

**Chapter 43.362 RCW**  
**REGIONAL TRANSFER OF DEVELOPMENT RIGHTS PROGRAM**

**Sections**

- 43.362.005 Findings.
- 43.362.010 Definitions.
- 43.362.020 Regional transfer of development rights program.
- 43.362.030 Program established in central Puget Sound.
- 43.362.040 Designation of sending and receiving areas—Inclusion of certain lands in programs for agricultural or forestland conservation.
- 43.362.050 Interlocal agreement for transfers of development rights—Rules.
- 43.362.060 Participation in regional transfer of development rights program—Requirements—Incentives for developers.
- 43.362.070 Quantitative and qualitative performance measures—Reporting—Posting on website.

**RCW 43.362.005 Findings.** (1) The legislature finds that current concern over the rapid and increasing loss of rural, agricultural, and forested land has led to the exploration of creative approaches to preserving these important lands, and that the creation of a regional transfer of development rights marketplace will assist in conserving these lands.

(2) A transfer of development rights is a market-based exchange mechanism that encourages the voluntary transfer of development rights from sending areas with lower population densities to receiving areas with higher population densities. When development rights are transferred through a transfer of development rights exchange, permanent deed restrictions are placed on the sending area properties to ensure that the land will be used only for approved activities, activities that may include farming, forest management, conservation, or passive recreation. Additionally, in a transfer of development rights exchange, the costs of purchasing the recorded development restrictions are borne by the developers who receive the transferred right in the form of a building credit or bonus.

(3) The legislature further finds that a successful transfer of development rights program must consider housing affordable to all economic segments of the population, and economic development programs and policies in designated receiving areas. Counties, cities, and towns that decide to participate in the regional transfer of development rights program for central Puget Sound are encouraged to adopt comprehensive plan policies and development regulations to implement the program that do not compete or conflict with comprehensive plan policies and development regulations that require or encourage affordable housing. Participating cities and towns are also encouraged to use the development of receiving areas to maximize opportunities for economic development that supports the creation or retention of jobs.

(4) Participation in a regional transfer of development rights program by counties, cities, and towns should be as simple as possible.

(5) Accordingly, the legislature has determined that it is good public policy to build upon existing transfer of development rights programs, pilot projects, and private initiatives that foster

effective use of transferred development rights through the creation of a market-based program that focuses on the central Puget Sound region. A regional transfer of development rights program in the central Puget Sound should be voluntary, incentive-driven, and separate, but compatible with existing local transfer of development rights programs. [2009 c 474 s 1; 2007 c 482 s 1.]

**RCW 43.362.010 Definitions.** The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "By-right permitting" means that project applications for permits that use transferable development rights would be subject to administrative review. Administrative review allows a local planning official to approve a project without noticed public hearings.

(2) "Department" means the department of commerce.

(3) "Nongovernmental entities" includes nonprofit or membership organizations with experience or expertise in transferring development rights.

(4) "Receiving area ratio" means the number or character of development rights that are assigned to a development right for use in a receiving area. Development rights in a receiving area may be used at the discretion of the receiving area jurisdiction, including but not limited to additional residential density, additional building height, additional commercial floor area, or to meet regulatory requirements.

(5) "Receiving areas" are lands within and designated by a city or town in which transferable development rights from the regional program established by this chapter may be used.

(6) "Regional transfer of development rights program" or "regional program" means the regional transfer of development rights program established by RCW 43.362.030 in central Puget Sound, including King, Pierce, Kitsap, and Snohomish counties and the cities and towns within these counties.

(7) "Sending area" includes those lands that meet conservation criteria as described in RCW 43.362.040.

(8) "Sending area ratio" means the number of development rights that a sending area landowner can sell per acre.

(9) "Transfer of development rights" includes methods for protecting land from development by voluntarily removing the development rights from a sending area and transferring them to a receiving area for the purpose of increasing development density or intensity in the receiving area.

(10) "Transferable development right" means a right to develop one or more residential units in a sending area that can be sold and transferred for use consistent with a receiving ratio adopted for development in a designated receiving area consistent with the regional program. [2009 c 565 s 45; 2009 c 474 s 2; 2007 c 482 s 2.]

