



# Resilience at the Intersection of Growth, Conservation, and Infrastructure Funding

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# Introduction to TDR & Advancing LCLIP

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Morgan Shook  
ECONORTHWEST

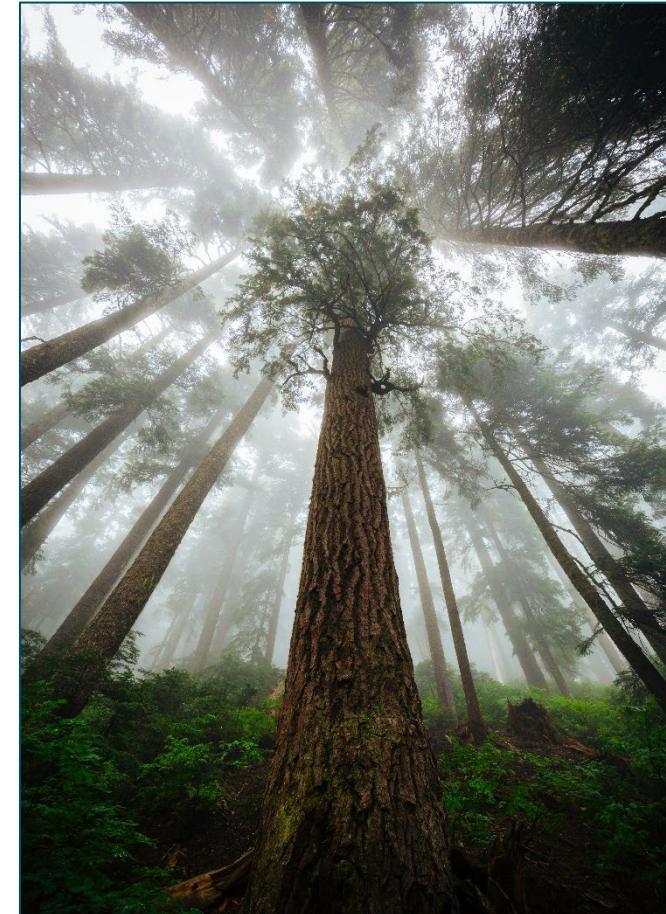


Washington State  
Department of  
**Commerce**

# Cities and Conservation

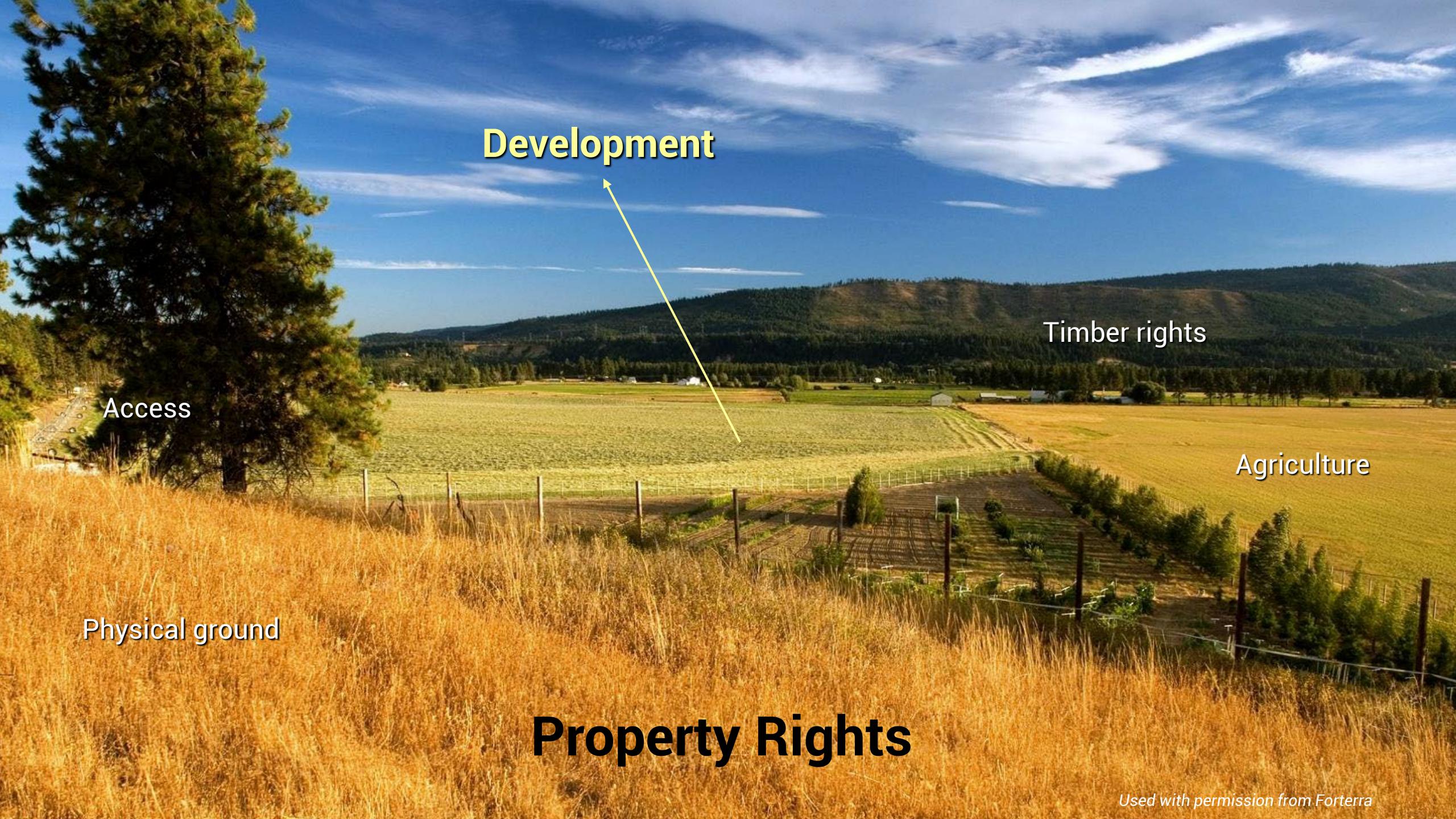
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- Ecosystem Services Cities Rely On
- Pressure at the Urban-Rural Edge
- A High-Quality Region Attracts People and Businesses



