Technical Report 11

Economic Development Toolbox for Clark County

INTRODUCTION

The Highway 99 Sub-Area provides a unique opportunity for development and redevelopment. Throughout the planning process, comments have focused on the extensive investment that will be necessary to realize the vision of the area. How will it be funded and what incentives will Clark County provide to the private sector? This technical report provides a high level overview of what economic development is; what goals and aspirations of economic development exist in Clark County; the statutory boundaries surrounding the use of public funds; and finally an overview of Clark County's Economic Development Toolbox.

What is Economic Development?

Economic development is an activity which is regional or county-wide, and sometimes even broader. Successful economic development activities are carried out through partnerships with local governments, agencies, development organizations, and local business groups. The term economic development can be better described than defined. It is not statutorily defined, although various statutes describe its goals and broad scope while providing authority for certain economic activities. (RCW 36.01.085). The Growth Management Act lists 13 planning goals, one of which is economic development:

> *Encourage economic development throughout the state that is consistent with adopted comprehensive plans; promote economic opportunity for all citizens of the state, especially for unemployed and disadvantaged persons; and encourage growth in areas experiencing insufficient economic growth, all within the capacities of the state's natural resources and local public facilities (RCW 36.70A.020(5)).*

Clark County adopted the following statements that summarize the perspectivies of the county and CREDC on economic development:

- Clark County will take advantage of opportunities created by dynamic markets and competitive forces. The focus of Clark County's Economic Development Strategy is to grow a family-wage, knowledge-based economy (KBE) that creates jobs at a rate in excess of population growth while maintaining and enhancing community identity and our quality of life. A KBE increases economic value through knowledge, creativity, and innovation as opposed to production or attainment of physical components and assets.
- Economic development activities will support existing and emerging clusters that have a significant KBE component. Clusters targeted to drive the future economy include telecommunications, semiconductor and electronic manufacturing, knowledge-based service industries, life sciences healthcare, and expansion of locally owned businesses. There will also be an emphasis on the retention and expansion of existing businesses as the baseline for additional job creation.
- To grow targeted industries and support the desired pattern of growth, Clark County and its municipalities will protect the inventory of commercial and industrial lands. Focus will be placed on parcels that may be aggregated to accommodate KBE campus development and the clustering of targeted industries.
- Economic development will be increasingly supported by master-planned and mixed-use developments in select areas that incorporate both traditionally

defined manufacturing uses, office commercial uses, and in some cases residential. The KBE focus is expected to increase demand for campus-style development.

- The development and marketing of land in the vicinity of I-5 between Salmon Creek and Ridgefield (conceptually referred to as the "Discovery Corridor") will support the continued growth of existing high-technology firms and encourage more knowledge-based industries.
- To be continually competitive for economic growth and investment, the county's development process must support shorter timelines, more predictability, greater and more timely data access, and competitive cost structures.
- Local and state governments must focus infrastructure investments in areas designated as nodes of growth to maximize economic development, including infrastructure investment in advance of development.
- Growth in the future economy of Clark County will be further amplified by an increasing percentage of individuals who take advantage of jobs growth by both living and working in Clark County. Higher education will be the platform upon which Clark County's future economic success will be built, and that success will be seen in greater regional economic reach and impact.
- The Columbia River Economic Development Council (CREDC) shall create a Targeted Industry Advisory Committee to advise Washington State University- Vancouver and Clark College on the creation of strategies and programs to support targeted industries.

Clark County Economic Development Activities

Clark County is limited to the type of economic development activities it may undertake. As financial partners in economic development, counties can invest public funds in a limited but meaningful manner to promote industrial and commercial growth. Most typical investments are in tourism, facilitating industrial development through land use policies, and creating the infrastructure framework that supports economic development. All activities must be for an identified public purpose. Local government investment in the state of Washington is restricted by the state constitution through the lending of credit clause.

Under Article VIII, Section 7 of the Washington State Constitution, a city or county may not directly give or loan money to private businesses for economic development. The State of Washington is one of the more restrictive states in the nation in regard to how public funds may be utilized to attract private investment. Specifically, Article VIII, Section 7 of the Washington State Constitution provides:

> *No county, city, town or other municipal corporation shall hereafter give any money, property, or loan its money, or credit to or in aid of any individual, association, company or corporation, except for the necessary support of the poor and infirm.*

In Washington, this constitutional provision has been interpreted in numerous cases and generally has been narrowly interpreted with regard to allowable uses of public funds to aid private businesses or corporations. A county does not have direct authority to construct and operate industrial and commercial facilities, or to pay funds out for the purpose of attracting private industrial development.

Economic Development Funding in Washington State

As part of an overall economic development strategy, state and local governments have provided a variety of financial incentives to attract new businesses or encourage existing firms to remain or expand in the local area. In Washington, the emphasis is on investments in infrastructure, and development of public amenities, including parking facilities. While some funding is available in the form of grants and loans from State and Federal sources for infrastructure improvements, local governments generate most funding. State sponsored efforts to support economic development have primarily focused on rural areas. New opportunities for urban counties may include funding to support sustainability and healthy communities. Many of these investments are facilitated by partnerships between agencies, local governments, small business development centers, port districts, community and technical colleges, workforce development councils, chambers, and economic development councils. In addition, special State and Federal programs exist for counties and other lead agencies such as C-TRAN. These programs are highlighted in the Toolbox because over time, the county may decide to collaborate with different agencies to tap other funding sources for projects in the Highway 99 Sub-Area.

Funding vs. Financing

There is an important distinction between funding and financing sources. Funding sources generate dollars such as dedicated taxes, transfers of tax revenue from other agencies, or grants from various programs that can be used to meet the agency's financial obligations. Financing mechanisms on the other hand, match cost and revenue cash flow. Usually this means that the agency will borrow money and pledge future income for repayment from a funding source such as revenue bonds, low interest loans, or general obligation bonds.

Clark County's Toolbox

The Economic Development Toolbox is a summary of the most commonly considered or used tools to assist development or re-development. Many of the tools in the Toolbox are designed to promote additional private sector investment or compact development in downtown or urban core areas. In partnership with the business community, the county can also conduct marketing efforts and promote tourism.

To create incentives for development and to reduce developer risk, the county can identify barriers to development in their regulatory role (e.g. planned action ordinance). We can ensure that policies and regulations are aligned to foster our economic development objectives. Clark County can also engage in public-private partnerships, provide financial incentives for mixed-use and multifamily housing and take a leadership role in convening parties to resolve issues.

Funding sources that can be used to generate General Fund revenue are not discussed in this Toolbox. However, certain general purpose revenues are mentioned that can be used to fund marketing, tourism promotion or that are likely to support economic development programs. General purpose revenues are not intended to expressly support economic development activities. Existing General Fund revenues in the Highway 99 Sub-Area (i.e. property tax, sales tax, franchise fees, development service fees, parks and recreation fees, state-shared revenues, etc.) are allocated to fund basic municipal services such as law enforcement, jail, court, development services, street and traffic maintenance, and parks and recreation.

Other revenues the county uses for infrastructure funding such as user fees, are not included, because they are for specific purposes or projects. They are defined as a payment of a fee for direct receipt of a public service by the person benefiting from the service, and typically support existing programs and services. In addition, the county can apply to several Federal and State grant and loan sources not represented in the Toolbox. These funding sources such as Federal Aid to Urban Systems, Interagency Committee for Outdoor Recreation Grants, State Urban Arterial Improvement Account grants, and various Washington State Department of Transportation programs will continue to be pursued by the county.

The toolbox is grouped by:

- **Tool type**: Fees, taxes, assessments, loans, bonds, grants, local government or agency partnerships, and adjustments to county policies and regulations.
- **User**: Some tools are used by the public sector and others are used by the private sector.
- **Applicability**: Tools can be used to improve transportation, transit, regional facilities, other public facilities, or private development sites.
- **Focus**: Tools may be specifically related to new development and economic development, or may be broadly based finance tools used for routine maintenance and construction across the county. The new development tools most often require documentation of the use of the funds to promote economic development. The broadly based financing might be re-allocated from other projects to capital projects that support economic development.
- **Potential for Highway 99**: After considering all these factors, each tool is rated as having a high, medium, low or no potential for use in Highway 99. Tools ranked as “none” are generally those where all the statutory authority allowed under a tax is already allocated, or where the county is not eligible to use the tool. In some cases there is an opportunity for potential use in the Highway 99 Sub-Area should the county modify policy.