**Reviser's note:** (1) The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

(2) This section was amended by 2009 c 474 s 2 and by 2009 c 565 s 45, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**RCW 43.362.020 Regional transfer of development rights program.**

Subject to the availability of amounts appropriated for this specific purpose, the department shall fund a process to develop a regional transfer of development rights program that comports with chapter 36.70A RCW that:

(1) Encourages King, Kitsap, Pierce, and Snohomish counties, and the cities within these counties, to participate in the development and implementation of regional frameworks and mechanisms that make transfer of development rights programs viable and successful. The department shall encourage and embrace the efforts in any of these counties or cities to develop local transfer of development rights programs. In fulfilling the requirements of this chapter, the department shall work with the Puget Sound regional council and its growth management policy board to develop a process that satisfies the requirements of this chapter. In the development of a process to create a regional transfer of development rights program, the Puget Sound regional council and its growth management policy board shall develop policies to discourage, or prohibit if necessary, the transfer of development rights from a sending area that would negatively impact the future economic viability of the sending area. The department shall also work with an advisory committee to develop a regional transfer of development rights marketplace that includes, but is not limited to, supporting strategies for financing infrastructure and conservation. The department shall establish an advisory committee of nine stakeholders with representatives of the following interests:

(a) Two qualified nongovernmental organizations with expertise in the transfer of development rights. At least one organization must have a statewide expertise in growth management planning and in the transfer of development rights and at least one organization must have a local perspective on market-based conservation strategies and transfer of development rights;

(b) Two representatives from real estate and development;

(c) One representative with a county government perspective;

(d) Two representatives from cities of different sizes and geographic areas within the four-county region; and

(e) Two representatives of the agricultural industry; and

(2) Allows the department to utilize recommendations of the interested local governments, nongovernmental entities, and the Puget Sound regional council to develop recommendations and strategies for a regional transfer of development rights marketplace with supporting strategies for financing infrastructure and conservation that represents the consensus of the governmental and nongovernmental parties engaged in the process. However, if agreement between the parties cannot be reached, the department shall make recommendations to the legislature that seek to balance the needs and interests of the interested governmental and nongovernmental parties. The department may contract for expertise to accomplish any of the following tasks. Recommendations developed under this subsection must:

(a) Identify opportunities for cities, counties, and the state to achieve significant benefits through using transfer of development rights programs and the value in modifying criteria by which capital budget funds are allocated, including but not limited to, existing state grant programs to provide incentives for local governments to implement transfer of development rights programs;

(b) Address challenges to the creation of an efficient and transparent transfer of development rights market, including the

creation of a transfer of development rights bank, brokerage, or direct buyer-seller exchange;

(c) Address issues of certainty to buyers and sellers of development rights that address long-term environmental benefits and perceived inequities in land values and permitting processes;

(d) Address the means for assuring that appropriate values are recognized and updated, as well as specifically addressing the need to maintain the quality of life in receiving neighborhoods and the protection of environmental values over time;

(e) Identify opportunities and challenges that, if resolved, would result in cities throughout the Puget Sound region participating in a transfer of development rights market;

(f) Compare the uses of a regional transfer of development rights program to other existing land conservation strategies to protect rural and resource lands and implement the growth management act; and

(g) Identify appropriate sending areas so as to protect future growth and economic development needs of the sending areas. [2007 c 482 s 3.]

**RCW 43.362.030 Program established in central Puget Sound. (1)**

Subject to the availability of funds appropriated for this specific purpose or another source of funding made available for this specific purpose, the department shall establish a regional transfer of development rights program in central Puget Sound, including King, Kitsap, Snohomish, and Pierce counties and the cities and towns within these counties. The program must be guided by the Puget Sound regional council's multicounty planning policies adopted under RCW 36.70A.210(7).

(2) The purpose of the program is to foster voluntary county, city, and town participation in the program so that interjurisdictional transfers occur between the counties, cities, and towns, including transfers from counties to cities and towns in other counties. Private transactions between buyers and sellers of transferable development rights are allowed and encouraged under this program. In fulfilling the requirements of this chapter, the department shall work with the Puget Sound regional council to implement a regional program.

(3) The department shall encourage participation by the cities, towns, and counties in the regional program. The regional program shall not be implemented in a manner that negatively impacts existing local programs. The department shall encourage and work to enhance the efforts in any of these counties, cities, or towns to develop local transfer of development rights programs or enhance existing programs.

(4) Subject to the availability of funds appropriated for this specific purpose or another source of funding made available for this specific purpose, the department shall do the following to implement a regional transfer of development rights program in central Puget Sound:

(a) Serve as the central coordinator for state government in the implementation of RCW 43.362.030 through 43.362.070.

(b) Offer technical assistance to cities, towns, and counties planning for participation in the regional transfer of development rights program. The department's technical assistance shall:

(i) Include written guidance for local development and implementation of the regional transfer of development rights program;

(ii) Include guidance for and encourage permitting or environmental review incentives for developers to participate. Activities may include, but are not limited to, provision for by-right permitting, substantial environmental review of a subarea plan for the receiving area that includes the use of transferable development rights, adoption of a categorical exemption for infill under RCW 43.21C.229 for a receiving area, or adoption of a planned action under RCW 43.21C.240;

(iii) Provide guidance to counties, cities, and towns to negotiate receiving area ratios and foster private transactions;

(iv) Provide guidance and encourage planning for receiving areas that do not compete or conflict with comprehensive plan policies and development regulations that require or encourage affordable housing; and

(v) Provide guidance and encourage planning for receiving areas that maximizes opportunities for economic development through the creation or retention of jobs.

