

URM Policy Development Committee
TDR/Retrofit Credit Sub-Group (Funding Working Group)
April 11, 2023

Attendee	Organization
Becky Asencio	Seattle Public Schools
Paul Cathcart	Seattle Public Schools
David Della	Eco-Ready LLC
Chuck DePew	National Development Council
Amanda Hertzfeld	SDCI
Yolanda Ho	Council Central Staff
Lisa Howard	Alliance for Pioneer Square
Kathleen Johnson	Historic South Downtown
Derek Lum	InterIm CDA
Marnie Mar	Atlas Building Representative
Kenny O'Neill	Reid Middleton
Lisa Nitze	Nitze-Stagen
Peter Nitze	Nitze-Stagen
Christie Parker	Seattle Budget Office
Jeronimo Roldan	DAHP
Jared Silliker	NBBJ
Matt Stoutenberg	WA Office of Insurance Commissioner
Amy Teshera	Office of Insurance Commissioner
Nicholas Vann	DAHP
Megan Webb	King County TDR
Geoffrey Wentlandt	OPCD

Meeting Goal: Identify gaps between existing TDR programs and policy and ASAP! Retrofit Credit Proposal

Seattle Office of Planning and Community Development (OPCD) representative, Geoff Wentlandt, gave a presentation on Seattle's current TDR programs and policy. This program is developed by OPCD and administered by SDCI for permit tracking and approval.

- Resources:
 - [Seattle Municipal Code 23.58A](#)
 - [SDCI Tip 258 Developer Contributions- Incentive Zoning](#)
- Current types of available transfer of development rights and development potential in Seattle include the below and are limited to within Urban Center Areas (University District Urban Center, Uptown Urban Center, and coming soon- Manufacturing Industrial Centers):
 - Historic landmarks
 - Open space
 - Affordable housing preservation
 - Vulnerable masonry structures
- Receiving sites are limited to certain zones that have bonus development capacity.
- Vulnerable masonry TDR/TDP is grouped with other amenity options, meaning it currently competes with other available types of TDR (open space, landmark, open space, mass timber).

- OPCD expressed their openness to improvements and changes to TDR policy.
- Current value of TDR, based on recently traded landmark TDP, is \$19 sq/ft.
 - There have been a limited number of transactions through this program, none of which have been used for vulnerable masonry buildings.
 - To expand this program for URM to better align with the ASAP! proposed Retrofit Credit, a Director's Rule is needed to identify vulnerable structures and the standard for retrofit.
 - The current Director's Rule in development by SDCI, which will establish the URM Retrofit Technical Standard, will not suffice. A separate Director's Rule specific to TDR is needed.

King County representative, Megan Webb, gave a presentation on the County's Rural Forest & Farmland Transfer of Development Rights Program. This program and its bank are managed by King County, through Interlocal Agreements (ILAs) with Partner Cities.

- Resources
 - [King County Code 21A.37](#)
 - [King County TDR Website](#)
- This program is focused on farmland protection, sending sites are rural and resource zones, receiving sites are identified urban zones through ILAs or other Urban Receiving Areas. South Lake Union, Downtown, and the Denny Triangle Neighborhood are eligible receiving sites for the King County Rural Forest & Farmland TDR program. King County prioritizes purchase of rights based on conservation goals and the ability of landowners to sell.
- The County has two pathways for TDR:
 - King County TDR Bank

The County purchases the rights, puts the land in a conservation easement. Rights are available for purchase through the bank to cities with adopted ILAs. Proceeds are used to buy more development rights and to fund program management staff.

 - Since 2015, County TDR Bank Sales ~\$34.7M
 - Private TDR Program

Landowners voluntarily grant a conservation easement to King County, no money is paid for the easement. The County then "certifies" resulting TDRs in the landowner's name. The County facilitates transactions and helps match private buyers and sellers.

 - Since 2015, County Private TDR Sales ~\$25.5M

Alliance for Safety, Affordability, and Preservation (ASAP!) representative, Peter Nitze, gave a presentation on the Retrofit Credit Proposal. The Retrofit Credit, a new form of TDR, would monetize bonus development rights to fund the public good of lifesaving URM retrofits. ASAP! is currently working on an amendment to Seattle's Comprehensive Plan that would provide enabling language in support of the Retrofit Credit as part of a broader upzoning effort.

- Resources:
 - [ASAP! Retrofit Credit Proposal](#)

- The ASAP! Retrofit Credit proposal would identify every URM listed on the City's inventory as a sending site and be assigned credits equal to the square footage of the underlying lot times the maximum Floor Area Ratio (FAR) for that lot based on current zoning.
 - Limitations on neighborhood specific receiving requirements would be removed.
 - The initial focus would be on designating receiving sites in areas with restrictive zoning that the City has already identified as prime candidates for additional density, including around new light rail stations, along major commercial corridors, and in the industrial areas of SODO and Interbay.
- A TDR Bank, similar to that used by King County's program would be developed, to facilitate sales of retrofit credits. A key difference between King County's program and the ASAP! Retrofit Credit Proposal is the operation of the credit bank by a quasi-governmental entity (501(c)3, Public-Private Partnership, or Public Development Authority).
 - The management entity will be tasked with marketing and driving sales of Retrofit Credits.
 - Funding will be needed to support start-up and staffing of this entity. Once established, it should be self-sustaining, similar to the King County model.
 - URM owners would submit detailed proposals/invoices from pre-qualified contractors for approval by the entity, which would then disburse funds from their account- either upfront or as a reimbursement.
- The Retrofit Credit would be a new higher tier of density bonus, so as not to compete with existing density bonuses.
 - Current density bonus programs are underutilized, studying these programs and making improvements can reset the marketplace.
 - Based on ASAP! analysis of the marginal value of bonus density, they expect the Retrofit Credit to be valued at approximately \$150 sq/ft if traded on an efficient market, versus the current \$19 sq/ft for existing Seattle Program TDR credits.

Next Steps:

- The next TDR/Retrofit Credit discussion will be held in 2-3 weeks, a Doodle Poll will be sent out for scheduling.
 - The meeting will cover:
 - Steps needed to determine geographies for allowed transfers.
 - Steps needed to establish a TDR/Retrofit Credit bank.