The toolbox text is then organized by:

- **Fees and assessments**: These tools create revenue. They are applied to specific land use applicants, or to land owners within a specified area based on the character of the land use. In general, the fee or assessment cannot exceed the benefit to the individual paying the assessment.
- **Taxes and taxing districts**: These tools create revenue. They are applied to everyone within a class of use, or to everyone within a geographic area.
- **Loans and bonds**: These tools allow a project proponent, public or private; to borrow money with the assurance it will be repaid, for the purpose of accomplishing a project. As is the case with all loans, the borrower must show the ability to repay, and the finance charges and interest increases the total cost of the projects.
- **Grants**: Grants create revenue to accomplish a project. Grants are generally awarded from state or federal agencies. Most grants are received after competitive evaluation. Most require a local share of funding to the project.
- **Incentives and tools for minimizing developer risk**: These tools allow the county to reduce the risk to the private sector developer by creating a lower cost project, a more predictable regulatory environment, or other regulatory streamlining. The tools may result in higher costs to the county through the assumption of costs previously borne by the developer, or through the additional cost of assisting the developer.

Table 1 Toolbox Type and Applicability Matrix

	Tool type					User		Applicability						Focus		Potential for Hwy 99				
Tool	**Fee**	**Tax**	**Loan and bond**	**Grant**	**Policy or regulation**	**Public**	**Private**	**Transportation**	**Transit**	**Regional facility**	**Other public facility**	**Tourism and promotion**	**Development site**	**New projects, development**	**Broadly based**	**High**	**Medium**	**Low**	**None**	**Opportunity**
Fees and Assessments																				
Impact fee	■					■		■							■	■				
Parking and business improvement area	■						■				■			■			■			
Stormwater utility	■					■					■				■					■
Taxes and Taxing Districts																				
Low income housing tax credits		■					■						■		■	■				
Tax deferral		■					■						■	■		■				
Transportation benefit district		■				■		■							■		■			
Local improvement districts		■				■					■				■		■			
Road improvement districts		■				■		■							■		■			
Real estate excise tax		■				■		■	■	■	■				■			■		
Hotel motel taxes		■				■						■			■			■		
Local infrastructure financing		■				■		■	■	■	■			■				■		
Historic tax credits		■					■						■		■			■		
Commercial parking tax		■				■		■	■		■			■						■
Public facilities district		■				■					■	■		■						■
Local admissions tax		■				■		■	■	■	■				■				■	
Community revitalization funding		■				■		■	■	■	■			■					■	
Community empowerment zone		■					■							■					■	
Multifamily tax exemption program		■					■						■	■					■	

Loans and Bonds																				
Public Works trust fund loan																				
Transportation Improvement Board funds																				
Clark County economic development fund																				
General obligation and revenue bonds																				
63-20 financing via IRS Code																				
Water pollution control revolving fund																				
Brownfields loan fund																				
Grants																				
Federal transit very small starts																				
Surface Transportation Program																				
Congestion mitigation and air quality																				
Transportation enhancement funding																				
Federal transit new starts																				
Federal transit small starts																				
Incentives and Tools for Minimizing Developer Risk																				
Impact fee credit																				
Overlay zoning																				
Generous building height and setback																				
Reduce off street parking requirements																				
20-40 percent off street parking reduction																				
Fast track permitting																				
Focused public investment																				
Planned action ordinance																				
Flexible code revisions																				
Public private partnerships																				
Developer agreements																				
Business specialist																				
Expert advisory board																				
Percent for art																				
Public development authority																				
Waive permit or mitigation fees																				
Waiver of Stormwater fees																				

Land assembly																				
Business and Occupation Credits																				
Sales & Use Tax Exemptions & Deferrals																				
Other Tax Incentives Statewide																				

APPENDIX A Toolbox Description

Impact Fees
RCW Chapter 82.02
For Transportation – RCW 39.92.040

What it is: Fees a local jurisdiction charges to new development as a condition of development approval to pay for public facilities needed to serve new growth and development. Impact fees are levied based on a level of service standard established by the jurisdiction and are designed to partially fund public facilities and services made necessary to the new development. The fees must pay for services required as a result of new growth.

What it's Used for: Impact fees can be assessed to fund expected incremental service needed for publicly owned parks, open space, and recreation facilities; fire protection and police facilities; and transportation improvements. In addition, a school district operating in a local jurisdiction may assess a school facilities impact fee.

Funding parameters/ restrictions: Fees are often uniform based on the average cost of providing service to the new development. Counties may choose to develop impact fees that reflect actual cost of extending service (marginal cost) to promote development or redevelopment. Some of these areas may be less expensive to serve, depending on their location. The rationale for different fees, however, must be documented clearly to avoid legal challenges.

Implications: Clark County already imposes impact fees, so this technique is well understood and the administrative structures to support their collection and use are in place. Additional impact fees could be interpreted as discouraging development by increasing costs of development. The fees are imposed at the time of project development, so they are not available in advance of project activity in the TIF district.

Traffic Impact Fee Exemption

What it is:	Reduce or eliminate an impact fee for development within specified area.
What it's used for:	Reduce costs to the private sector as an incentive for redevelopment.
Funding parameters/ restrictions:	When a fee is exempted, the jurisdiction must pay the value of the fee, plus the local share commonly associated with the fee. The exemption must be associated with a public purpose.
Implications:	It can be difficult for a jurisdiction to find a source to pay the fee. Exemptions can be hard to predict, and therefore hard to budget. When not properly budgeted, the result may be that other, non-exempted projects are delayed because their funding was re-allocated to pay for the exemption. It is often more cost effective for the community to alter the trips per land use ratios to reduce the fee charged to the land use than it is to create an exemption program.

Parking and Business Improvement Area
RCW 35.87A

What it is: A parking and business improvement area (PBIA) is designed to aid general economic development and to facilitate merchant and business cooperation. A PBIA is a local self-help funding mechanism that allows businesses and property owners within a defined area to establish a special assessment district. Funds raised can be used to provide management, services, facilities, and programs to the district.

What it's used for: The activities in a parking and business improvement area are financed through a special assessment that is imposed on businesses, multifamily residential developments, and mixed-use developments located within the geographic boundaries of the area. The assessments can be used to finance:

- construction, acquisition, or maintenance of parking facilities in the area; decoration of public areas;
- promotion of public events in public places in the area;
- furnishing of music in any public place in the area;
- provision of maintenance and security of common public areas; or
- management, planning, and promotion of the area, including the promotion of retail trade activities in the area.

Funding parameters/ Restrictions: Assessments may not exceed the benefits of the improvement to each parcel.

How to use it:

1. Develop and sign petition - operators responsible for 60% of the assessments by businesses and multifamily residential or mixed-use projects within the area.
2. Determine the level of special assessment and on what the assessment will be based (number of employees, square footage, gross sales, etc.).

Implications: In some cases, establishment of a business improvement area has been controversial. May require significant effort to promote district formation.

Stormwater Utility
RCW 36.89 and 36.94

What it is:	A stand alone organization wihtin the government structure that provides surface water quality services.
What it's used for:	Stormwater system operation, maintenance, administration and education
Funding parameters/ restrictions:	Utilities may bond and may collect revenues as fees.
Implications:	A utility may free general tax dollars from stormwater for other uses. A countywide approach reduces multiple special districts and provides an organization dedicated to this cause.

TAXES AND TAXING DISTRICTS

Commercial Parking Tax
RCW 82.80.030

What it is: Tax is levied on the parking of vehicles in commercial parking facilities. The tax may be levied on either the parking business and measured by gross proceeds or the number of stalls available for commercial parking, or on the customers who park in the commercial facility and measured by a flat fee per vehicle, or the amount of the charge for parking. The rates are not specified in the statute.

What it's Used for: Proceeds must be used for local transportation purposes, including street and road improvements, public transportation, and high capacity transit facilities.

Funding parameters/ restrictions: Owners or operators of commercial parking facilities report to the levying city or county on a monthly, quarterly or annual basis. Tax exempt carpools, vehicles with handicapped decals, government vehicles are exempt from the tax. State and local retail sales tax already applies to charges for parking vehicles.

Implications: Requires facilities to tax: a tax on commercial parking may hinder the achievement of other economic development goals of increasing walkability and pedestrian traffic downtown.

