employment</i>		<i>Horizon Year Population and Employment^{iv}</i>	
	<i>Total</i>	<i>Eligible?</i>	<i>Total</i>	<i>Eligible?</i>
Arlington	26,096	✓	44,552	
Auburn	109,180	✓	150,620	
Bellevue	253,766	✓	327,093	
Bonney Lake	21,175	x	26,429	✓
Bothell	60,191	✓	83,920	
Burien	43,023	✓	74,687	
Covington	22,646	✓	25,071	
Des Moines	35,466	✓	45,428	
Edmonds	52,463	✓	60,231	
Everett	191,890	✓	318,625	
Federal Way	119,871	✓	149,973	
Fife	20,774	x	26,390	✓
Issaquah	48,158	✓	74,190	
Kenmore	24,633	✓	34,417	
Kent	153,909	✓	214,822	
Kirkland	83,362	✓	152,757	
Lake Stevens	31,090	✓	47,386	
Lakewood	83,995	✓	105,697	
Lynnwood	61,019	✓	97,797	
Maple Valley	26,558	✓	29,865	
Marysville	70,433	✓	117,698	
Mercer Island	30,155	✓	32,857	
Mill Creek	23,572	✓	26,100	
Monroe	24,940	✓	37,660	
Mountlake Terrace	28,026	✓	32,140	
Mukilteo	29,602	✓	32,843	
Puyallup	61,181	✓	80,121	
Redmond	136,050	✓	179,055	
Renton	144,094	✓	202,976	
Sammamish	46,141	✓	56,588	
SeaTac	52,530	✓	98,008	
Seattle	1,114,923	✓	1,374,937	
Shoreline	72,475	✓	82,177	
Sumner	18,889	x	29,669	✓

City	Current Year		Horizon Year	
	Population and Employment		Population and Employment ^{iv}	
	Total	Eligible?	Total	Eligible?
Tacoma	309,093	✓	436,821	
Tukwila	64,943	✓	92,253	
University Place	37,594	✓	47,972	
Woodinville	23,743	✓	33,384	

B. County Calculation of Available Transferable Development Rights

RCW 39.108.030 to .050 define the parameters by which the eligible counties designate TDR "sending areas" and calculate and report the theoretically available TDRs that may be available. Section .030 states that the county must designate all agricultural and forest land of long-term commercial significance within its jurisdiction as sending areas for conservation under the eligible county's program. Section .050 allows up to 1,500 TDRs on rural lands to be included if a county has met certain conservation and planning thresholds; as of the date of the calculation, only King County meets these thresholds.

Sections .030 to .050 further requires that counties calculate the number of TDRs available through base zoning and/or the county's TDR program, plus any TDRs already publicly or privately held but not redeemed. The counties were to report the number of TDRs to PSRC by September 2011.

The counties worked collaboratively through the Regional TDR Alliance^v to develop a generally consistent methodology that took into account the following factors:

- zone type (agriculture, forest, rural),
- allowed development rights under base zoning (# of units allowed under zoning),
- program multipliers (allowed TDRs in county TDR programs that could exceed units allowed under zoning)
- removal of publicly owned parcels (unless eligible under county TDR programs),
- removal of parcels that are already protected under known conservation easements,
- removal of parcels without development potential because of size thresholds,
- determination of remaining development potential and net acreage on parcels with existing units (i.e., the number of additional units that could be built on the remaining net undeveloped acreage)
- inclusion of publicly and privately held TDRs, and
- inclusion of rural TDRs, where eligible.

Each of the counties used this calculation methodology, although minor differences remained given the differences in each of the county's zoning, resource land designation criteria, land development pattern, and TDR programs. Based on the consistent methodology, the following table shows the number of theoretically available TDRs that were reported to PSRC by the three eligible counties.