*Photo by Dave Hoefler*

**TDR:** A planning tool to manage land use by transferring the right to develop from one area to another.



**Development**

Access

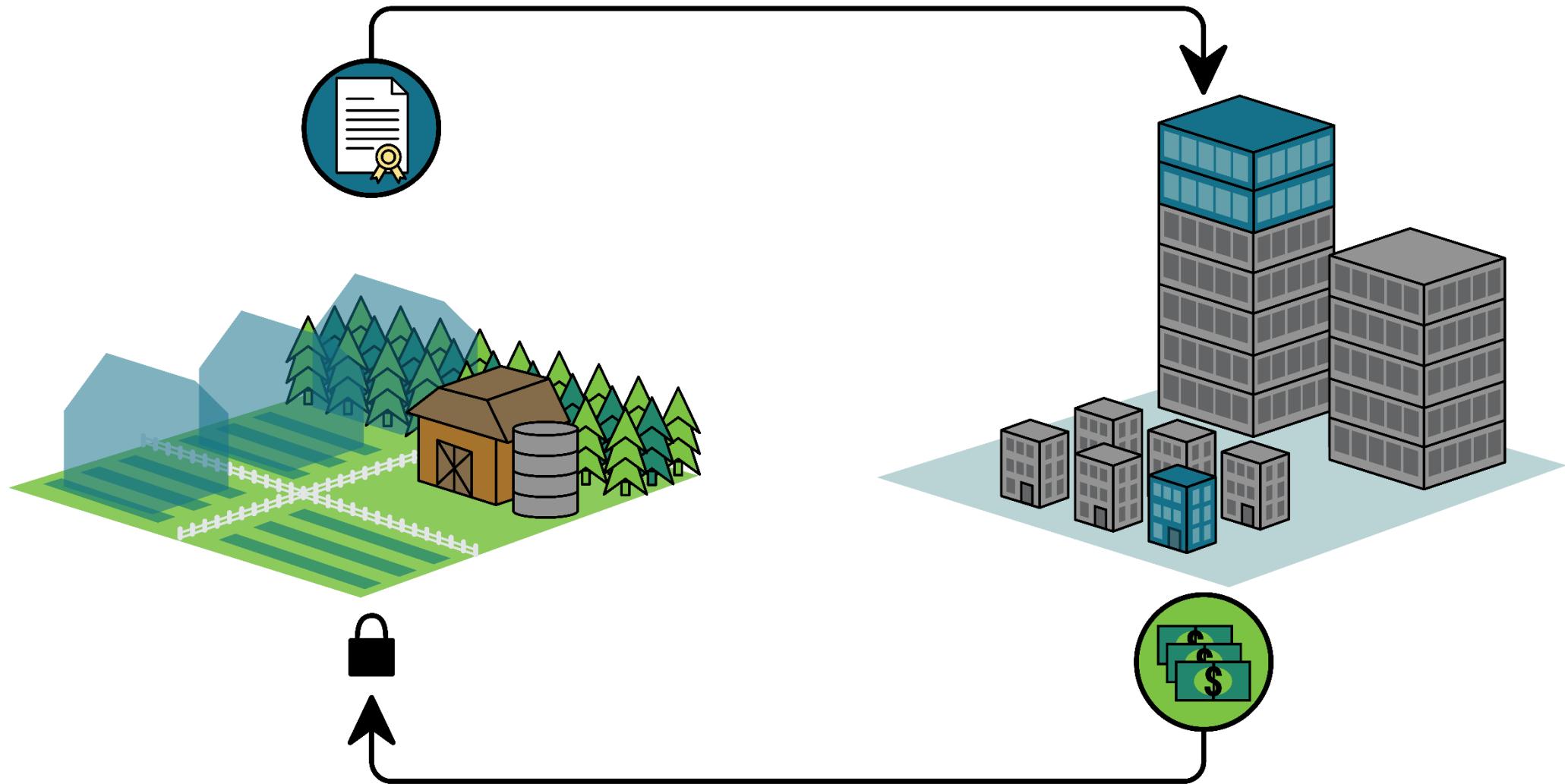
Physical ground

Timber rights

Agriculture

**Property Rights**

# HOW TRANSFER OF DEVELOPMENT RIGHTS WORKS



*Used with permission from King County*



# State Authorization

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**RCW 36.70A.090 (Innovative techniques)**

**RCW 36.70A.070 (Variety of Rural Densities)**

**RCW 36.70A.060 (Forestry/Ag in UGA)**

**RCW 43.362 (Regional TDR Program)**

**RCW 39.109 (LCLIP)**



# Program Elements: Sending Sites

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## Program Structure

- Internal vs. Interjurisdictional?
- Inclusive vs. Restrictive?
- Financial & Market Factors
  - Financially Reasonable?
  - Conservation Contiguity?
- Policy Alignment
  - Nexus with Receiving Areas?
  - Geographic vs. Criteria-Based?



# Program Elements: Receiving Sites

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## Growth Alignment

- Are sites designated growth areas?
- Is additional capacity needed?

## Regulatory Fit

- Is zoning compatible?
- Geographic vs. criteria-based?

## Political and Community Support

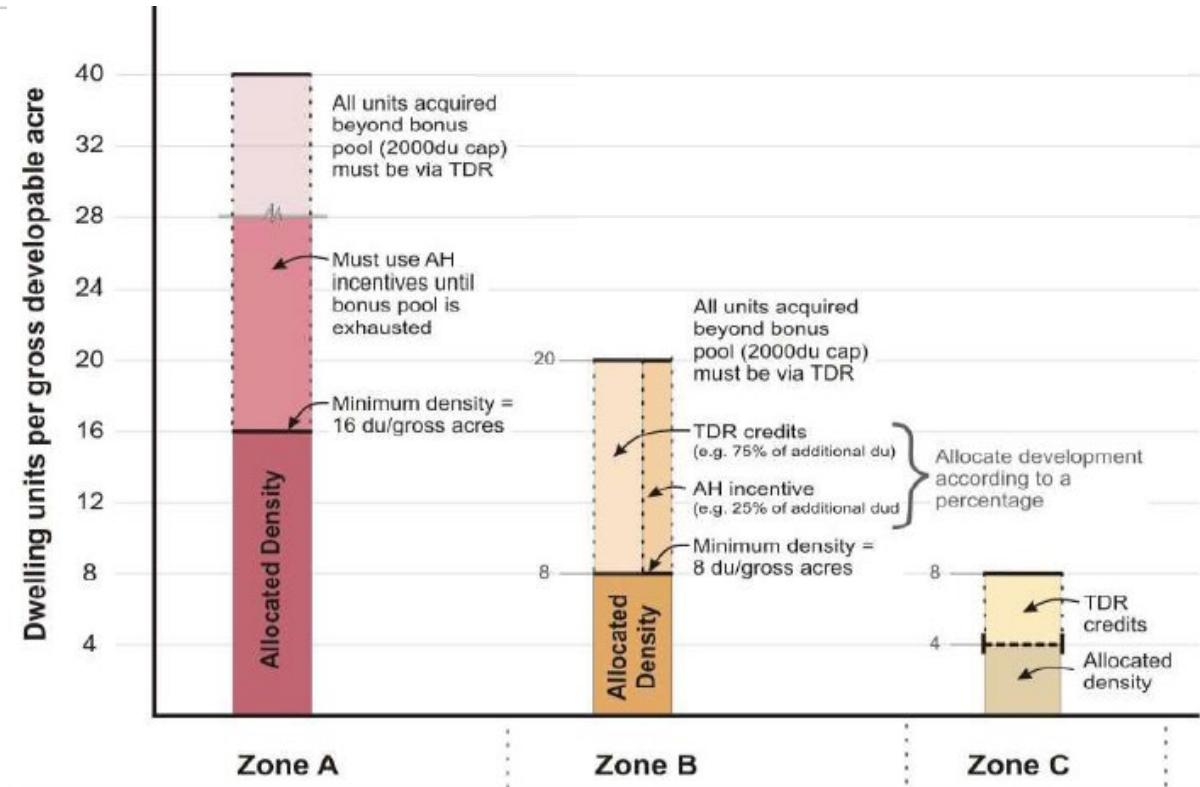
- Is there political will?

# Program Elements

## Development Incentives

may include:

- Increased capacity (units, FAR, height, square feet)
- Reduced requirements
- Access to programs



# Program Elements

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## Exchange Rates

- Critical: Rates must reflect market realities
- Should support program goals
- Market studies are recommended

Scenario 2: Exchange rate is 1:2 (1 development right = 2 receiving site units)