Real Estate Excise Tax for Local Capital Projects
RCW 82.46.035

What it is: Tax is assessed on sales of real estate measured by the full selling price, including the amount of any liens, mortgages or other debts. The tax also applies to transfers of controlling interests in entities that own property in the state. There are several different rates that cities, counties and the State can assess for different purposes. See RCW Chapter 82.45 for complete discussion of State assessment and RCW Chapter 82.46 for discussion of possible city and county assessments of REET. Tax rate for capital projects was authorized in 1990 and has been implemented to-date by 108 cities and 9 counties. Cities and counties can assess a tax rate of up to 0.25% for capital purposes.

What it's used for: Receipts may only be used for capital projects specified in a comprehensive plan.

Funding parameters/ restrictions: Restrictions exist for other local portions of REET. The seller of the property typically pays the tax. Exemptions include: property acquired by gift, inheritance and other transfers which do not represent market transactions; transfers to lien holders when such transfers are “in lieu” of foreclosure or forfeiture; real property acquired from a governmental entity, including federal, state or local jurisdictions; and business transfers in which no gain or loss for federal income tax purposes occurs. In addition, credit may be granted for the amount of tax paid on a single family residential property if the property is transferred to a real estate broker or other party who resells the property within nine months.

Currently the county is imposing the full REET tax allowable by law, with the exception of a REET that is used only for conservation purposes.

Implications: To use REET for infrastructure improvements in Highway 99, the county would have to re-allocate its use from parks or economic development or other approved programs. An important tool for helping local governments fund infrastructure. The overall applicable tax rate (given the combination of State and local REET) on a sale may penalize long-time residents who need to sell their property and can be interpreted to create an inequitable situation between those households and businesses which must sell when compared to others who remain at their present locations. REET revenues are largest in communities (and time periods) with active markets, and smallest in communities and (and time periods) with slow activity.

Local Admissions Tax
RCW 36.38.010

What it is:	Tax on the price paid for admission to any place or event. The tax may apply to season tickets, cover charges, charges for the use of recreational facilities and equipment, and charges for parking of vehicles (if the charge is related to the number of passengers). Also, charges for food and beverages may be included if the price is subject to tax and entertainment is provided.
What it's used for:	General county purposes.
Funding parameters/ restrictions:	Maximum rate of 1 cent per 20 cents of price (or 5%). When cities levy the tax, the county tax may not apply within the incorporated area of the levying city. Persons who charge admissions for events include the tax in the purchase price of the ticket and report the tax to the appropriate local jurisdiction. The tax is administered by the city. Activities of elementary or secondary schools are exempt from the tax. The county currently does not impose this tax.
Implications:	A countywide tax used to benefit one corridor may not be perceived as fair to some people. This tax has the advantage of being collected from persons who may live outside of Clark County, which makes it appealing to local residents. The tax, however, may make prices of local events less competitive when compared to other communities without the tax.

Special Local Hotel-Motel Tax
RCW 67.28.180
State Shared Local Hotel-Motel Tax
RCW Chapters 67.28, 67.40 & 36.10

What it is:	Charges for lodging at hotels, motels, rooming houses, private campgrounds, RV parks and similar facilities for continuous periods of less than one month. Both taxes are administered by the Department of Revenue and distributed monthly to the levying jurisdiction by the State Treasurer. Maximum of 2.0% for each; all cities and counties that levy the tax have adopted the shared maximum rate. The State Shared Tax is deducted from the state retail sales tax so that the hotel-motel tax is not an additional tax for the customer. The Special Local Hotel-Motel tax is not shared, and if levied it is an additional burden for consumers. The Special Local taxes are in addition to the combined state and local retail sales tax. Thus, the overall sales and hotel-motel tax rate is in the range of approximately 10% to 11% for most jurisdictions.
What it's used for:	Promotion of tourism or construction and operation of tourism-related facilities.
Funding parameters/ restrictions:	Special restrictions apply to use of receipts for a facility that will house a professional sports franchise. Emergency lodging provided to homeless persons is exempt from the tax. The county currently imposes a rate of 2 percent.
Implications:	The county currently imposes this tax and tourism related uses are already identified. Re-direction to uses within Highway 99 would require changing the use plan for the tax.

Public Facilities District
RCW 36.100

What it is:	Public facilities districts (PFDs) are municipal corporations with independent taxing authority and are taxing districts under the state constitution.
What it's used for:	They are for the limited purpose of developing certain regional facilities, such as convention or special events centers. Public Facilities Districts can contract with other public agencies such as cities, counties and other PFDs to develop such facilities. PFDs are authorized to impose a local sales tax credited against the state sales tax and thus can contribute significant new special revenues to certain public projects.
Funding parameters/ Restrictions:	Their ability to impose this tax is subject to numerous legal constraints and their independence creates both opportunities and issues that need to be fully understood.
Implications:	Creation of an independent taxing authority can be difficult and controversial. Requires a regional facility as a project.

Transportation Benefit District

What it is:	A Transportation Benefit District (TBD) is a quasi-municipal corporation and independent taxing district created for the sole purpose of acquiring, constructing, improving, providing, and funding transportation improvements within the district.
What it's used for:	A county or a city may establish a transportation benefit district to fund transportation improvements that are consistent with any existing state, regional, and local transportation plan.
Funding parameters/ Restrictions:	The improvements must be: (1) consistent with state, regional and local transportation plans; (2) necessitated by congestion levels attributable to economic growth; and (3) partially funded by local government and/or private developer contributions.
Implications:	Establishment of benefit districts can be controversial among persons designated to be within the district. The projects must be growth and congestion related, which limits their use for re-development efforts.

Local Improvement Districts
Road Improvement Districts
RCW 36.94.220
RCW 36.88

What it is: Counties can use LIDs for water, sewer and storm sewer facilities, but must use RIDs for road and street improvements.

What it's used for: A county has the power to establish utility local improvement districts (LID) and local improvement districts within the area of a sewerage and/or water general plan and to levy special assessments under a mode of annual installments extending over a period not exceeding twenty years on all property specially benefited by any local improvement on the basis of the special benefits to pay in whole or in part the damages or costs of any improvements ordered in such county.

All counties have the power to create county road improvement districts (RID) for the acquisition of rights-of-way and improvement of county roads, existing private roads that will become county roads as a result of this improvement district process and, with the approval of the state department of transportation, state highways; for the construction or improvement of necessary drainage facilities, bulkheads, retaining walls, and other appurtenances therefore, bridges, culverts, sidewalks, curbs and gutters, escalators, or moving sidewalks; and for the draining or filling of drainage potholes or swamps.

Funding parameters/ Restrictions: For LIDs, counties have the power to levy special assessments over a period not exceeding twenty years on all property specially benefited by any local improvement on the basis of the special benefits to pay in whole or in part the damages or costs of any improvements ordered in such county.

For RIDs, counties have the power to levy and collect special assessments against the real property specially benefited for the purpose of paying the whole or any part of the cost of such acquisition of rights-of-way, construction, or improvement.

Implications: LIDs can be complicated, time consuming, and expensive to administer. In recent years, they have fallen out of favor and are not widely used due to legal and administrative difficulties with their implementation.

Community Revitalization Financing
RCW 39.89

What it is:	Tax increment financing (TIF) or community redevelopment financing is a method of redistributing property tax collections within designated areas to finance infrastructure improvements within these designated areas.
What it's used for:	Counties, cities, towns, and port districts can create tax increment areas within their boundaries where community revitalization projects and programs are financed by diverting a portion of the regular property taxes imposed by local governments within the tax increment area.
Funding parameters/ Restrictions:	Attempts to authorize the use of state property tax revenue in Washington to finance developments through TIF have been struck down by the voters and the courts. In 2006 the legislature supplemented existing tax increment finance legislation with the Local Infrastructure Financing Tool Program (LIFT).
Implications:	The authority granted in Washington is cumbersome and provides a minimal economic benefit to projects.

