

TDR/LCLIP PC Discussion October 20, 2022



Presentation Agenda

- Introduction and background
- Consultant Presentation and study findings - Forterra
- Commission discussion, questions, and next steps



Background

Land Use Policy 58 – Support regional and state Transfer of Development Rights (TDR) programs throughout the city where infrastructure improvements are needed, and where additional density, height and bulk standards can be accommodated.

Background

- Shoreline received a \$42,000 grant from Commerce in 2014 to study transfer of development rights and LCLIP.
- Forterra and ECONW conducted the study, presented findings to city council in 2015 outlining implementation strategy and revenue projections.
- In 2019, city revisited study in light of changing conditions and opportunities for using programs to support redevelopment around light rail station areas.
- Study was updated in 2020 and Council directed staff to create a TDR Program to implement LCLIP.

Forterra

- Forterra will present results of the LCLIP Feasibility Study and give some background on TDRs and the LCLIP program.

Next Steps

Next steps include:

- Give direction on incentive preferences
- Draft Development Code amendments to create TDR mechanism
- Draft LCLIP adoption ordinance and interlocal agreement with King County



Next Steps

Incentives under Consider:

- Add height in commercial and mixed-use residential zones
- Parking Reductions
- Permit Fee Reduction
- Multifamily Tax Exemption
- TDR for Tree Removal
- TDR for Tree Replacement
- Expedited Permit Review

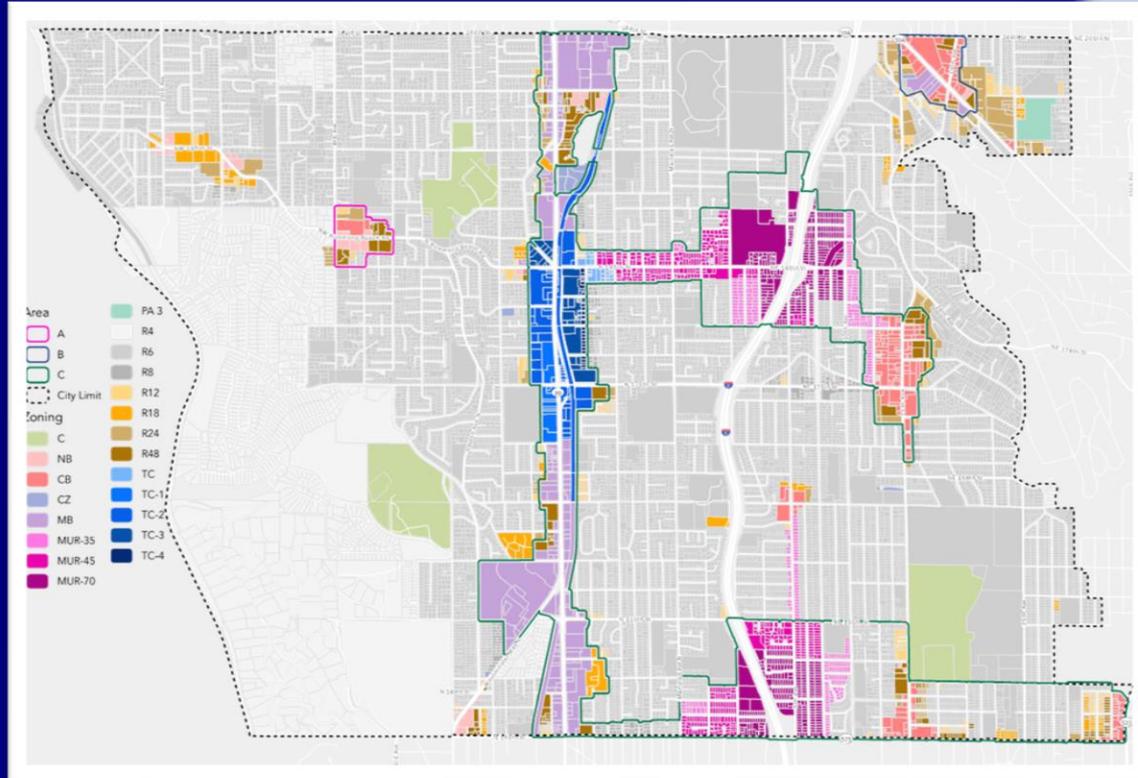
Discussion Questions

- Is Commission comfortable moving forward with TDR amendments or is more information needed?
- Are there additional incentives staff should be considering?