Landowner has several development rights to sell for \$30,000 each



Two additional units will increase the developer's profit by \$50,000

\$50,000  
additional profit



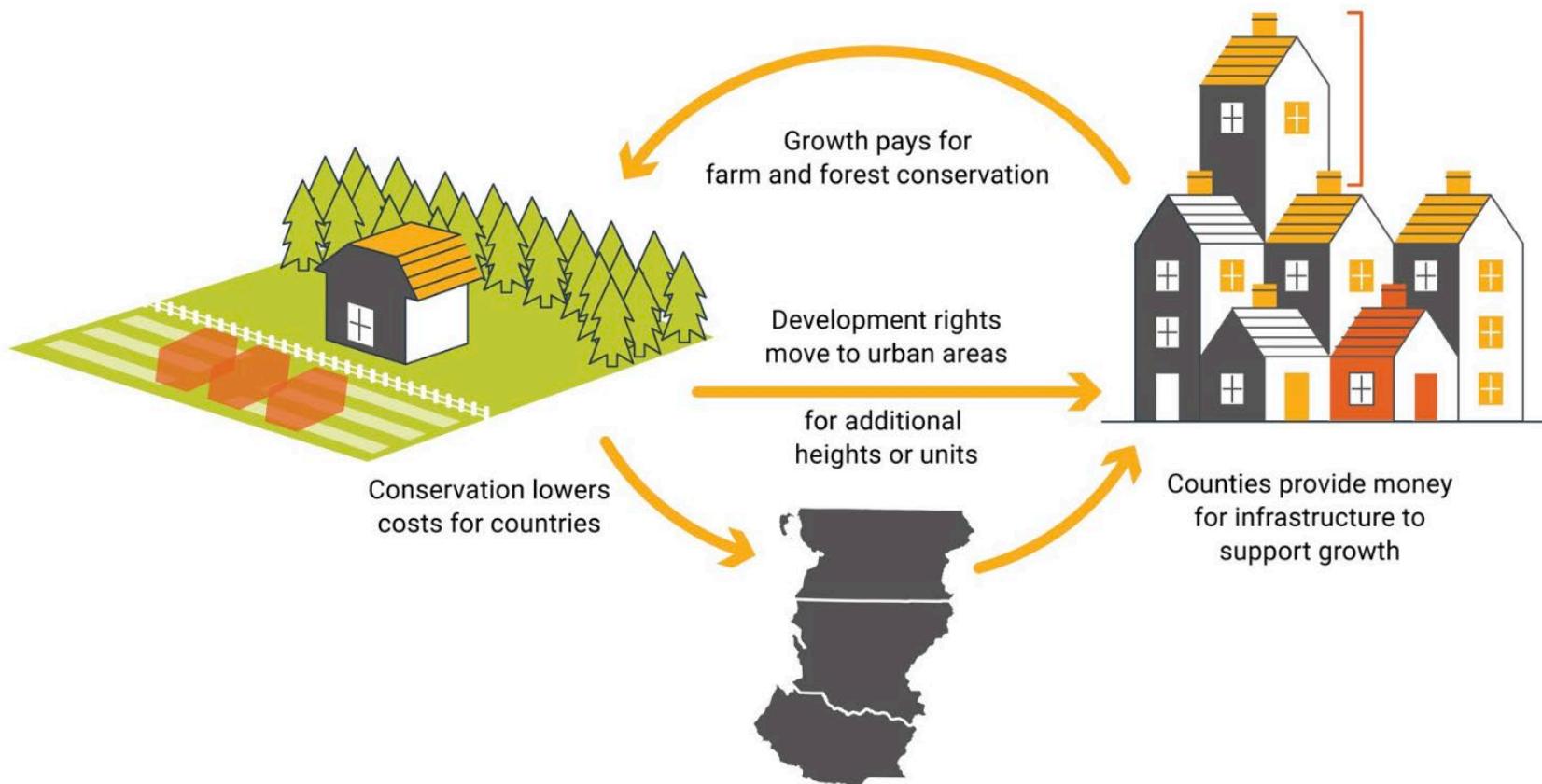
\$30,000  
development right cost

# What is LCLIP?

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- The Landscape Conservation and Local Infrastructure Program (LCLIP)
- LCLIP combines Transfer of Development Rights (TDR) with tax increment financing to fund local infrastructure while conserving rural lands
- Created in 2011: Chapter 39.108 RCW

# What is LCLIP?



Source: Forterra

# TIF in Washington

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## LCLIP

- Large district
- County regular levy
- Infrastructure
- Up to 25 years

## TIF

- Small District
- Some regular levies
- Infrastructure and affordable housing
- Up to 25 years

# How LCLIP Works

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Cities commit to using TDR credits.



Developers use those credits to build in designated areas.



County assessor measures incremental valuations.



County shares property tax revenue with the city to fund infrastructure.

# Key Elements of LCLIP

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Local Infrastructure  
Project Area (LIPA)



TDR credit  
placement



Incremental tax  
revenue and city  
ratio



Revenue sharing  
from the county



Performance  
thresholds

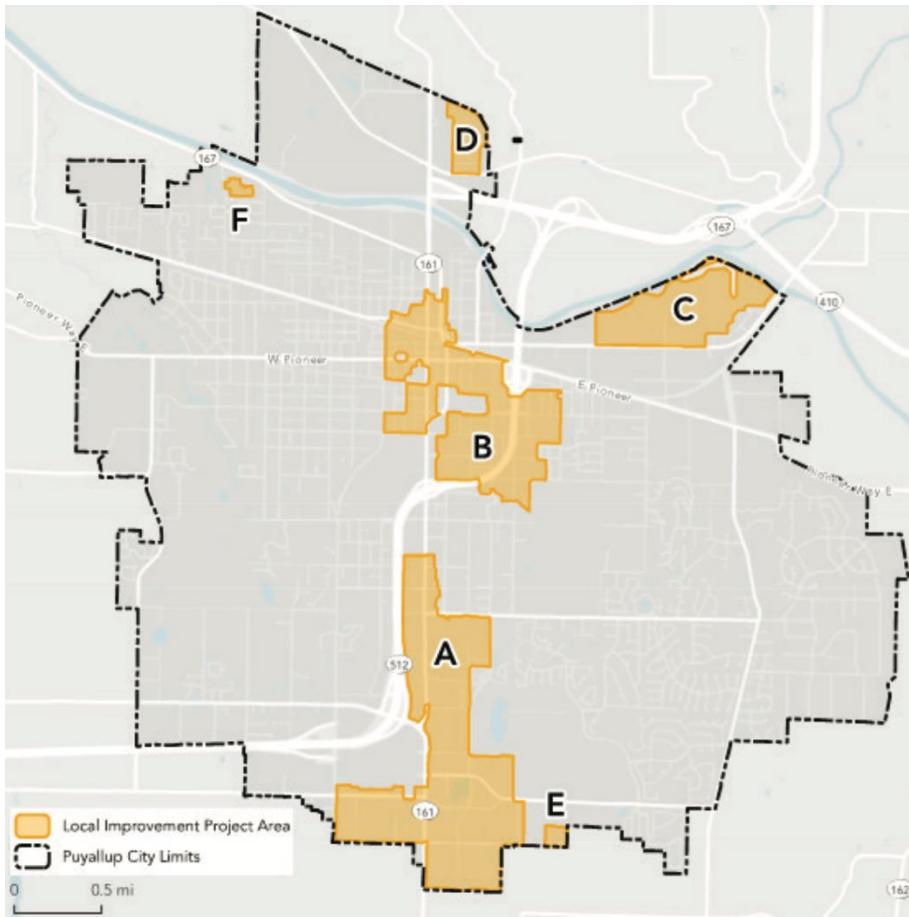
# What is a LIPA?

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A Local Infrastructure Project Area (LIPA) is where increased development occurs (also where measured base and incremental value happen).

- Contiguous, cover no more than 25% of the city's total assessed value.
- Multiple LIPA's.
- Must be aligned with city growth plans.
- All infrastructure projects must be in the LIPA.

# What is a LIPA?



Zone	Total Assessed Value	Share
CBD	\$81,079,400	1.2%
CBD-CORE	\$77,564,840	1.2%
LMX	\$41,062,100	0.6%
RM-10	\$98,549,100	1.5%
RM-20	\$762,972,255	11.5%
RM-CORE	\$208,694,310	3.2%
UCX	\$287,927,700	4.4%
Sum of Zones	\$1,557,849,705	23.6%
<b>City Total</b>	<b>\$6,607,199,525</b>	<b>100.0%</b>

# What Can LCLIP Fund?

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- **Transportation Infrastructure:**
  - Roads, streets, and bridges.
  - Sidewalks, bike paths, and pedestrian pathways.
  - Public transit facilities, such as park-and-ride lots and transit hubs.
- **Utility Systems:**
  - Water and sewer systems, including treatment facilities.
  - Stormwater and drainage management systems.
  - Electric, gas, and fiber optic utility infrastructure.
- **Public Spaces and Amenities:**
  - Parks, recreational areas, and open spaces.
  - Environmental remediation projects.
  - Landscaping, streetlights, and streetscaping for urban beautification.
- **Affordable Housing Support:**
  - Facilities and infrastructure that support the development of affordable housing, such as utility connections and transportation access (but not the construction of affordable housing directly).
- **Historic Preservation:**
  - Activities that conserve historic properties, provided they align with local preservation goals.