Local Infrastructure Financing Tool (LIFT)
Ch 181 Laws of 2006 (ESSHB 2673)

What it is:	The LIFT program was established during the 2006 Legislative Session. The program provides a new way to support Washington's public infrastructure, helping to create jobs and increase local economic growth.
What it's used for:	Provides funding for local infrastructure using sales tax, property tax and selected other excise tax increases generated by an economic development project as part of a revenue development area designated by the sponsoring local government.
Funding parameters/ restrictions:	The incremental increase in taxes may be credited against the state sales and use tax revenues up to $1 million per year per project. The annual aggregate amount of local taxes credited against the state sales tax is limited to $5 million per year. The bill includes three specific demonstration projects in Bellingham, Vancouver, and Spokane. It also allows additional jurisdictions to submit projects for approval for funding in a competitive process administered by the Community Economic Revitalization Board (CERB).
Implications:	The authority granted in Washington is cumbersome and provides a minimal economic benefit to projects. The process is competitive, which requires coordination with the granting authority.

Community Empowerment Zones

What it is: The Washington Community Empowerment Zone program is a competitive program intended to spur neighborhood revitalization and reinvestment.

What it's used for: The CEZ designation enables qualified businesses to apply to the Department of Revenue for sales tax deferrals and business and occupation tax credits for a variety of projects.

Funding parameters/ restrictions: To receive State CEZ designation, the six eligible jurisdictions identified targeted neighborhoods, undertook planning and public involvement process, and adopted a five-year plan to guide resource investments. The state departments of revenue, employment securities and financial management are involved in the designation.

Existing State CEZs are: Bremerton, Seattle, Spokane, Tacoma, King County (White Center Neighborhood), and Yakima.

CEZ's must have 51 percent or more of the households with income 80 percent or less of the county median income and unemployment at 120 percent of the county average. The HWY 99 subarea meets the unemployment criteria with an overall unemployment rate of 7.63% compared to a countywide rate of 7.08% which represents 120% of the county average of 5.9%.

However, the median household income falls a little short of the 51% of the 80% median household income criteria based on the Census 2000 block group totals. The numbers indicate 45.7% of the households are below 80% of the median household income. This is based on the county median household income from Census 2000 of $48,376. Eighty percent of the county median is $38,701.

There may be individual block groups within HWY 99 that meet both criteria.

Implications: Clark County is not eligible for this program under RCW 43.41C, and Highway 99 does not meet the demographic criteria for designation.

Multi-Family Tax Exemption Program
RCW 84.14

What it is:	The multiple-unit dwellings property tax exemption encourages construction of new multi-family housing and rehabilitation of existing vacant and underutilized buildings for multi-family housing by forgiving the property tax payments on improvements for ten years.
What it's used for:	Designed to encourage multi-family housing developments in locally-designated urban center areas, the abatement covers new construction, rehabilitation of a vacant building or improvements to an occupied structure that result in at least four additional renter or owner-occupied units.
Funding parameters/ Restrictions:	Land, existing improvements, and non-residential improvements are not exempt from taxation. The housing must meet the guidelines of the local jurisdiction, which may include height, density, public benefit features, number and size of proposed development, parking, low-income or moderate-income occupancy requirements and any other adopted requirements.
How to use it/Steps:	1. Local government designates residential "target area." 2. Adopt standards and guidelines establishing basic requirements for both new construction and rehabilitation to be used in considering applications and granting the exemptions. 3. Tax exemption is for ten successive years beginning January 1 of the year immediately following the issuance of the certificate of tax exemption eligibility.
Implications:	State legislation limits use to cities. An amendment to RCW 84.14 is required for county use.

Low Income Housing Tax Credits

What it is: The low-income housing tax credit is an incentive program created to encourage the construction or rehabilitation of buildings for low-income tenants.

What it's used for: It provides a dollar-for-dollar credit that can be used to reduce federal taxes. These tax benefits can be used by developers to attract investors who commit their dollars to a project in return for a share of the tax credits and other benefits.

Funding parameters/ Restrictions: The "Owner" of a Project (an individual, corporation, Limited Liability Company or, most commonly, a Limited Partnership) which receives Credit from an allocating agency is eligible to use the Credit. Individuals are subject to the passive income and loss and at-risk limitations in the federal tax law. Certain for-profit corporations not subject to the passive income and loss and at-risk limitations are able to use an unrestricted amount of Credit each year.

How to use it/Steps: The Washington State Housing Finance Commission is the designated allocating agency for the state of Washington. States can only allocate credits within their state boundaries, and the Commission is the only agency in Washington authorized to issue credits. The laws governing the program impose many requirements on owners which the Commission must administer and monitor. The allocating agency also has the ability to develop additional requirements beyond the federal code for administering the program. State guidelines may be more restrictive than federal guidelines.

Implications: Credits are competitive. Government may need to assist the project with expedited review to help the project make funding deadlines. The credits are for low income housing, which may not be welcome in a neighborhood.

Historic Tax Credits

What it is: The Federal Historic Preservation Tax Certification Program is one of the most useful incentives for encouraging the preservation of the state's historic resources.

What it's used for: The program is available for buildings in Washington that are listed on the National Register of Historic Places. To be eligible for this 20 percent credit, National Register properties must be income-producing, which may include uses such as commercial, retail, office, rental residential or industrial.

Funding parameters/ restrictions: To qualify for the Historic Preservation Tax Certification Program, a project must be "substantial" and be carried out in accordance with the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings.

A "substantial" rehabilitation is one in which the amount spent on qualified project work is equal to or greater than the adjusted basis (value) of the building itself.

Implications: Using the Standards for Rehabilitation may add costs to a project that the owner would otherwise avoid. Is only applicable in areas with commercial historic properties.

Tax Deferral

What it is:	Deferral of property tax collection.
What it's used for:	Assist project financing by deferring a cost.
Funding parameters/ restrictions:	Tax deferrals are subject to an agreement between the developer and the jurisdiction. The jurisdiction can defer only those taxes owed to it.
Implications:	Reduces revenues to the community. The deferral benefits the developer by allowing the collection at a point when their revenue streams may be more stable.

LOANS AND BONDS

Public Works Trust Fund Loan (PWTF)

What it is: The PWTF provides low-interest loans and technical assistance to local governments that have critical public works needs.

What it's used for: Eligible activities include repair, replacement, rehabilitation, reconstruction, or improvement of eligible public works systems to meet current standards for existing users, and may include reasonable growth (this is generally the twenty-year growth projection included in the local government's comprehensive plan under the Growth Management Act (GMA).

Funding parameters/ restrictions: Counties, cities, and towns must have adopted a local one-quarter of one percent Real Estate Excise Tax (REET).

Counties, cities, and towns planning under the GMA must be in conformance with adoption timelines for their Comprehensive Plans, Development Regulations, and Critical Area Ordinances. This would include NOT having any Findings from a Growth Management Hearings Board.

If applying for an Emergency Loan, the applicant must have adopted a local declaration of emergency.

If applying for a Public Works Planning Loan, the applicant must have a minimum plan in place at the time of application.

Implications: PWTF is a very economical source of loans, but they are still loans that must be re-paid.

Clark County Economic Development Fund
Capital Improvements Program

What it is: The Capital Improvements Program is designed to help finance infrastructure projects that are critical to job creation in Clark County. The source of revenue for the projects is either:

1. Real Estate Excise Tax (REET) revenue, or
2. The proceeds from the LTGO bonds issued by the county and repaid solely by the REET that has been bonded.

What it's used for: The funds are likely to be used as gap financing or as a portion of a total funding package for infrastructure. They may be the first public dollars committed to a specific piece of infrastructure. The funds should also be essential to the success of the project, using the "but for this investment the jobs would not be created" principle.

Funding parameters/ restrictions: Eligible projects include design and engineering necessary for construction, land or easement acquisition necessary for construction, repair, replacement, rehabilitation, reconstruction, improvement, and extension of eligible public works systems to meet current standards for existing users and may include increases in capacity to meet reasonable expectations of growth.

Improvements must be public facilities, connecting or adjacent to an economic development project site. The economic development project site must be appropriately planned and zoned for industrial, business park or mixed use development in zones where the primary land use of the mixed use is industrial.

The capital project must show reasonable expectation of completion in the shortest time possible, in most cases 24 months or less after contract execution.

The capital project pro forma must show a reasonable expectation of paying back the Economic Development fund in the shortest time possible, not to exceed 20 years. The capital project must be necessary for the creation or retention of jobs at the economic development site. As a result of the capital project and other projects proposed at the site, the site must be completely serviced (water, sewer, roads, etc.) for job creation activity. The capital project must be included in the county's adopted capital facilities plan. The capital project must be owned by a municipal jurisdiction for the life of the payback.

