

TRANSFER OF DEVELOPMENT CREDITS PROGRAM

What is Transfer of Development Credits?

Transfer of Development Credits (TDC) is a program that reduces the development potential in the “sending area” and transfers that development opportunity to a “receiving area”. The sending area property owner is paid to keep the land undeveloped, while the receiving area property buys the credit, allowing additional development beyond what zoning allows in the receiving area.

In this proposal the sending area is rural King County and the receiving area is the Denny Triangle neighborhood in Seattle.

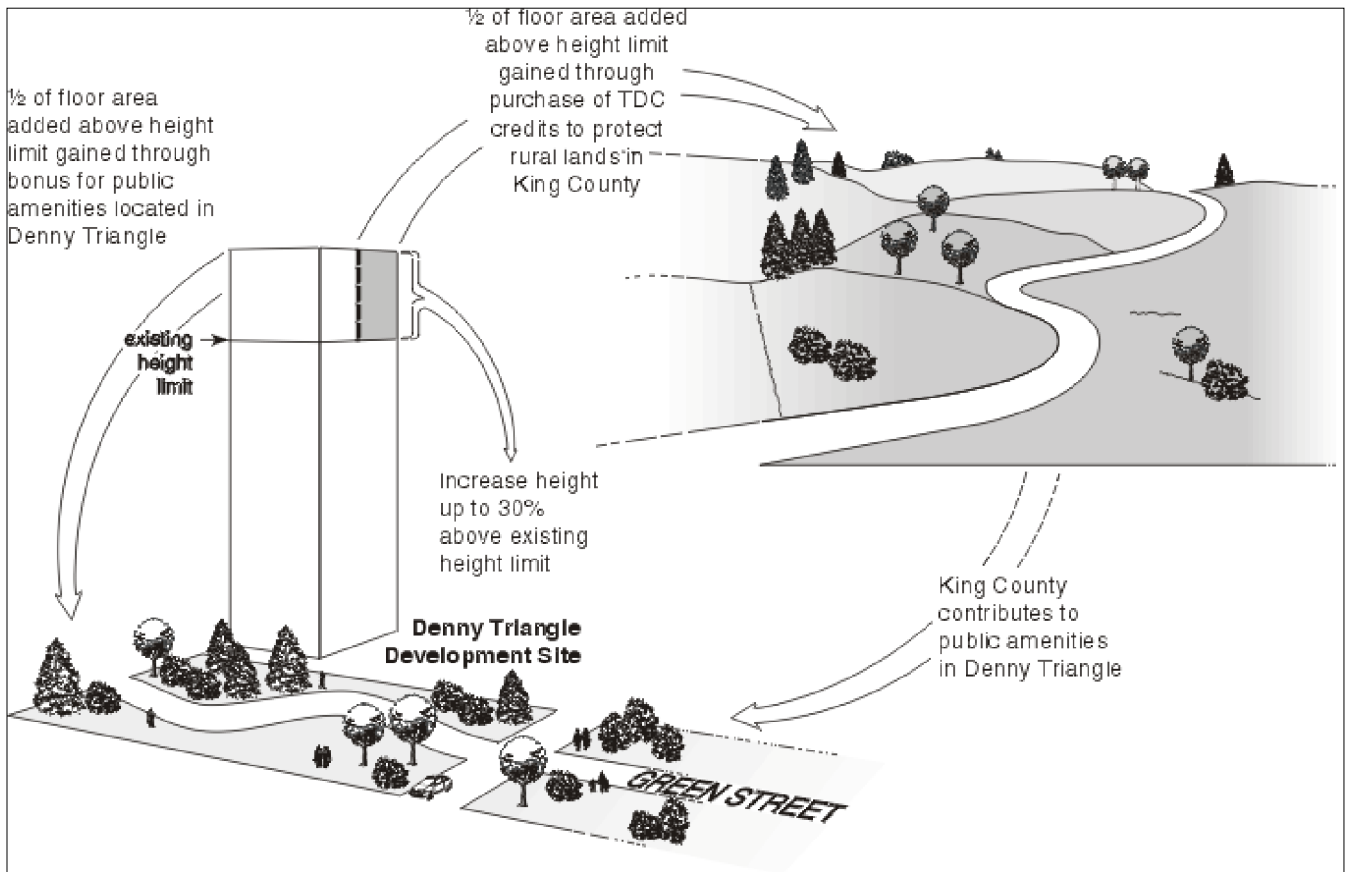


Illustration of Transfer of Development Credits

How would the Transfer of Development Credits program work in the rural King County sending area?

Before a property owner can sell development credits, King County must certify the property according to criteria established in Ordinance #13274. Property designated in the King County Comprehensive Plan as Agricultural Production District or Rural Forest

District, or Rural areas with documented endangered species habitat, open space/regional trail proximity, or near a wildlife corridor will be prioritized as sending sites. If a property owner had, for example, 20 acres that is zoned 1 unit per 5 acres, s/he could sell up to 3 development credits, assuming there is already a residence on one of the 5 acre parcels. A conservation easement would be placed on the property, ensuring that it could never be developed.