- **LCLIP funds cannot be used for:**
  - The direct acquisition of TDR credits.
  - Projects outside the designated LIPA boundaries.
  - Non-infrastructure-related expenses, such as administrative costs or operational subsidies.

# TDR Credits in Action

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City designs incentive structure.



Developers buy TDR credits from rural landowners.

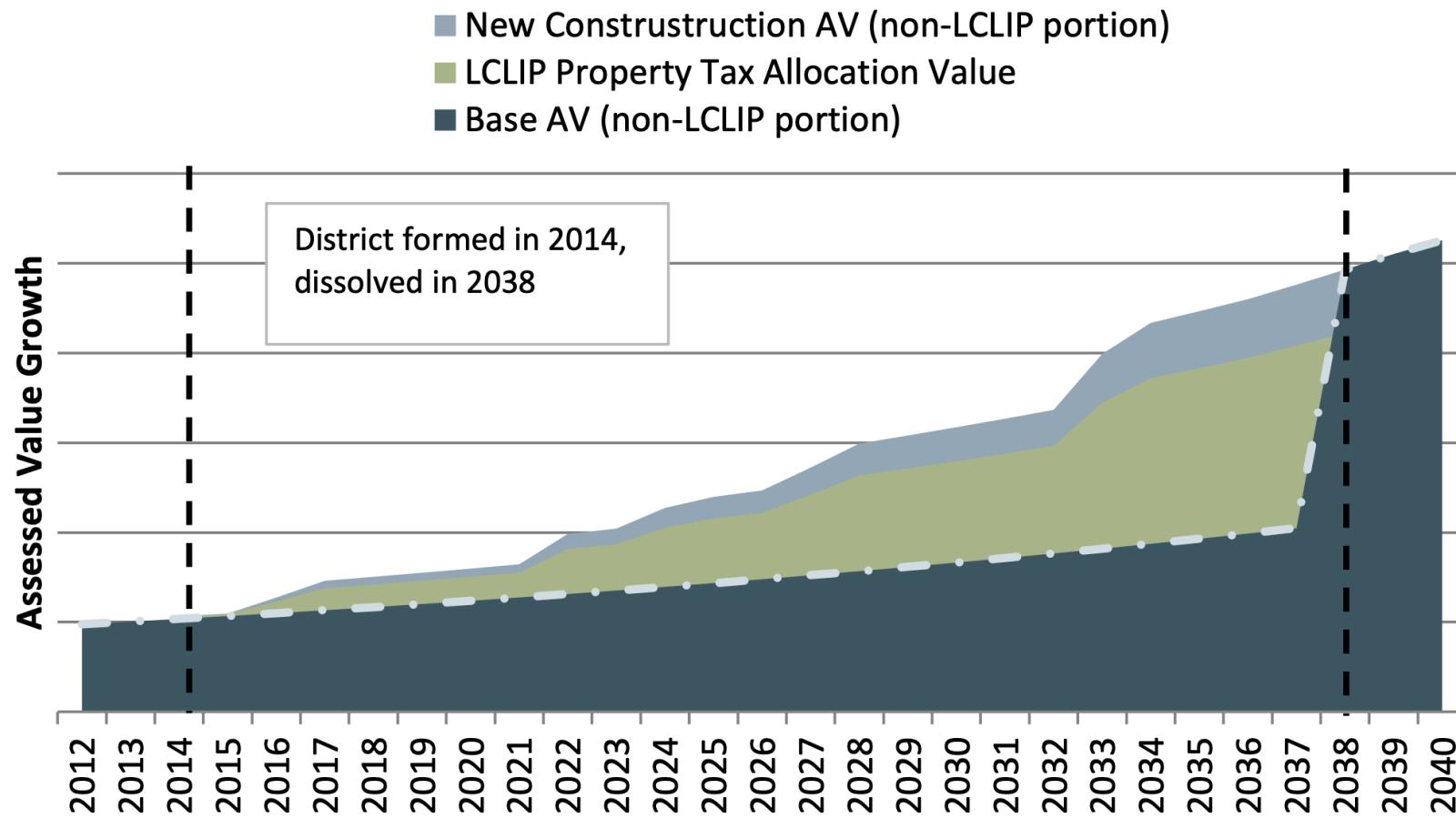


The credits allow them to build more intensively in the LIPA.

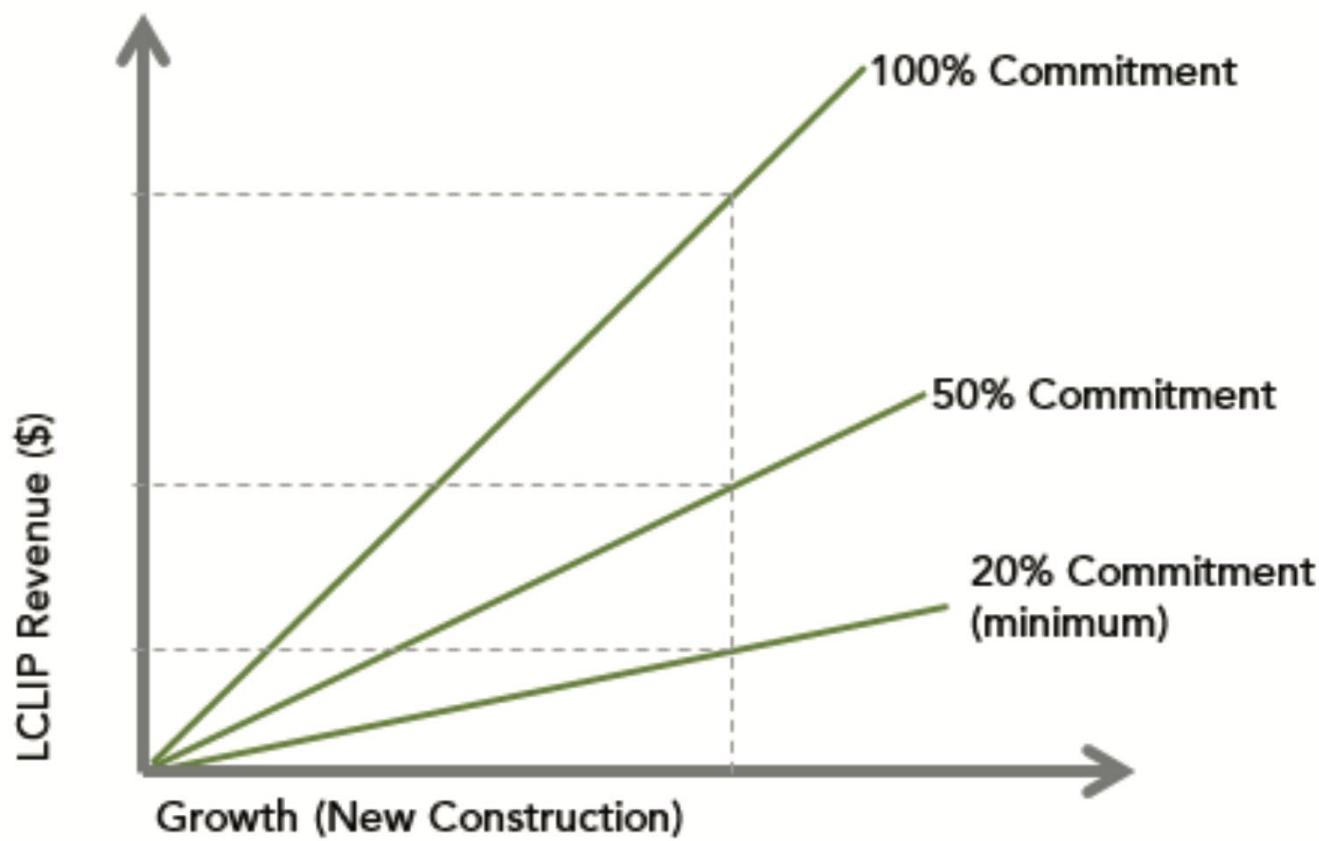


The city tracks credit use to certify progress.