Implications: Projects are funded as loans, which must be repaid. The allocation authority is the Board of Clark County Commissioners, which may not be perceived as objective if the request is from a county project.

General Obligation and Revenue Bonds
RCW Chapters 35.41 and 39.46

What it is:	Debt financing for capital projects. General obligation (GO) bonds, backed by the full faith and credit of the local government, generally result in the lowest interest rates of all debt types. Two types of GO bonds are authorized: vote and non-voted. Voted GO bonds require 60% voter approval and create a new source of funds. Non-voted bonds do not require voter approval. Funds to repay the non-voted bonds must be made available from existing sources. Revenue bonds are backed by a specified stream of revenue or income and are used where it can be demonstrated that an adequate revenue stream existing from a dedicated source.
What it's used for:	To fund infrastructure projects.
Funding parameters/ restrictions:	Voted bonds must be approved by a 60% majority of the voters, turnout must be 40 percent of those voting in the last general election. Limits to amount of debt that can be issued. The bonding agencies require project lists so they can assess risk and application of the funds to a legitimate public purpose.
Implications:	For voted GO bonds, voter approval may be hard to secure. For non-voted GO and revenue bonds, it may be difficult to re-prioritize a revenue source or stream to repay the bond. Project lists and costs must be well enough developed to satisfy bonding authorities.

"63-20" Financing
Federal IRS Code

What it is:	A public funding mechanism predicated on the creation of a non-profit entity somewhat like a public development authority and a long term revenue stream that can be used to back revenue bonds. Available under IRS Code, an alternative method of obtaining tax-exempt financing that allows public bonds to be used if secured by lease agreement. Often used for facilities built as part of a public-private redevelopment. Funds available depends on the project costs and bond issuance.
What it's used for:	All infrastructure projects, with some exceptions.
Funding parameters/ restrictions:	To qualify for 63-20 financing, certain requirements must be met, including the transfer of the facility's title to the government entity once the debt is retired.
How to use it:	1) Generally, these bonds require a credit-worthy private developer willing to enter into a lease to support a bond offering. 2) A non-profit corporation issues debt on behalf of political subdivision. 3) Debt is repaid using a specific revenue stream. For example, parking structures can be built using this kind of financing and parking revenues can be used to repay the bonds.
implications:	Need to have developer willing to enter into a lease to support the bond offering. Requires compliance with "private use" requirements (limits on tax exempt bonds to finance private activities). Success depends on joint development opportunities and ability to develop public/private partnership. Need a source of funds for repayment of bonds.

Brownfield's Loan Fund

What it is:	The Brownfield's Loan Fund is $5.9 million from the EPA that is managed by the Brownfield's Coalition. Recognizing that cleanup is a crucial early step in redevelopment, yet one that's almost impossible to fund, the EPA established the revolving loan fund with an interest rate that you're unlikely to get from a private lender.
What it's used for:	Cleaning up brown fields for redevelopment purposes.
Funding parameters/ restrictions:	Site eligibility is based on the situation, the urgency of the project, the threat of the contamination, and the time frame in which a cleanup can be done. The cleanup must also be approved through the Department of Ecology's Voluntary Cleanup Program. Some factors that determine loan eligibility include: • A site reuse or redevelopment plan with near-term economic viability • The project will result in job creation and retention • The project will improve existing environmental conditions
Implications:	This funding source requires a development project, in hand. Timing of the funding and approvals must be coordinated with other permitting and development processes, which can be time consuming and complex.

State Water Pollution Control Revolving Fund

What it is: Loans for construction of wastewater treatment facilites and implementation of activities that impporve and protect water quality.

What it's used for:

Funding parameters/ restrictions: Loans for up to 100 percent of eligible project costs at low interest rates.

Implications:

GRANTS

Federal Transit Authority New Starts Funding Section 5309

What it is: The Federal Transit Administration's (FTA) discretionary New Starts program is the Federal government's primary financial resource for supporting locally-planned, implemented, and operated transit "guideway" capital investments.

What it's used for: Projects eligible for FTA Section 5309 New Starts funding include any fixed guideway system which utilizes and occupies a separate right-of-way, or rail line, for the exclusive use of mass transportation and other high occupancy vehicles, or uses a fixed catenary system and a right of way usable by other forms of transportation. This includes, but is not limited to, rapid rail, light rail, commuter rail, automated guideway transit, people movers, and exclusive facilities for buses (such as bus rapid transit) and other high occupancy vehicles.

Funding parameters/ restrictions: Projects that seek less than $25 million in Section 5309 New Starts funding, and certain other specific projects which have statutory exemptions in TEA-21, are exempt from the New Starts criteria. However, TEA-21 prohibits FTA from entering into a full funding grant agreement with any project which is not evaluated and rated against the criteria. Therefore, FTA strongly encourages all sponsors of projects authorized in TEA-21 to develop and submit to FTA their New Starts criteria when ready to advance into preliminary engineering or final design.

implications: The ranking process may not rank criteria of importance to the local community. The community may be required to change the project to acquire funding.

Small Start Funding
Federal Transit Administration Section 5309

What it is:

- The Federal Transit Administration (FTA) administers the Section 5309 Capital Investment Grant program, which provides capital funds for major transit investment projects. The Section 5309 Capital Investment Grants program now includes a new project category called "Small Starts." These projects are low cost projects that qualify for a highly simplified project evaluation and rating process by FTA.

What it's used for:

Grants are for capital costs associated with new fixed guideway systems, extensions, and bus corridor improvements.

Funding parameters/ restrictions:

Requests must be for under $75 million in New Starts funds and total project costs must be under $250 million.

In addition, a project must meet one of the following guideway criteria:

1. Be a fixed guideway for at least 50% of the project length in the peak period –AND/OR-
2. Be a corridor-based bus project with the following minimum elements:

   - Substantial Transit Stations
   - Signal Priority/Pre-emption (for Bus/LRT)
   - Low Floor / Level Boarding Vehicles
   - Special Branding of Service
   - Frequent Service - 10 min peak/15 min off peak
   - Service offered at least 14 hours per day

Implications:

The ranking process may not rank criteria of importance to the local community. The community may be required to change the project to acquire the funding.

Very Small Starts Funding
Federal Transit Administration Section 5309

What it is:	Capital funds for simple, low-risk transit projects.
What it's used for:	Bus, rail or ferry projects.
Funding parameters/ restrictions:	Very small starts must cost less than $50 million and cost less than $3million per mile excluding vehicles. The project must contain transit stations, signal prioritization, special branding of service, frequent service as defined by FTA and existing corridor ridership of at least 3,000 per day. There is a project evaluation and cost justification process. Local commitment to funding is evaluated. Projects are rated. Rating decisions are spear from funding decisions.
Implications:	The ranking process may not rank criteria of importance to the local community. The community may be required to change the project to acquire the funding.

Transportation Enhancement Funding

What it is: Transportation Enhancements (TE) activities are federally funded community-based projects that expand travel choices and enhance the transportation experience by improving the cultural, historic, aesthetic and environmental aspects of our transportation infrastructure.

What it's used for: For example, projects can include creation of bicycle and pedestrian facilities, streetscape improvements, refurbishment of historic transportation facilities, and other investments that enhance communities and access. The federal government provides funding for TE projects through our nation's surface transportation legislation.

Funding parameters/ restrictions: In order to qualify for a TE award, a project must qualify as one of the 12 eligible activities. It must also relate to surface transportation. A TE project must be accessible to the public, and may be a "stand-alone" project or an addition to a larger statewide project.

TE funds may not be used for routine maintenance or standard environmental mitigation, nor for TE program administrative, research and/or training costs. However, planning related to a specific project is eligible for funding.

Implications: The federal government provides funds for the TE program through reimbursement. The project sponsor is expected, in most cases, to pay the full cost of the project up front and will be later reimbursed by the federal government through the state department of transportation (DOT). Generally, the federal government will reimburse up to 80 percent of a TE project cost. Not all types of project expenses are reimbursable, however. Reimbursable costs vary from state to state but usually include: project feasibility, planning and engineering plans, environmental reviews, land acquisition and construction.

Transportation Improvement Board (TIB) Grants

What it is:	Grant funding for construction of urban arterials, corridors, and sidewalks.
What it's used for:	The grant funds are used in conjunction with other funding sources to improve safety and mobility, and connectivity.
Funding parameters/ restrictions:	TIB hosts an annual funding cycle. Grant applications are reviewed for the way the project satisfies project criteria, which are different in each TIB program. The urban program is available to communities over 5,000 population. The source of funds is state gas tax.
Implications:	Public Works is familiar with this funding source. Awards are competitive.