The development credit transaction can take place two ways:

1. Between individuals (assuming the rural property has been certified by King County)
2. The King County TDC Bank can purchase the rural development credits and sell them to the receiving area property owner. The King County Council will soon consider an ordinance establishing this bank, which has been initially funded with \$1.5M from the current budget.

How would the Transfer of Development Credits Program work in the Denny Triangle?

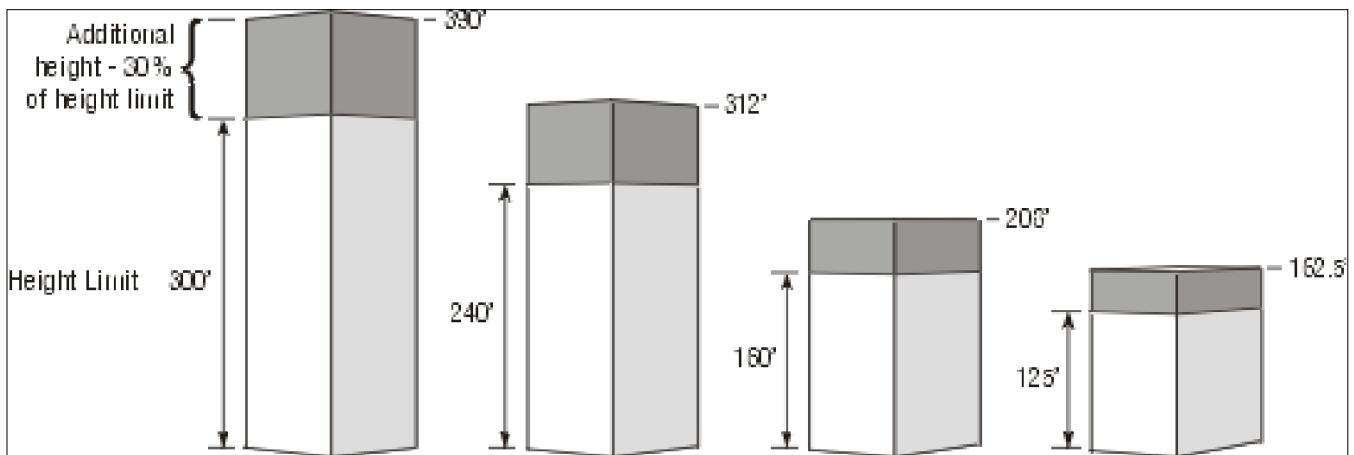


Illustration of Additional Height Allowances per Height Limit in the Denny Triangle.

- A developer in the Denny Triangle may increase the height limit of a project by purchasing development credits. The building floor area could extend up to 30% above the zoned height limit through the purchase of credits and amenities funding. (Current height limits in the receiving area are 125', 160', 240' and 300')
- A minimum of four credits must be purchased to participate in the program; half the credits would fund the purchase of rural development rights and half would fund amenities in the neighborhood such as Green Street improvements or open space. (See attachment)
- For every credit, 2,000 square feet of residential space may be added above the existing height limit. The minimum amount of residential space provided under the TDC is 8000 square feet.

- The additional residential floor area and height would be allowed within a residential or mixed-use structure or in a mixed development of residential and commercial structures on one site.
- For mixed-use projects, the floor area permitted above the height limit through the TDC may be for non-residential uses, provided that an equivalent amount residential use is provided on the site. Projects would not be permitted to exceed current density limits for non-residential uses.
- Landmark properties could not be demolished to participate in this program.

How would the TDC benefit the public, and specifically residents of the Denny Triangle?

Present and future generations will benefit from preserving the rural area from extensive development and sprawl. To provide a meaningful connection to Seattle residents, property near the two Seattle watersheds will be prioritized for having its development potential transferred to Seattle, further protecting our water supply. King County will realize savings by having fewer rural housing units to serve, and has agreed to fund amenities in the receiving area in order to help attract housing to urban centers and make the neighborhood more livable. An initial investment of \$500,000 is in the current King County budget for this purpose. This would augment the amenities funding generated by the TDC transaction as outlined above.

Projects more likely to be interested in the incentive include:

- Commercial buildings willing to accommodate housing on site if the commercial structure could extend above the existing height limit
- A residential tower with a small floor size may extend above the height limit to create enough room on the site to accommodate a separate commercial structure with a larger floor plate (an example is the Arbor Place development in the Denny Regrade)
- To a lesser extent because of the difficulties encountered with this type of development, projects combining commercial use and housing in the same structure, with the housing most likely located on the upper floors (Millennium Tower project is an example).