# Example of Valuation Measurement



# Example of City Allocation Ratio



# Planning Tool

## TDR Revenue and Growth Planning Tool

Commerce developed this interactive TDR revenue projection tool to help local jurisdictions explore how TDR could shape growth and affect revenue in Local Infrastructure Planning Areas (LIPA).

This tool is for illustrative purposes and may help educate and inform planners, community members, and decision makers on TDR and LCLIP related policy choices.

City: Where is your LIPA located?  
Arlington

Your partner county is: Snohomish County  
Allocated share of development rights from PSRC: 27%  
Incremental population by 2050: 13,381  
Incremental employment by 2050: 14,804

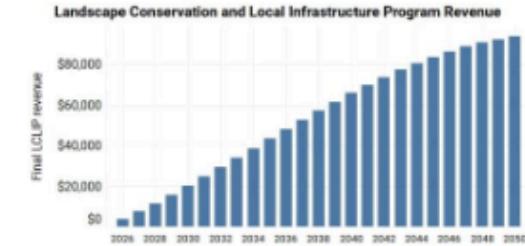
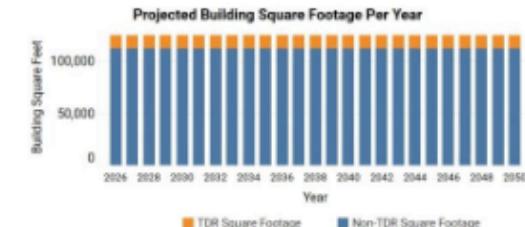
Growth in LIPA (%): How much future growth will your LIPA take on?  
(If you do not know, a good benchmark might be 40% to 70%).  
20.00%

Development intensity: How intense will development be added?  
Moderate intensity

TDR Use (%): What share of new buildings will use Transfer of Development Rights?  
(If you do not know, a good benchmark might be 10 to 20%).  
10.00%

Development speed: How quickly will new construction happen?  
Even development each year

TDR Price Level:



[Link](#)

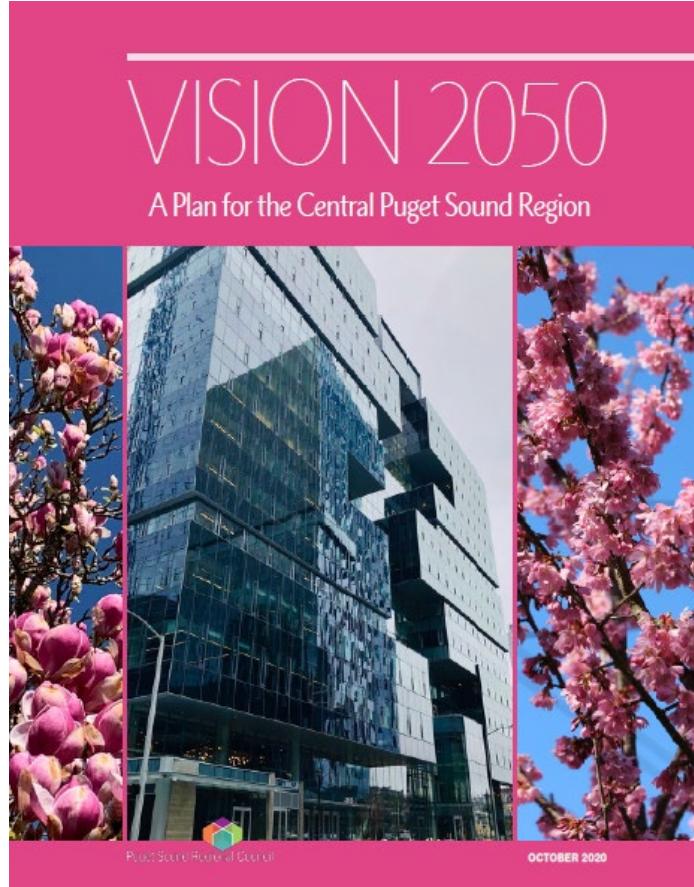
# Central Puget Sound Region



- 4.5 million people
- 4 counties: King, Pierce, Snohomish, and Kitsap
- 82 cities and towns
- Urban and rural
- 6,300 square miles
- 1,000 square miles in urban growth areas



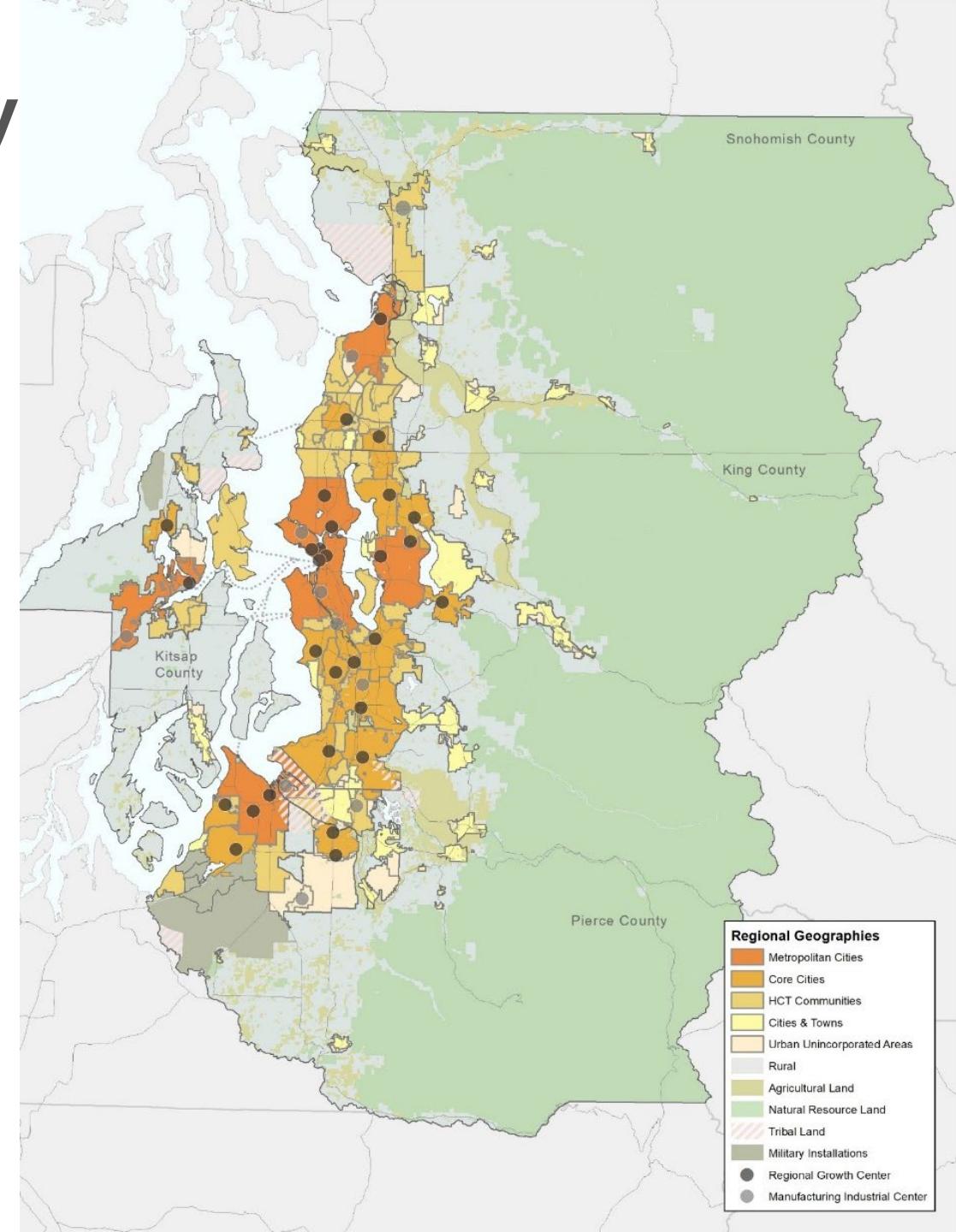
# VISION 2050: The Region's Plan for Growth