Surface Transportation Program

What it is:	Grant from the federal government to states and localities.
What it's used for:	Grants to construct and improve transportaiton demand managmeent roads, bridges, transit, tranportation enhancmeents
Funding parameters/ restrictions:	Some funds are directly available to communities others are allocated by the state.
Implications:	This is a broadly based road development funding tool that could be allocated to economic development.

Congestion Mitigation and Air Quality Improvement Program

What it is:	Grant to improve air quality in non-attainment areas for ozone, carbon monoxide and particulate matter through reduction in tranportation emissions.
What it's used for:	Cost effective mitigation such as reducing diesel emissions, improving high occupancy vehicle lands, transportation system management, etc.
Funding parameters/ restrictions:	Projects must not be used for new capacity. Measures must correspond to state and local planning documents.
Implications:	This is a broadly based funding tool that could be re-allocated to an economic development related project.

ADJUSTMENT TO COUNTY POLICY, PROGRAMS OR REGULATIONS
Overlay Zoning

What it is: Modifies existing land-use provisions for particular land tracts. For example, an overlay zone may allow developers the right to increase plot ratios in a specific area while maintaining overall county-wide density limits.

What it's used for: The purpose of overlay zoning districts is to allow the jurisdiction to establish special land use regulations, standards, or procedures in areas with unique land use, site planning, building design, or environmental resource issues. Overlay zoning districts are also an appropriate mechanism to implement long-term goals and land use requirements of the jurisidiction for a specific property, location, or to coordinate land use and design requirements unique to a large tract of land. Overlay zoning districts are intended to be applied only where special circumstances justify the modification of base zoning district regulations to achieve specific land use and design objectives.

Funding parameters/ restrictions: Funding is required for the work to develop the overlay and adopt it into the local code.

Implications: Overlay zones have the benefit of enforcing special rules in special circumstances. They may increase the work of the jurisdiction in administering the overlay.

Waiver of Requirement/Costs to upgrade storm drainage facilities

What it is:	Development in the Highway 99 corridor that does not increase impervious surfaces can make improvements without having to make any storm drainage improvements.
What it's used for:	Redevelopment/Development incentive. Not having to detain or retain water is a huge cost advantage.
Funding parameters/ restrictions:	Net new impervious surfaces will be subject to current county storm drainage standards and regulations.
Implications:	A waiver may result in losing the opportunity to improve environmental conditions corridor as it re-develops. The cost savings may create an incentive to re-develop in the corridor in comparison to other locations. This may also be viewed as an unfair advantage to advocates of other corridors.

Generous Building Height and Setback Allowances

What it is:	Allows buildings to be constructed at property line with no building setbacks. No maximum building height restrictions.
What it's used for:	Redevelopment/Development Incentive.
Funding parameters/ restrictions:	Funding is required for development of the code and adoption.
Implications:	Neighbors may object to lack of compatibility with adjacent land uses. Lack of height restrictions may make planning level prediction of density and traffic volumes difficult.

Reduced off-street parking requirements

What it is:	Additional parking is not required for a change of use in existing buildings in specified area. Whenever a new building replaces an existing building or there is an expansion of an existing building within the corridor, the requirements of the off-street parking section shall apply only if there is an increase in floor area of 25 percent or more.
What it's used for:	Redevelopment/Development Incentive.
Funding parameters/ restrictions:	Requires funding to develop and adopt code.
Implications:	Neighbors may complain about lack of compatibility with adjacent uses, or spill over parking into adjacent neighborhoods if parking is not sufficient on the site.

20-40% Reduction of Off-Street Parking Requirements in Specified Areas

What it is:	Allows a 25% reduction in off-street parking requirements. Additional reduction of 15% allowed in areas zoned XX and XX and that are located in proximity to a transit center.
What it's used for:	Redevelopment/Development Incentive.
Funding parameters/ restrictions:	Funding required developing and adopting code.
Implications:	Neighbors may complain about lack of compatibility with adjacent uses, or spill over parking into adjacent neighborhoods if parking is not sufficient on the site.

Fast Track Permitting or Expedited Permitting

What it is:	On a day to day basis there are opportunities for the county, as a regulatory body, to make it easier for projects to move forward. Streamlining or expediting the permitting processes to establish predictability in land use and building permitting minimizes developer risk and timeline associated with processes. Administrative determinations can create flexibility in regulations where development conditions are difficult – when permissible under state and federal law.
What it's used for:	To make it easier for development to move forward – a project will be more Profitable or more feasible to the extent that the developer can proceed quickly through the permit approval, project design and construction stages.
Funding parameters/ restrictions:	County revenues and other priorities for capital improvements, outlined in Transportation Improvement Plan and Capital Improvement Plan.
How to use it/Steps:	1) Can be encouraged through a pre-application meeting with written comments to clarify expectation and requirements; administrative review and action on permits involving minor impacts (rather than a scheduled public hearing); assignment of a single staff person to help an applicant throughout a project; use of technical review committees to coordinate multiple departmental review; and early meetings with neighbors of the project. 2) Building permit processes can run concurrently with SEPA or other environmental processes and site plan review.
Implications:	Consider benefits of moving projects forward while ensuring that they are workable in the community, that they do not sacrifice community quality of life, and that staff and public have adequate review of projects.

Focus Public Investment in Targeted Geographic Area

What it is:	Zones for priority investment.
What it's used for:	Priority infrastructure investments for economic purposes.
Funding parameters/ Restrictions:	County revenues and other priorities for capital improvements, outlined in Transportation Improvement Plan and Capital Improvement Plan.
How to use it/Steps:	Create zones for priority investment out from the Highway 99 corridor. A county can prioritize servicing a central developed core by developing a policy to focus a larger share of programmed capital improvements in a core area.
Implications:	Approach works best when there is a clear basis for distinguishing between focused public investment areas – it's harder to justify if all the areas are at a similar stage of development. Designating an area for investment could be politically difficult.

Planned Action Environmental Review / Programmatic EIS
RCW 43.21

What it is:	Conduct a more detailed environmental review analysis for a planning area at the Planning stage. A programmatic or general EIS is a broad, initial environmental Review of the effects of a specific type of land use action in a specific type of area. Site-specific or project-specific environmental review may be required.
What it's used for:	Helps streamline the development review and permitting process. This approach is used to attract specific types of developments, which will expedite the goals of local, regional, and state plans.
Funding parameters / restrictions:	Cost of environmental review.
How to use it / Steps:	1) Define a sub area of the county. For example, in Olympia, the City prepared an EIS focused on its North Downtown Planning Area. 2) County consolidates and discloses known information about the area – reducing the time and expense of finding information and providing greater certainty for the developer about what will be involved in developing the property. 3) Conduct an area-wide environmental analysis, which contains enough detail to greatly speed up permit review for projects within the area that are consistent with the subarea plan. 4) Projects found to be consistent during a pre-application review will not be subject to further SEPA Review.
Implications:	Higher cost of more detailed environmental review makes it difficult for some local jurisdictions to conduct the analysis for an extensive geographic area. It may be possible to partner and pool resources with developers who are interested in an area to conduct a wider, more cost-effective environmental analysis.

Revise Codes to Provide Flexibility

What it is: Administrative flexibility in land use and development codes.

What it's used for: Intended to promote desired type of development in desired locations. Can also speed development review and other processes.

Funding parameters/ restrictions: Adjustments should be carefully studied to ensure that they are workable and that they do not sacrifice community quality of life.

How to use it/Steps:

1. Conduct careful study and testing of proposals intended to promote the type of development desired and to eliminate excessive standards – i.e. reflect real demand for parking rather than parking capacity that may never be fully utilized. Look at set backs and lot coverage, parking ratios, promote pedestrian-oriented movement and linkages.
2. Develop criteria for permitting deviations from code standards. Consider crafting special infill development standards. A planning variance or waiver should be specifically provided for by the ordinance.
3. Allow for administrative flexibility to deviate from zoning requirements for a development which meets or exceeds the intent of the land use codes. In some cases, these provisions may allow a development a density or height bonus if certain design features and amenities are provided.
4. Change development regulations to promote the type of development desired and adopt zoning changes within the comprehensive plan ahead of development. Designate a mixed use zone, including residential, retail, commercial, personal service (day care centers) and office uses in urban centers.
   - Allow housing in all commercial zones to increase pedestrian-oriented area.
   - Increased density allowances can help to make a development opportunity more attractive and profitable, lower public service operating costs and support higher levels of both publicly and privately-provided services and amenities.
   - In high-density housing zones, allow commercial – but limited to 50% of the residential floor area.
   - In residential neighborhoods, encourage neighborhood retail uses that are targeted to and compatible (in design) with the neighborhood area.