(c) Work with counties, cities, and towns to inform elected officials, planning commissions, and the public regarding the regional transfer of development rights program. The information provided by the department shall discuss the importance of preserving farmland and farming, and forestland and forestry, to cities and towns and the local economy.

(d) Based on information provided by the counties, cities, and towns, post on a website information regarding transfer of development rights transactions and a list of interested buyers and sellers of transferable development rights.

(e) Coordinate with and provide resources to state and local agencies and stakeholders to provide public outreach. [2009 c 474 s 3.]

**RCW 43.362.040 Designation of sending and receiving areas— Inclusion of certain lands in programs for agricultural or forestland conservation.** (1) Counties shall use the following criteria to guide the designation of sending areas for participation in the regional transfer of development rights program:

(a) Land designated as agricultural or forestland of long-term commercial significance;

(b) Land designated rural that is being farmed or managed for forestry;

(c) Land whose conservation meets other state and regionally adopted priorities; and

(d) Land that is in current use as a manufactured/mobile home park as defined in chapter 59.20 RCW.

Nothing in these criteria limits a county's authority to designate additional lands as a sending area for conservation under a local county transfer of development rights program.

(2) Upon purchase of a transferable development right from land designated rural that is being farmed or managed for forestry, a county must include the land from which the right was purchased in any programs it administers for conservation of agricultural land or forestland.

(3) The designation of receiving areas is limited to incorporated cities or towns. Prior to designating a receiving area, a city or town should have adequate infrastructure planned and funding identified for

development in the receiving area at densities or intensities consistent with what can be achieved under the local transfer of development rights program. Nothing in this subsection limits a city's, town's, or county's authority to designate additional lands for a receiving area under a local intrajurisdictional transfer of development rights program that is not part of the regional program.

(4) Cities and towns participating in the regional transfer of development rights program shall have discretion to determine which sending areas they receive development rights from to be used in their designated receiving areas.

(5) Designation of sending and receiving areas should include a process for public outreach consistent with the public participation requirements in chapter 36.70A RCW. [2009 c 474 s 4.]

**RCW 43.362.050 Interlocal agreement for transfers of development rights—Rules.** (1) To facilitate participation, the department shall develop and adopt by rule terms and conditions of an interlocal agreement for transfers of development rights between counties, cities, and towns. Counties, cities, and towns participating in the regional program have the option of adopting the rule by reference to transfer development rights across jurisdictional boundaries as an alternative to entering into an interlocal agreement under chapter 39.34 RCW.

(2) This section and the rules adopted under this section shall be deemed to provide an alternative method for the implementation of a regional transfer of development rights program, and shall not be construed as imposing any additional condition upon the exercise of any other powers vested in municipalities.

(3) Nothing in this section prohibits a county, city, or town from entering into an interlocal agreement under chapter 39.34 RCW to transfer development rights under the regional program. [2009 c 474 s 5.]

**RCW 43.362.060 Participation in regional transfer of development rights program—Requirements—Incentives for developers.** (1) Counties, cities, and towns that choose to participate in the regional transfer of development rights program must:

(a) Enter into an interlocal agreement or adopt a resolution adopting by reference the provisions in the department rule authorized in RCW 43.362.050; and

(b) Adopt transfer of development rights policies or implement development regulations that:

(i) Comply with chapter 36.70A RCW;

(ii) Designate sending or receiving areas consistent with RCW 43.362.030 through 43.362.070; and

(iii) Adopt a sending or receiving area ratio in cooperation with the sending or receiving jurisdiction.

(2) Cities and towns that choose to participate in the regional transfer of development rights program are encouraged to provide permitting or environmental review incentives for developers to participate. Such incentives may include, but are not limited to, provision for by-right permitting, substantial environmental review of a subarea plan for the receiving area that includes the use of transferable development rights, adoption of a categorical exemption

for infill under RCW 43.21C.229 for a receiving area, or adoption of a planned action under RCW 43.21C.240. [2009 c 474 s 6.]

**RCW 43.362.070 Quantitative and qualitative performance measures**  
**—Reporting—Posting on website.** The department will develop quantitative and qualitative performance measures for monitoring the regional transfer of development rights program. The performance measures may address conservation of land and creation of compact communities, as well as other measures identified by the department. The department may require cities, towns, and counties to report on these performance measures biannually. The department shall compile any performance measure information that has been reported by the counties, cities, and towns and post it on a website. [2009 c 474 s 7.]