- Growth in **centers** and near transit
- Protect a network of **open space**
- Restore the health of **Puget Sound**
- Significantly reduce greenhouse gas **emissions**
- Increase **housing** choices and affordability
- Provide **opportunities** for all
- Sustain a strong **economy**
- Keep the region **moving**
- Act **collaboratively** and support **local** efforts

# Regional Growth Strategy

- Most growth in **larger cities**
- **65%** of region's population growth and **75%** of employment growth in **regional growth centers** and **station areas**
- Lower growth allocations for **rural areas**
- No growth allocations for **working lands**
- Includes policy on **TDR**



# We strengthen communities



HOUSING AND  
HOMELESSNESS



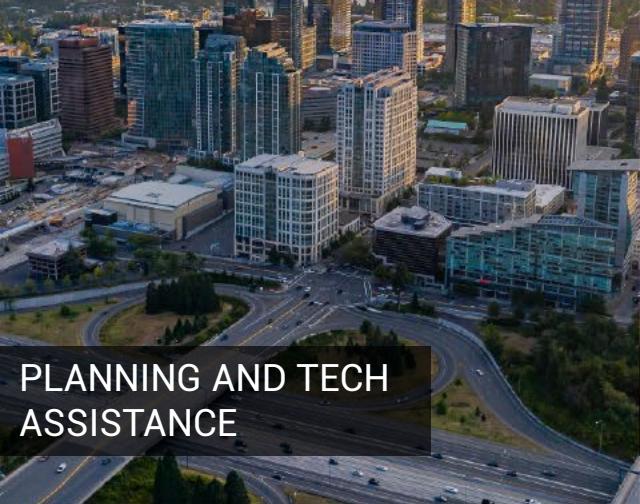
INFRASTRUCTURE AND  
BROADBAND



SMALL BUSINESS  
ASSISTANCE



ENERGY



PLANNING AND TECH  
ASSISTANCE



COMMUNITY SERVICES



CRIME VICTIMS AND  
PUBLIC SAFETY



ECONOMIC  
DEVELOPMENT



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Facilitate the implementation and adoption of Transfer of Development Rights and Land Conservation and Local Infrastructure Programs across the Puget Sound region, enhancing urban growth while preserving rural lands and generating infrastructure funding.





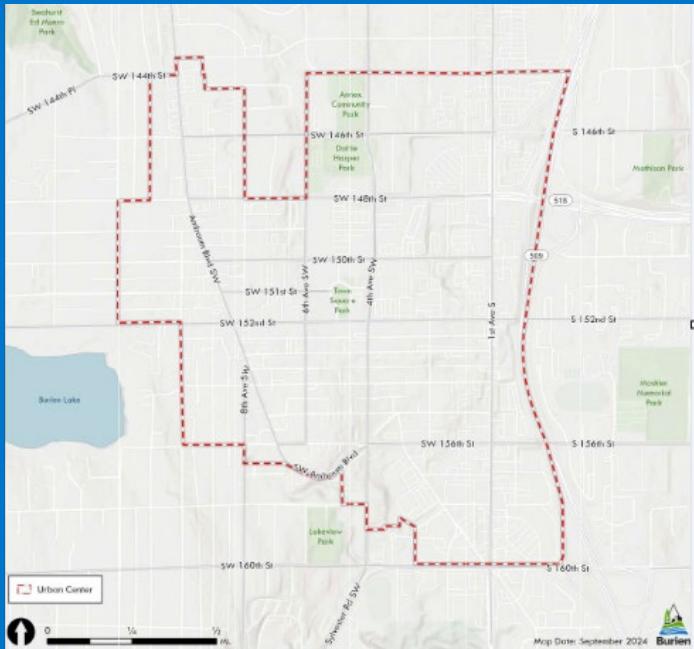
# Alignment with State Priorities



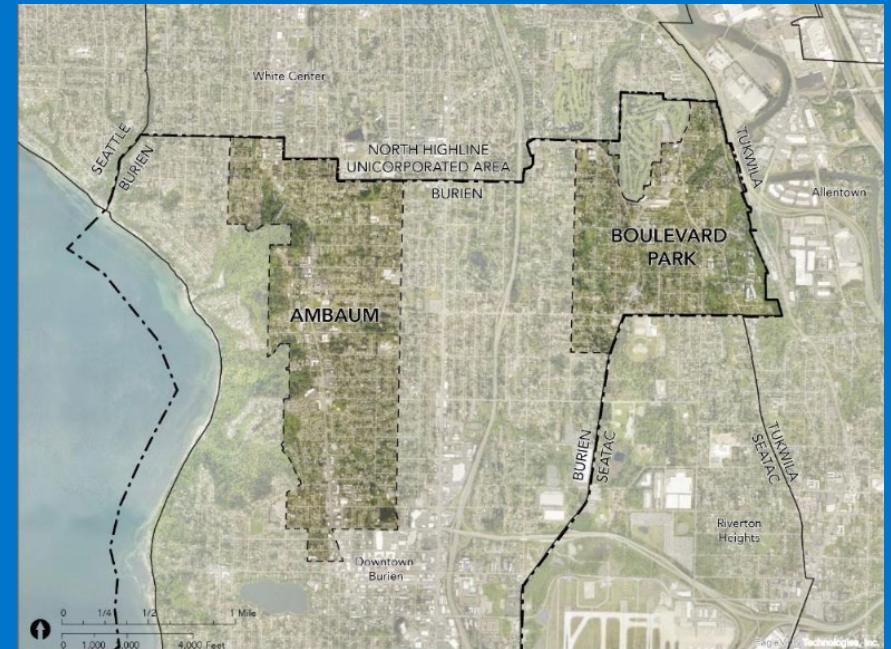
## Burien

- 54,000 Residents
- 1993 Incorporation
- 1 in 3 Households speaks a language other than English
- 11 square miles of total land area