LIPA Area

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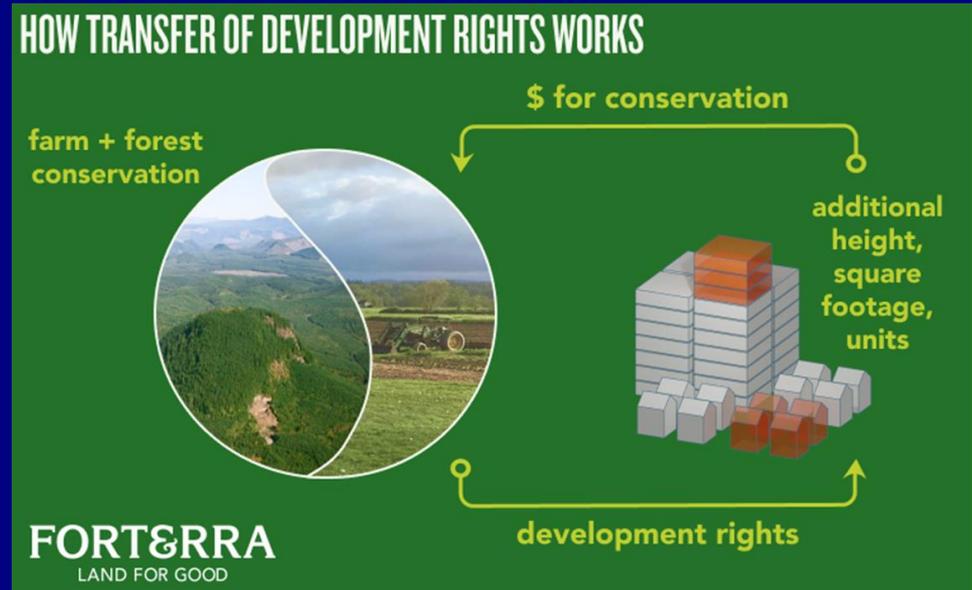


Transfer of Development Rights (TDR)

- Voluntary, market-based real estate tool
- Encourages growth where it's desired
- Conserves farms & forests that are important to the region's health



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Transfer of Development Rights – Why Use it?

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- Encouraged by GMA
- Doesn't drive growth – it creates value
- Provides public benefits
- Market-based, no taxpayer money used
- Record of success in region



Beyond TDR: Infrastructure Financing

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- Landscape Conservation & Local Infrastructure Program (RCW 39.108)
- LCLIP = TDR + TIF
- Financial incentive for cities to use TDR
- Cities commit to using TDR
- In return, cities retain revenue for public improvements

What counts as infrastructure?