Policy implications: Criteria for flexibility or sponsorship of certain development priorities should be in county ordinance. Some changes in zoning may trigger resistance on the part of neighboring residents. Active community involvement in developing standards, careful location and design features that blend with existing community can help to alleviate some concerns.

Transfer of Development Rights or Transfer of Development Credits

What it is:	Decrease or remove development potential in one area by transferring development potential to another area. Mechanism allows local jurisdictions to either increase or decrease development capacity in specific areas and provides benefits of preserving or protecting rural and resource lands from development or subdivision indefinitely.
What it's used for:	TDR credits can be used for additional building space, parking spaces, required public or private park land, increased impervious surface, and additional height to encourage density levels. TDR credits also create the opportunity to remove or preserve environmentally-constrained lands or open space from total land area. A TDC program is being used to preserve rural lands in King County and promote housing and economic development.
Funding parameters/ restrictions:	Areas that are eligible to transfer development credits are zoned agriculture or urban recreation, critical or wildlife habitats. Commercially zoned properties are eligible to receive the credits.
How to use it/Steps:	1) County defines TDR credit program, what development credits can be used for; 2) Development credits are purchased from willing sellers; 3) Land remains privately owned (typically) and retains use and value.
Implications:	Programs can require intergovernmental coordination. Process can occur without public funding; however, many public agencies seek to facilitate the process with funding for development of public amenities to increase the opportunity for development in the credit-receiving area. Rarely used because of complexity to create programs and difficulty of administration.

Waive Mitigation or Building Permit Fees

What it is:	County elects to waive mitigation fees or building permit fees it collects.
What it's used for:	To mitigate developer risk and provide incentives for development to occur.
Funding parameters/ restrictions:	Primarily restricted by the budget implications of foregone revenue.
How to use it/Steps:	Must document criteria for waiving fees.
Implications:	In some cases, the costs of waiving fees can be outweighed by the public benefit of lower long-term operation and maintenance costs of development in central areas. If the development creates increased density, on-going costs could be spread over a greater population base as existing facilities are more fully utilized, which may translate to lower use fees in the long-term. Additional funding sources may be required to serve the new development. A funding source must be developed to replace the fees lost to the building staff, which rely upon fees for their budget.

Public-Private Partnership

What it is: Lease or joint development agreement with a private entity could either result in lease income to the project or transfer some cost responsibility to the private partner. Public-private financing of this sort is based on common goals and the mutual interest of both parties. Pledged private funds may be used to leverage public funding or as a match for loan programs.

What it's used for: May be used to finance projects.

Funding parameters/ restrictions: The arrangement would entail a private partner providing its own financial resources in some way in exchange for the development rights, easements or special access that would constitute a benefit for the private party.

Implications: Public-private partnerships can be complex and time consuming to arrange. In some public-private partnerships, incentives such as rent abatement are not being made available because public funds are involved. These partnerships must be created in a way that allows public scrutiny of their details, which may not be comfortable for traditional private sector developers.

Developer Agreements

What it is: Legally binding agreement executed between the developer and the jurisdiction that creates flexibility in the terms of the approved project.

What it's used for: Developer agreements are used to provide restrictions and benefits to the developer that are not provided in the development code. They may provide alternate dates for vesting of regulations, alternate dates for payment of fees, additional development restrictions not specified in code, etc. As a negotiated agreement, they customize the terms of the project to accomplish a public purpose.

Funding parameters/ restrictions: The agreements must not counteract the intent of the code, even though they may alter the terms and conditions of the code. They are very useful for implementing the conditions and processes identified in a Planned Action Ordinance\Programmatic EIS.

Implications: Because they are negotiated agreements, they may take additional time and resources above a standard regulatory process. They must also be evaluated to see that the terms benefit the community as well as the developer.

Business Specialist

What it is:	Employee of the jurisdiction skilled in planning and economic devleopment.
What it's used for:	Communities often assign a business specialist to a geographic area or topical area. The specialist's job is to assist private sector developers in negoitating developer agreements, identifying suitable finance and regulatory options, etc., The specialist also helps projects that may be "stuck" in the regulatory process.
Funding parameters/ restrictions:	These positions are most often funded by the general fund, as a way to clearly show that the developers using the specialists have not purchased an intended result from the community. They may be funded through permit revenues, if the tasks are clearly associated with development review.
Implications:	Business specialists show the community that the jurisdiction is committed to the development or re-development of an area. They also help problem solving, which may make projects progress more quickly.

Expert Advisory Board

What it is:	A group of real estate and development professionals committed to reviewing and advising on development proposals.
What it's used for:	An expert committee of practical, on the ground professionals is very useful to supplement staff review of regulatory incentives, finance package's etc. Their experience rounds out the experience of staff and provides elected officials an unbiased view of the merits of a proposal.
Funding parameters/ restrictions:	These advisory committees may be paid per diems, which are generally funded from the general fund.
Implications:	An expert advisory committee can supplement the capacity of elected officials and staff when a public development authority board is not desired. These groups can be hugely useful to staff and decision makers as long as the members are true professionals in their field with minimal political agendas. They are not intended to be representative of the community as a whole. They can add the practical knowledge of what developers can and cannot do in the current market. The groups function well as long as their professional expertise is used in decision making. They may lose interest if their suggestions are not followed.

Public Development Authority
RCW 35.21.730

What it is: The statutory purpose for the creation of a public corporation under this statute is to improve the administration of authorized federal grants or programs, to improve governmental efficiency and services, or to improve the general living conditions in the urban areas of the state. The provision was initially enacted to authorize counties, cities, and towns to participate in and implement federally-assisted programs, including revenue sharing.

What it's used for: PDAs are instrumentalities of their creating jurisdiction. They are often created to manage the development and operation of a single project, which the city or county determines is best managed outside of its traditional bureaucracy and lines of authority. The particular project may be entrepreneurial in nature and intersect with the private sector in ways that would strain public resources and personnel.

Funding parameters/ restrictions: PDA's do not have taxing authority. They may borrow funds, issue tax exempt bonds, create partnerships, etc. to carry out specific projects

Implications: This powerful tool is correspondingly difficult to establish and administer. It requires significant commitment and expertise. Local governments form PDA's and, depending on the jurisdiction, want more or less control over its activities. Often, it is more expedient to have the local government exercise the same authority.

Percent for Art

What it is: County policy to devote a portion of the value of capitalized project costs paid for wholly or in part by the county.

What it's used for: To fund public art. County legislation specifies purpose. For example, King County's ordinance also created a public arts program and art commission to administer the fund and determine, on an annual basis, capital improvement projects that are most appropriate for public art.

Funding parameters/ restrictions: Most county and municipal programs are 1% funding for the arts. There does not appear to be any specific statute for local government funding of the arts in this fashion.

Implications: Could help County develop public art and amenities as part of a plan to redevelop areas of the City and enhance their character? Percent for arts programs often ignore continuing maintenance of the art, which imposes a financial burden on the community. Arts programs can be controversial because "taste" in art differs. Some people do not believe art is a legitimate public purpose.

Land Assembly for Specific Purposes
RCW 84.34.200

What it is: Assembling small individual parcels into larger blocks of available land under common ownership. Purchasing land under fragmented ownership can be time consuming and expensive to a developer. The city can do the land assembly and minimize the developer's risk.

What it's used for: To enhance development potential of redevelopable property. This can also be called strategic land banking. Banking the land is done when the city holds land for future purpose or better development environment. In this case, the city may want to transfer the land to a development corporation until sale. In the interim, the city may elect to improve the land to support future sale.

Funding parameters/ restrictions: Washington's constitution generally restricts cities from giving property to private individuals or from offering it for less than fair market value. For affordable housing purposes, however, a city can loan or grant monies to benefit low income housing. Land must be sold at market rate. Acquisition should be done three to five years in advance of market speculation to avoid paying inflated land prices.