# LCLIP / TDR Feasibility



# Burien Urban Center

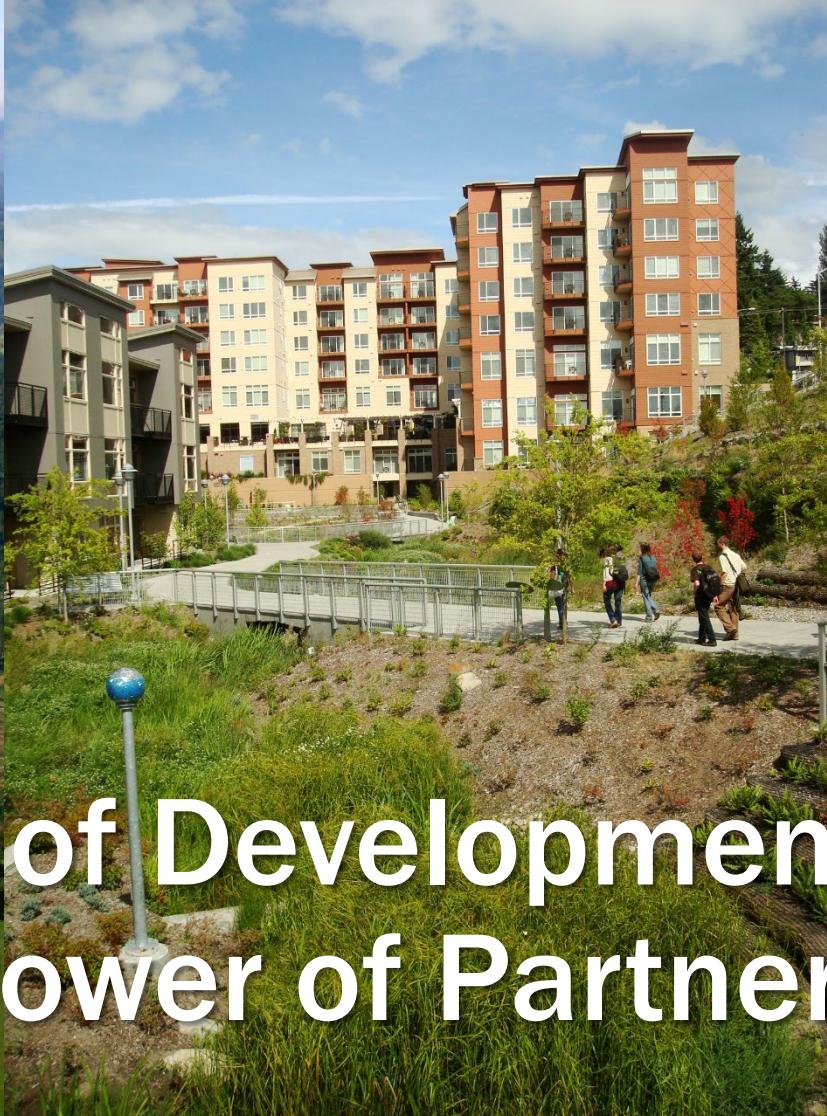


## Ambaum and Boulevard Park

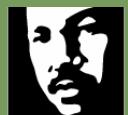
# Elements of Feasibility Study

- TDR Feasibility Assessment & Policy Development
- Infrastructure Financing and LCLIP Revenue Analysis
- Identification of Viable TDR and Implementation Strategy





# Transfer of Development Rights: The Power of Partnerships



King County

**Nick Bratton**  
**TDR Program Manager**  
**King County Water and Land Resources Division**  
**Department of Natural Resources and Parks**

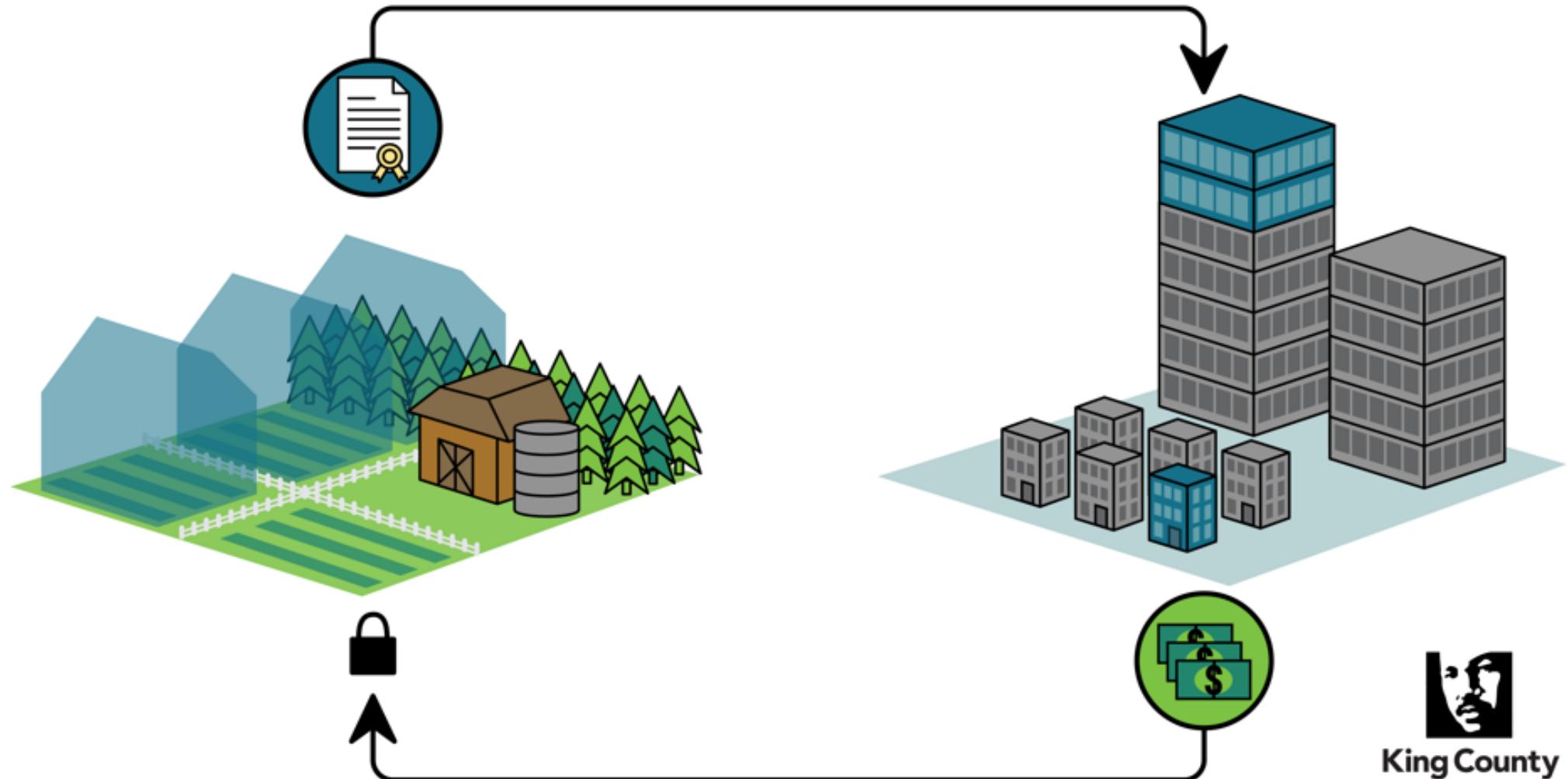


# TDR Program Goals

- Permanently protect open space
- Direct new residential and commercial development into Urban Areas, and away from Rural and Resource lands
- Program is voluntary, incentive-based and market-driven



# HOW TRANSFER OF DEVELOPMENT RIGHTS WORKS



# Benefits of TDR

## Counties

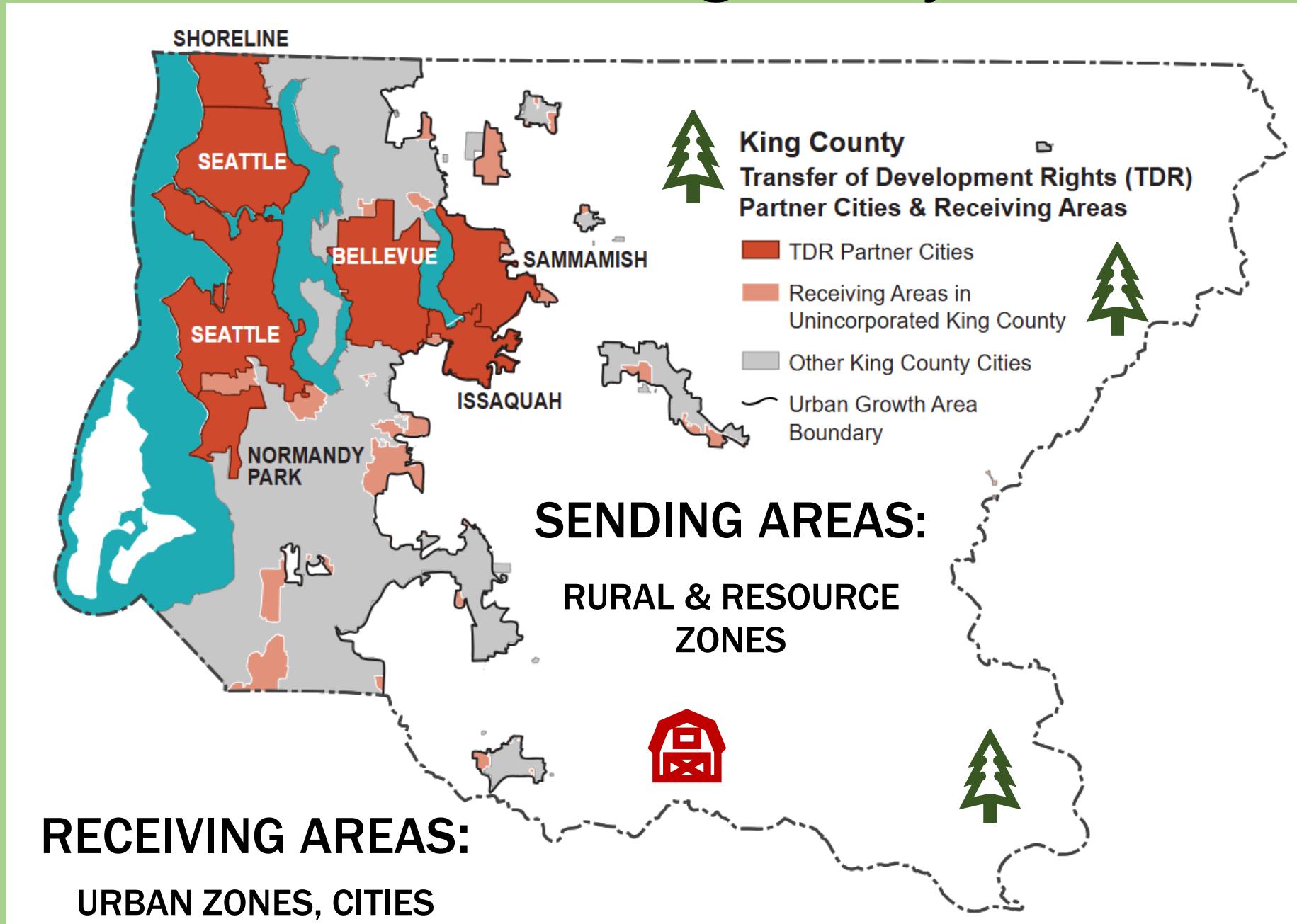
- Market-based conservation
- Supports growth goals
- Reduced cost of rural services