Table 4: County Calculation and Reporting on Available Transferable Development Rights

	<i>Number of TDRs</i>	<i>Sending Area Acreage</i>	<i>Share of TDRs</i>	<i>Share of Acreage</i>	<i>Percentage as Share of:</i>
King County	7,643	270,783	31.0%	33.4%	<i>Region</i>
Agricultural	2,313	24,143	30.3%	8.9%	<i>County</i>
Forest	2,259	99,829	29.6%	36.9%	<i>County</i>
TDR Bank	1,053	93,802	13.8%	34.6%	<i>County</i>
Privately held	518	45,509	6.8%	16.8%	<i>County</i>
Rural	1,500	7,500	19.6%	2.8%	<i>County</i>
Pierce County	5,371	230,507	21.8%	28.4%	<i>Region</i>
Agricultural	2,614	10,951	48.7%	4.8%	<i>County</i>
Forest	2,757	219,556	51.3%	95.2%	<i>County</i>
Snohomish County	11,619	310,245	47.2%	38.2%	<i>Region</i>
Agricultural	7,165	56,469	61.7%	18.2%	<i>County</i>
Forest	4,427	253,430	38.1%	81.7%	<i>County</i>
Local Forest	10	281	0.1%	0.1%	<i>County</i>
Privately held	17	65	0.1%	0.0%	<i>County</i>
Region	24,633	811,535	100.0%	100.0%	<i>Region</i>
Agricultural	12,092	91,563	49.1%	11.3%	<i>Region</i>
Forest	9,453	573,096	38.4%	70.6%	<i>Region</i>
Banked + Private	1,588	139,376	6.4%	17.2%	<i>Region</i>
Rural	1,500	7,500	6.1%	0.9%	<i>Region</i>

C. Compilation of Growth Targets

PSRC is required to regionally allocate the total number of eligible development rights based on "growth targets...and other relevant factors" to eligible cities. Initial discussion with stakeholders in the fall of 2011 resulted general agreement to use growth targets and take a narrow technical approach, rather than to incorporate other relevant factors. Based on this, PSRC worked with the eligible counties to compile their growth targets and develop a consistent, normalized set of population and employment figures.

In Pierce and King counties, growth targets were recently updated to align with VISION 2040 and were therefore ready for use (note: however, final technical adjustments were still being made during the fall of 2011; these adjustments were completed in February 2012 – *see footnote viii*).

In Snohomish County, growth targets were last adopted in 2006 (planning for the year 2025), and interim information was made available in 2010 titled *Vision 2040 Preliminary Growth Distribution Working Paper* in (planning for the year 2035). The targets in the working paper provide a preliminary, unofficial breakdown of possible post-2025 population and employment growth based on the VISION 2040 regional growth strategy. Beginning in October, PSRC worked with the membership of Snohomish County Tomorrow planning group to determine whether to use the adopted 2025 numbers or the 2035 numbers. In November, the Snohomish

County Tomorrow Policy Advisory Committee made a consensus recommendation that the 2035 numbers be used for the regional allocation process.

Having determined which targets to use for the eligible counties, PSRC staff made a number of technical revisions in order to create one consistent set of growth targets. Revisions included conversions from housing targets to population targets (in King County), consistent employment categories (in Pierce County), and consistent target horizon years (among all counties).

The resulting measure, *Average Annual Targeted Levels of Population and Employment Growth per City*,^{vi} was applied to the total number of available TDRs (24,633) reported by the counties. Using this approach, if a jurisdiction is targeted to receive 5% of total regional growth, the jurisdiction was allocated 5% of total regional TDRs. The resulting initial draft TDR Allocations were published in December 2011; these were finalized in February 2011 to reflect the final King County residential targets.^{vii}

D. Inclusion of "Other Relevant Factors"

After the initial draft allocations were released, PSRC continued to work with stakeholders regarding the inclusion of "other relevant factors." A number of potential factors were considered^{viii} in the period between January 2011 and February 2012. Shown below are the factors considered and the general agreement on whether to use or reject each one.

