

Transfer of Development Rights (TDR)

TDR is a market based technique that encourages the voluntary transfer of growth from places where a community would like to see less development (called sending areas) to places where a community would like to see more or different kinds of development (called receiving areas).

Overview

Thurston County established a [Transfer of Development Rights \(TDR\) program](#) in 1995 (TCC20.62) to preserve farmland while allowing owners to realize the economic value of their property's development potential. Owners of property sell credits for unused development rights and developers purchase credits to build at a higher density.

Eligibility

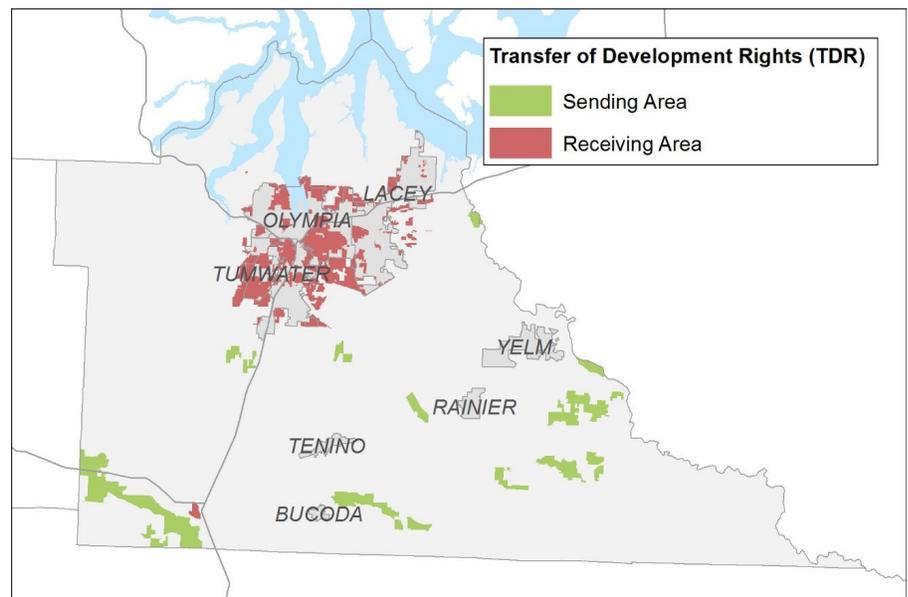
Sending Area: Parcels within the Long-Term Agriculture (LTA) Zoning District.

Receiving Area: The cities of Olympia, Lacey, and Tumwater, and Thurston County have identified areas within their zoning codes where TDR credits may be used to achieve specified urban densities. Receiving areas exist both within city boundaries and the unincorporated urban growth areas (UGAs).

Where it has worked

Two projects have benefited from the TDR Program: In 2011, Habitat for Humanity purchased 2 credits in order to build an additional dwelling unit for a project in the SFL 4-7 Zone off of Henderson Boulevard south of Yelm Highway. In 2014, credits were purchased to allow for additional density at the Woodard Lane Cohousing development in west Olympia (zoned R 4-8). Combined, the projects protected 181 acres of farmland. The average cost of a credit has been \$17,000.

Transfer of Development Rights (TDR) sending and receiving areas ►



(TDR) Explained

Challenges

- TDR programs have been most effective in larger cities with a strong infill and redevelopment market and developers willing to pay extra for increased density.
- There is resistance to higher-density projects in many neighborhoods.

Opportunities

Sending Areas Changes: Expand to include all lands that meet the definition of agricultural lands, as defined in the Open Space Tax Program (RCW 84.34.020), similar to changes made to the Purchase of Development Rights program in 2011.

Receiving Areas Changes: The TDR Program could be improved by increasing demand for credits.

Some options include:

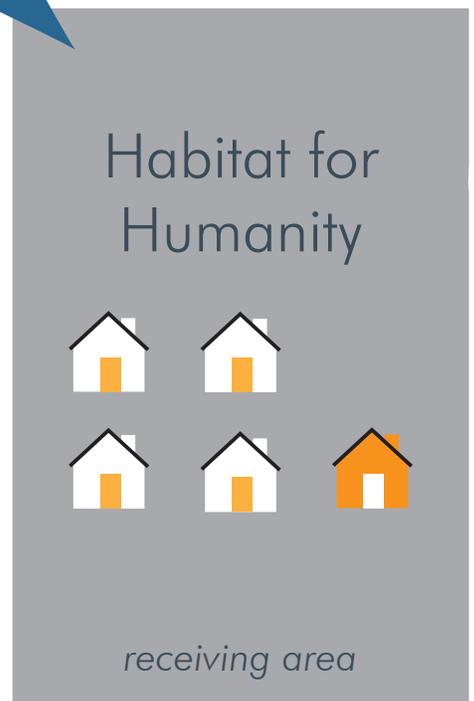
- Allow credits to be used to increase density in cluster development in the rural County.
- Allow credits to be sold to developers outside of Thurston County where there is a market for increased density.
- Require that developers have purchased credits before being allowed to build Accessory Dwelling Units (ADUs) or Family Member Units in the rural County or for extra impervious surfaces (e.g. driveways, parking lots) constructed above the allowed limit.

Who needs to make a change?

Changing the TDR program would require a change in Thurston County Code.



Farm X sells 2 credits for \$30,000



Habitat for Humanity purchased 2 credits to build 1 more unit