## Cities

- Flexible \$ for capital facilities
- Supports growth goals
- More resilient communities

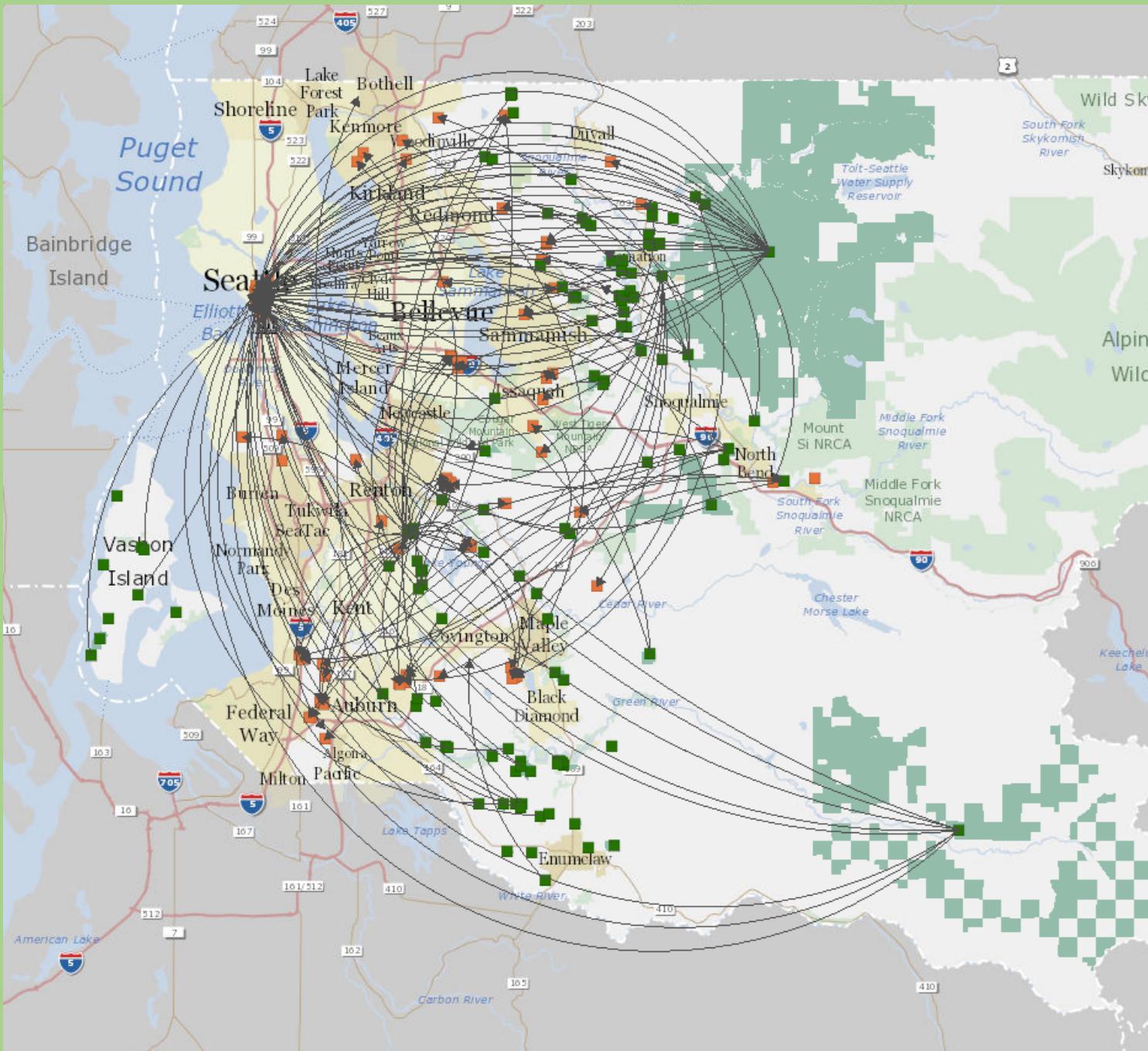


# TDR in King County



# TDR Activity in King County

- Program established in 2001
- 200+ sending sites conserved
- 148,000+ acres conserved
- 140 receiving sites
- Total market value \$60 million



# Ingredients for Success

**SUPPLY:** open space and willing landowners.

**DEMAND:** need for growth > capacity.

**ECONOMICS:** prices paid to rural landowners and paid by developers must incentivize participation.

**SIMPLICITY:** the process must be easy to use.

**POLICY ALIGNMENT:** regulations offer right incentives and zoning for using TDR.

**POLITICAL WILL:** elected officials committed to decisions that support program goals.

# City TDR Partnerships

- Seattle (LCLIP)
- Sammamish
- Normandy Park
- Shoreline
- Bellevue
- Issaquah



- Interlocal agreements are vehicle for partnerships with cities.
- King County offers alternative revenue sharing approach.
- Additional city partnerships are important to long term success.

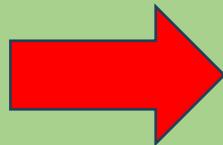
## Large Scale Example: Rainier Square, Seattle

- 201 TDR credits purchased
- Added 12 stories to building
- Conserved 14,000 acres of forest land and two farms



## Small Scale Example: Hibbford Glen, unincorporated urban King County

- 4 TDR credits purchased
- Added 8 building lots
- Conserved Girl Scout camp





## Takeaways

- TDR can work in any community that is growing.
- Partnerships between cities and counties are essential to achieving growth management and conservation goals.
- Financial incentives for cities are important.

[www.kingcounty.gov/tdr](http://www.kingcounty.gov/tdr)



# Questions?

Morgan Shook - [shook@econw.com](mailto:shook@econw.com)

Erika Harris - [eharris@psrc.org](mailto:eharris@psrc.org)

Angela San Filippo - [angela.sanfilippo@commerce.wa.gov](mailto:angela.sanfilippo@commerce.wa.gov)

Liz Stead - [lizs@burienwa.gov](mailto:lizs@burienwa.gov)

Nick Bratton - [nbratton@kingcounty.gov](mailto:nbratton@kingcounty.gov)