Table 5: Description and Conclusions Regarding Other Relevant Factors

<i>Factor</i>	<i>Conclusion</i>
General Agreement to Use	
Allocation to "planned" eligible cities	Allocate to cities that meet threshold based on growth targets. This allows three cities in Pierce County that were close to the eligibility threshold to use LCLIP <u>when</u> they reach the threshold. This broadens the number of eligible cities in Pierce County from 4 to 7, which slightly reduces other cities allocations. This factor is consistent with the statute that requires that PSRC allocate the total number of available TDRs to eligible cities but does not specify a date for eligibility.
Use a county sending-area "market discount factor"	This factor reduces the county calculation of TDRs by 25% and reflects the facts that not all landowners will participate and that county unincorporated lands will absorb a portion of the theoretically available TDRs. The market reduction factor reduces the total number of county reported TDRs for allocation from 24,633 to 18,576 . This factor is consistent with county practices under Buildable Lands (an analogous process of quantifying development potential) and consistent with the statute which requires counties to calculate the total number of TDRs "that may" be available.
Capped minimum allocation	Allocate .005% of the total number of TDRs to cities that had allocations below .005%. With the Sending Area Market Discount Factor noted above, the capped minimum is 92 TDRs. This ensures that cities that capture the county property tax increment support a meaningful level of conservation through TDR. This factor is consistent with the "other relevant factors" language in the statute.

Table 5 – continued

General Agreement to Reject	
<i>Factor</i>	<i>Conclusion</i>
<ul style="list-style-type: none"> - County recalculations using base zoning - County recalculations to remove "smaller" parcels - Minimum allocation + share of remainder - Using "surplus capacity beyond the target" - Retain original proposal (with final King County targets) - Using a within-county calculation and allocation method 	These factors were rejected based on a variety of technical, legal, or policy considerations.

The net effect of the three Other Relevant Factors (i.e., the "planned" eligible cities, the .005% capped minimum allocation, and the sending area 25% market reduction factor) is shown in the following table. Also shown is a comparison to the revised final growth target-based allocations.

Table 6: Net Effect of Supported Other Relevant Factors

	<i>Final Target Allocations (2011 Eligible Cities)</i>	<i>All Supported Other Relevant Factors (All Cities)</i>	<i>Difference (# change)</i>	<i>Difference (% change)</i>
Arlington	295	273	(-22)	-8%
Auburn	824	596	(-228)	-28%
Bellevue	1,617	1,081	(-536)	-33%
Bonney Lake	-	176	-	-
Bothell	447	365	(-81)	-18%
Burien	296	273	(-23)	-8%
Covington	83	92	9	11%
Des Moines	197	213	16	8%
Edmonds	158	189	31	20%
Everett	2,287	1,491	(-797)	-35%
Federal Way	575	444	(-131)	-23%
Fife	-	166	-	-
Issaquah	588	452	(-136)	-23%
Kenmore	197	213	16	8%
Kent	699	519	(-179)	-26%
Kirkland	669	501	(-168)	-25%
Lake Stevens	260	252	(-9)	-3%
Lakewood	453	370	(-84)	-18%
Lynnwood	604	461	(-142)	-24%
Maple Valley	108	92	(-16)	-15%
Marysville	819	593	(-226)	-28%
Mercer Island	73	92	19	26%
Mill Creek	50	92	42	85%
Monroe	196	212	16	8%
Mountlake Terrace	88	92	5	5%

	<i>Final Target Allocations (2011 Eligible Cities)</i>	<i>All Supported Other Relevant Factors (All Cities)</i>	<i>Difference (# change)</i>	<i>Difference (% change)</i>
Mukilteo	78	92	15	19%
Puyallup	445	364	(-81)	-18%
Redmond	809	587	(-222)	-27%
Renton	1,238	849	(-389)	-31%
Sammamish	200	215	15	7%
SeaTac	767	561	(-206)	-27%
Seattle	5,475	3,440	(-2,036)	-37%
Shoreline	227	231	4	2%
Sumner	-	236	-	-
Tacoma	2,864	1,843	(-1,021)	-36%
Tukwila	512	405	(-107)	-21%
University Place	228	232	4	2%
Woodinville	206	218	12	6%
All Cities Totals	24,633	18,576	(-6,635)	-25%

Based on the figures shown in Table 6, these three factors (shown in the column "All Supported Other Relevant Factors") are included in the proposed Final Allocation of Transferable Development Rights. The proposed Final Allocations are shown in Tables 1 and 2.