Parks

Stormwater

Transportation

Streetscapes

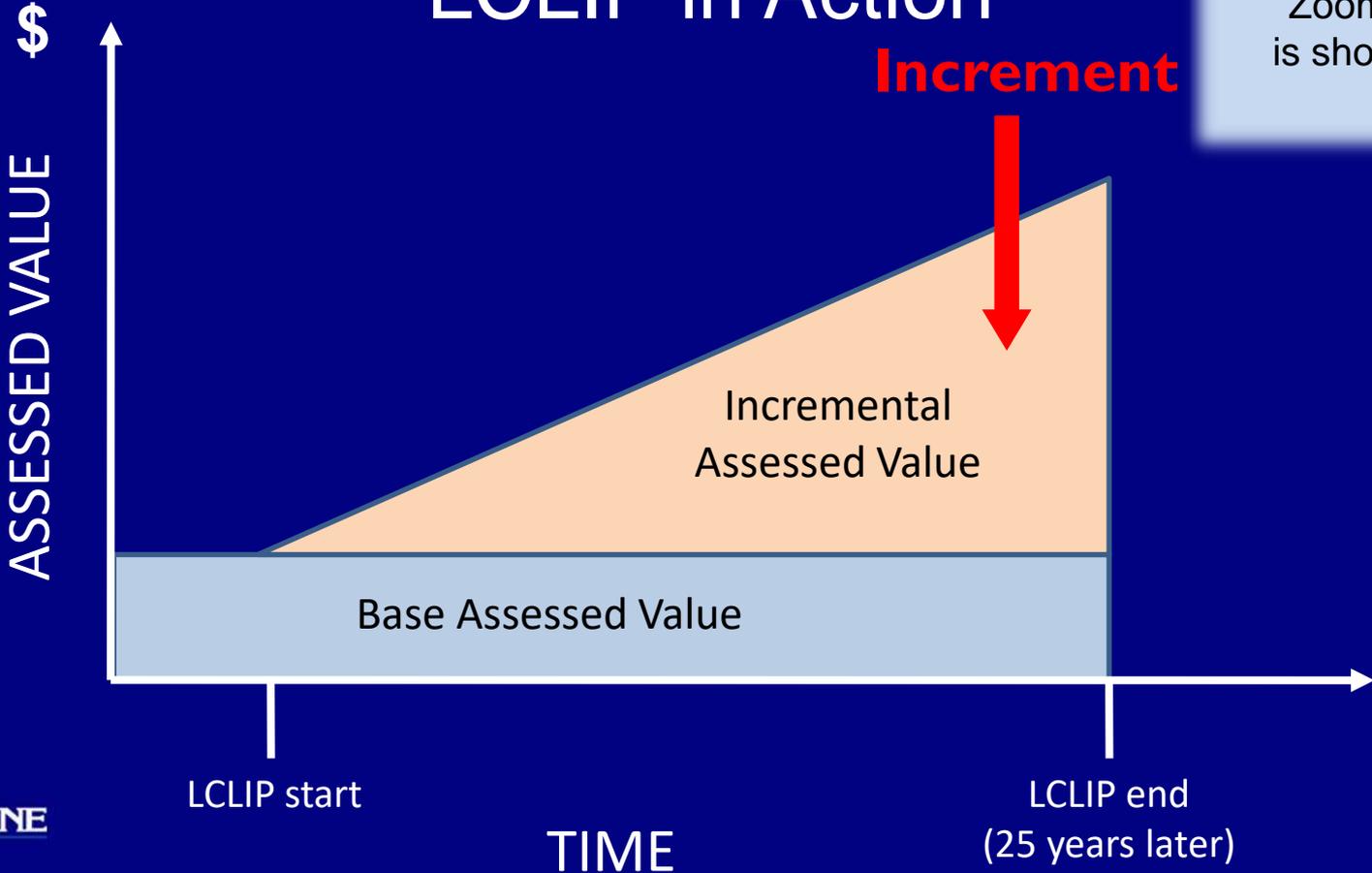
Utilities

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LCLIP in Action

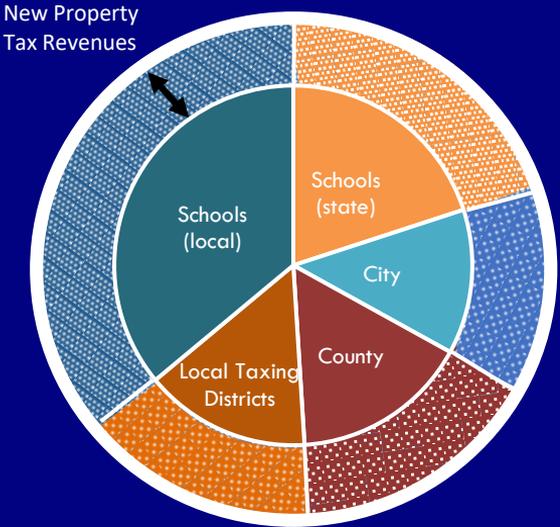
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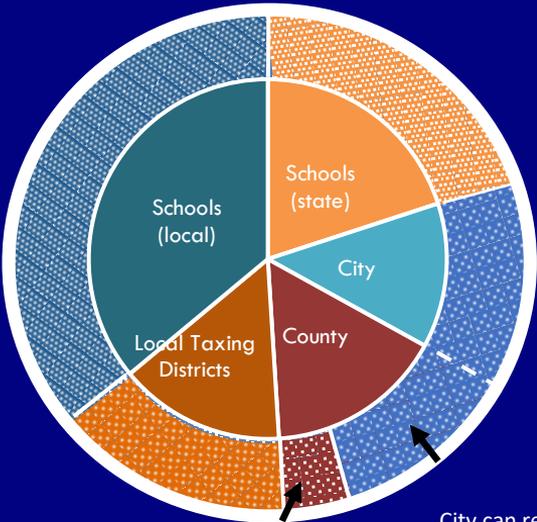
New Revenue Source

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City Tax Revenue Growth without
LCLIP



City Tax Revenue Growth
with LCLIP



County retains
at least 25% of
new revenues

City can retain up to
75% of new county
property tax
revenues from new
construction



Program Requirements

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- City can enroll a maximum of 25% AV
- Growth, TDR use, and infrastructure all have to be within the program district(s)
- In order to keep revenue flowing, cities have to meet TDR placement goals
- If city doesn't keep pace with TDR placement goals, county can end the program
- No risks: no penalty for ending program, no repayment

Findings

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LCLIP can work in Shoreline

To maximize benefits of program, commit to using its full allocation of TDR credits (231) if it chooses to adopt LCLIP

Revenue projections:

- 2015: **\$8.5M – \$14M** nominal (\$4.4M – \$7.3M NPV)
- 2020: **\$14.4M – \$21.6M** nominal (\$8.5M – \$12.4M NPV)



Findings

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- To make LCLIP work, Development Code revisions are needed to create viable incentive mechanism for development to use TDR
- Current incentive structure is cost-prohibitive in MUR-70
- Opportunities for small height increases in mixed-use and commercial zones

Findings

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Incentives explored:

- Change bonus height process from developer agreement to administrative decision
- Add height in commercial and mixed-use zones
- Multifamily tax exemption
- Flexibility in parking requirements
- Additional height in certain zones

Example

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City could reach
TDR placement
goal with
construction of 8-10
projects of this
scale and ~10
projects close to
existing scales in
the business zones
over 20 years.



Zone	MUR 70	MUR 70 +
Lot Size	30,000 square feet	30,000 square feet
Height	65 feet	140
Stories	6	14
Use	Housing with retail	Housing with retail
Housing Units	105 (22 affordable)	127 (11 affordable)
Parking Stalls	105 (surface and podium)	127 (surface and podium)
Development Rights Retired	0	15-20

Recommendation

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Create effective TDR incentive structure:

- Achieve bonus height as admin decision in MUR-70 zone
- Recalibrate bonus palette – where is there flexibility?

Start LCLIP before light rail stations open

Implementation strategy:

- Start with TDR mechanism to make a path to 231 credits
- Prepare LCLIP ordinance
- Partner with King County on terms and conditions

Questions

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TDR and Affordable Housing