How to use it/Steps:

1) Identify priority area where infill development could be successful and where the city wants to encourage development.
2) Begin steps to acquire property. The city can acquire blighted property or for the accomplishment of another legitimate public purpose through the power of eminent domain, if necessary.
3) Focus resources to make areas more attractive for development – address barriers (both real and perceived) which have prevented past development of parcels.
4) Provide support to make it attractive to developer, promote benefits to potential residents and existing residents.
5) Promote necessary coordination to make development happen.
6) Sell at market rate.

Implications:

- Land assembly or banking can be expensive (may require environmental (clean up costs) and can require considerable start-up costs. In some cases, if state or federal seed money is not available, it may be necessary to generate strong enough citizen support for the effort to get a bond approved.
- While under public ownership, land is removed from tax roles and City will be responsible for any property maintenance.
- May not be viewed favorably by the development and real estate Community – can appear competitive to industry land speculation.

May be difficult to carry out on a significant enough scale without some use of eminent domain powers. If eminent domain is used, it will be vital to demonstrate valid public purpose and to proceed with acquisitions on an adopted plan.

APPENDIX B Incentives for Private Development

Industrial Revenue Bonds (IRBs)

What it is:	The Industrial Revenue Bond Public Corporation of Clark County (IRBPC) has issuing authority for tax-exempt bonds in Clark County. The IRBPC works through the Columbia River Economic Development Council to market tax-exempt IRBx to manufacturing or processing companies looking to expand into the county.
What it's used for:	IRBs are amortized over a 10 to 15 year period. The company should use the IRB to help finance the purchase of real estate, machinery, equipment, new construction, and facilities or renovation of existing facilities.
Funding parameters/ restrictions:	IRBs must be used for manufacturing or processing facilities. The maximum amount that can be borrowed is $10 million. Other restrictions include: • No more than 25 percent of bond proceeds can be use to purchase land, • At least 95 percent of the amount financed must be spent on the IRB project. • Any existing buildings or used equipment purchased with bond proceeds must be "rehabilitated" within two years after the bond is issued (using at least 15 percent of the proceeds).

Business and Occupation Credits

Incentive	Description
High Technology Business & Occupation Credit	Who: Advanced computing, advanced materials, biotechnology, electronic device technology, environmental technology. What: An annual credit of up to $2 million for high technology businesses that perform R&D in specific high technology categories.
Business & Occupation Tax Credit for New Jobs	Who: Manufacturers, computer-related businesses, R&D laboratories, and commercial testing facilities located in rural counties or within a CEZ. What: A $2,000 or $4,000 (if wages exceed $40,000) credit against the business and occupation tax is available for each new employment position created and filled by specific industries in rural counties and community empowerment zones.
Business & Occupation Tax Credit for Job Training Services	Who: Manufacturers, computer-related businesses, R&D laboratories, and commercial testing facilities (excluding light and power businesses) located in rural counties or community empowerment zones. What: 20% of the cost spent on job training. Limited to $5,000 annually.
Business & Occupation Tax Credit for New Jobs in Programming or Software Manufacturing	Who: Software manufacturers or programming businesses in rural counties. What: Eligible for $1,000 per year for every new employment position, up to five years.
Information Technology Help Desk Services Business & Occupation Tax Credit	Who: Help desk services are telephone or electronic communications supplying technical assistance for computer software and hardware. What: Third party help desk service firms in rural counties are eligible for a 100% tax credit on income received from these services.
International Services Business & Occupation Tax Credit	Who: Firms engaged in international services. What: May receive a tax credit of $3,000 per year for every new employment position, for up to five years. Firms must be located in community empowerment zones or International Service Districts.
Non-Manufacturer Aerospace B&O Credit	Who: Persons who develop, design, and engineer, but do not manufacture, commercial airplanes or component parts of commercial airplanes. What: Provides a B&O tax credit for expenditures for aerospace preproduction development
Reduced B&O Rate for FAR Part 145 Repair Stations	Who: Persons certified by the FAA to perform repair and maintenance on commercial airplanes under FAR Part 145. What: Lower B&O tax rate for persons performing repair and maintenance on commercial airplanes.
B&O tax credit for workforce training	Who: All Washington employers What: Establishes a new program for customized employment training through the community and technical colleges. Participating employers may claim a B&O tax credit for half of the amount repaid for the cost of employee training.

Sales & Use Tax Exemptions & Deferrals Statewide

Incentive	Description
Manufacturing Machinery Sales & Use Tax Exemption	Who: Manufacturers, processors for hire, manufacturers who perform R&D. What: Exempts sales and use tax on machinery and equipment used directly in manufacturing or research operations. Includes installation, maintenance, and repairs in most cases.
Rural County Sales & Use Tax Deferral	Who: Manufacturers, computer-related businesses, R&D laboratories, commercial testing facilities, and persons conditioning vegetable seeds (excluding light and power businesses) in a rural county, a CEZ, or county with a CEZ. What: Defers or waives sales and use tax on machinery, equipment and construction cost of expansion or modernization of existing facility if floor space or production capacity is increased; construction costs for qualified leased building.
High-Technology Sales & Use Tax Deferral	Who: Advanced computing, advanced materials, biotechnology, electronic device technology, environmental technology. What: Defers or waives sales and use tax associated with construction, expansion, or renovation of qualified buildings and acquisition of qualified machinery and equipment in research and development and pilot scale manufacturing in the above fields.
Electricity Generating Equipment Sales & Use Tax Exemption	Who: Firms producing energy. What: Provides a sales and use tax exemption for machinery and equipment used directly in generating electricity using fuel cells, wind, solar or landfill gas energy, and for the labor and services necessary to install such equipment, but only if the purchaser develops a facility capable of generating not less than 200 watts of electricity.
Non-Manufacturer Aerospace Sales & Use Tax Exemption	Who: Persons who develop, design, and engineer, but do not manufacture, commercial airplanes or component parts of commercial airplanes. What: Sales and use tax exemption for purchases of computer hardware, software and peripherals, and charges for labor and services related to the installation of such equipment.
Biotechnology & Medical Device Manufacturing Sales & Use Tax Deferral/Waiver	Who: Biotechnology & Medical Device Manufacturers. What: Defers or waives sales and use tax on machinery and equipment, construction costs for new or expanded facility.

Other Tax Incentives Statewide

Incentive	Description
Warehouse Tax Incentive	Who: Wholesalers, retail distribution centers, third-party warehouses, cold storage warehouses; Sales tax paid on: • Construction of a 200,000 square foot warehouse or distribution center or a grain elevator with a one million bushel capacity • Construction or expansion of a cold storage warehouse by at least 25,000 square feet (effective July 1, 2007) What: A remittance of 100% of state sales tax (6.5%) paid on construction of qualifying structures; 50% remittance for state sales tax paid on qualifying equipment.
Custom Computer Software Property Tax Exemption	Who: Software companies. What: Software designed for a specific need for a single person or group of persons is exempt from property tax. Included in the definition is modification of canned computer software.
Biofuel Tax Deduction & Exemptions	Who: Firms producing biofuels. What: Tax benefits for sellers of biodiesel fuel, wood biomass fuel, alcohol and wood biomass fuel blends.
Food Processing Tax Incentives	Who: Manufacturers and processors of fresh fruit & vegetables, dairy products, and seafood products. What: B&O tax exemption for goods destined for outside Washington. • Defers or waives sales and use tax on machinery and equipment, construction costs for new or expanded facility. (Effective 7-1-07) • Expands the warehouse remittance program to include cold storage warehouses or fresh fruit & vegetables, dairy products, and seafood products. (Effective 7-1-07)
Timber & Wood Products Industry Incentive	Who: Extractors & Manufacturers of Timber and Wood Products What: Provides a two-step reduction in the tax rate for extracting and wholesaling of timber and manufacturing of timber or wood products. Partially offsetting these rate reductions is a new surcharge tax rate that takes effect July 1, 2007.
Extension of tax incentives for aluminum smelters	Who: Aluminum Manufacturers What: Extends, through 2011, incentives established in 2004 to encourage investment in aluminum smelting in Washington.
Motion Picture Competitiveness Program Tax Credit	Who: Any Business in Washington. What: Provides a B&O tax credit for businesses that make cash contributions to the Motion Picture Competitiveness Program and file their taxes electronically.