E. Adoption Process

At its March 8 meeting, the Growth Management Policy Board made a consensus recommendation that the Executive Board adopt the *Regional Allocation of Transferable Development Rights*. At its March 22, 2012 meeting, the Executive Board adopted the regional allocations.

F. Support for Revisiting Allocations in 2017

The regional TDR allocation is based upon a number of factors that are fixed in time – the number of theoretically available TDRs from eligible sending area lands under existing county TDR programs, the number of eligible cities that meet the population and employment threshold within the planning horizon, and the first round of growth targets adopted in the central Puget Sound region to begin to align with the VISION 2040 regional growth strategy.

Given that each of these factors will change, and given the complexity of this new theoretically market-based tool, there was general support among the stakeholders in PSRC's LCLIP process for revisiting the county calculations and regional allocations. This work would likely be done in 2017, after the next round of comprehensive plans are updated.

G. Sources and Notes:

- ⁱ Revised Code of Washington 39.108, sections .070, .005 (2)(b), .010 (17)(18)(20), .030, .090 (7)
- ⁱⁱ Sources for county Growth Targets:
- *King County: Countywide Planning Policies Table LU-1 Adopted 2011 Targets.*
 - *Pierce County: County Council Ordinance 2011-36, Exhibit A, Table 1 and Table 3.*
 - *Snohomish County: Vision 2040 Preliminary Growth Distribution Working Paper, Attachment 4*
- ⁱⁱⁱ Notes for 2011 Eligible Cities:
- a) *For the 2011 eligible cities, eligibility is based on 2011 Population Data from the Office of Financial Management (per RCW 39.108 (9) and 2010 Employment Data (per RCW 39.108 (3)) from the Economic Services Department, as adjusted and geo-coded by PSRC.*
 - b) *RCW 39.108 (3) states that employment data is to be based on Office of Financial Management (OFM) records. However, official employment data is not provided by OFM, but rather by the Economic Services Department.*
 - c) *PSRC has used 2010 employment figures. The 2011 employment figures will not be available until after the statutory reporting date.*
- ^{iv} See footnote iii for county Growth Target sources.
- ^v Members of the Regional TDR Alliance include: King County, Kitsap County, Pierce County, Snohomish County, Forterra, the Washington State Department of Commerce, and the Puget Sound Regional Council. Given that Kitsap County and its cities are not eligible under RCW 39.108, Kitsap County has not been actively involved in the LCLIP discussions.
- ^{vi} See footnote iii. Additionally, Local growth targets under GMA are structured differently in each of the three eligible counties. Working with the counties, PSRC created a consistent set of targets through three primary conversion and adjustments:
- a) *Convert to equivalent population and employment values. King County population targets were developed from adopted housing targets using conversion factors provided by county staff. Pierce County's total employment targets were converted to "adjusted employment" (using a conversion factor published in the adopted targets package) to create consistency.*
 - b) *Using the population and employment values at common planning horizons, create a standardized measure: Average Annual Targeted Levels of Population + Employment Growth per City.*
- ^{vii} During this December 2011 to February 2012 period, PSRC finalized the King County city residential targets to address persons-per-household assumptions, annexations and other technical issues. Based on these adjustments, growth shifted among King County cities. The overall amount of growth in these cities (i.e., growth shifted from ineligible unincorporated King County to eligible King County cities) is higher than what was provided in December 2011 by about 17,000 residents. This slightly increases King County cities' share of total TDRs. No changes were made to King County employment targets, and no changes were made to Pierce or Snohomish counties employment or populations targets.
- ^{viii} PSRC held four meetings in the period between January and February 2012 with the eligible cities and counties and the Regional TDR Alliance.