

**Current Use Taxation Follow-Up
(Meeting #4, 10/20/2016)**

SUMMARY

Overall CUT Enrollment in King County – Parcel Data

- Half of the 260,000 acres enrolled in King County Current Use Taxation programs are already permanently protected by easement. These lands have virtually no risk of withdrawing from CUT, and this contributes to a lower program exit rate.
- Of the remaining half, approximately 40,500 acres are considered high conservation value land to be permanently protected as part of this initiative.

CUT Program Removal Risk/Threat

- We believe the threat of withdrawal from CUT is higher when a parcel can be more easily developed. We have looked at how close the 40,500 acres are to existing public roads or existing development as a measure of developability.
 - Just over 50% of the 40,500 acres are adjacent to or within 200 feet of a County road; while nearly a quarter are more than a ¼ mile away
 - 60% of the 40,500 acres are currently adjacent to development; while 17.5% are more than ½ mile away from development.

Additional Work Needed

- Additional analysis underway to perfect specifically which of the 40,500 acres should be targeted for acquisition, and which could rely on CUT enrollment as adequate protection.
- We are still working to collect and analyze enrollment and withdrawal data - Initial review of withdrawal data from 2006-2015 indicates that acreage withdrawn from the program were significantly higher during years which had strong economic growth (2006, 2014 and 2015), with 2015 withdrawals the highest in the last decade.

1. Overall Current Use Taxation Enrollment in King County

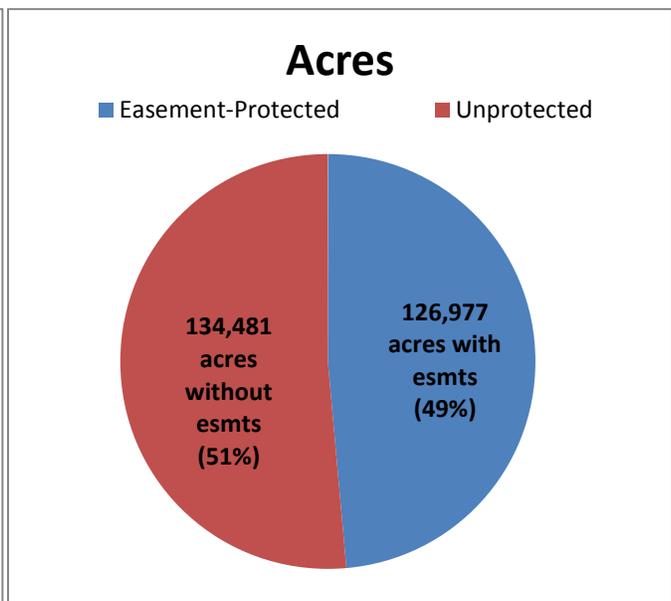
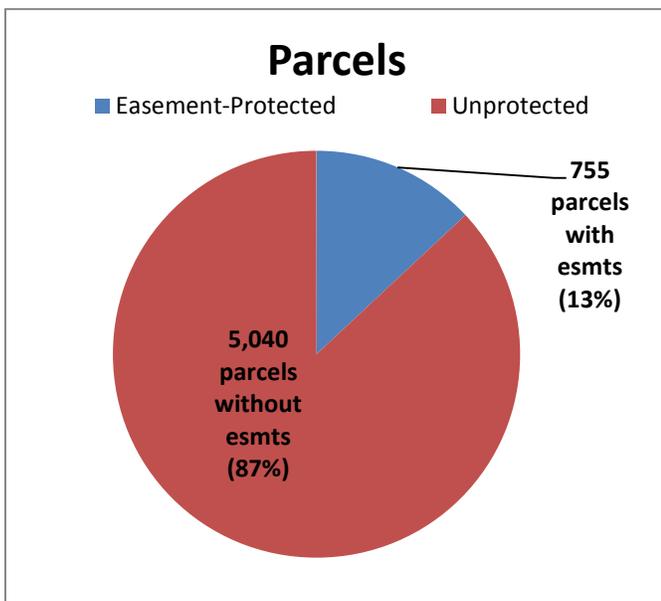
- Total acreage of parcels enrolled in King County Current Use Taxation programs (*note that analyses in this document were done on slightly different data sets so there is some variance in exact numbers*):

PROGRAM	Parcels	Acres (total parcel)	Acres (enrolled portion)
Public Benefit Rating System (“PBRs”)	1,616	13,872	11,650
Timberland	367	4,039	3,214
Designated Forest Land (“Forest”)	2,056	214,557	N/A
Farm and Agriculture (“Farm”)	1,739	28,932	N/A
Total CUT Enrollment	5,778	261,400	N/A

- Data derived from GIS shapefiles differs somewhat from information gathered from program managers for the 10/6/2016 presentation.
- Total parcel acreage exceeds enrolled acreage in the first two categories because many parcels have only portions of the parcel enrolled; data unavailable for latter two categories
- There is a slight double-counting of parcels because a few parcels are enrolled in two programs.

- Many CUT-enrolled parcels are protected by King County easements, which may make them unlikely to withdraw from CUT. The unprotected parcels may have a higher likelihood of withdrawal CUT.

Category	Parcels	% of Total Parcels	Acres	% of Total Acres
Easement-Protected	755	49%	126,977	13%
Unprotected	5,040	51%	134,481	87%
Total	5,795	100%	261,458	100%

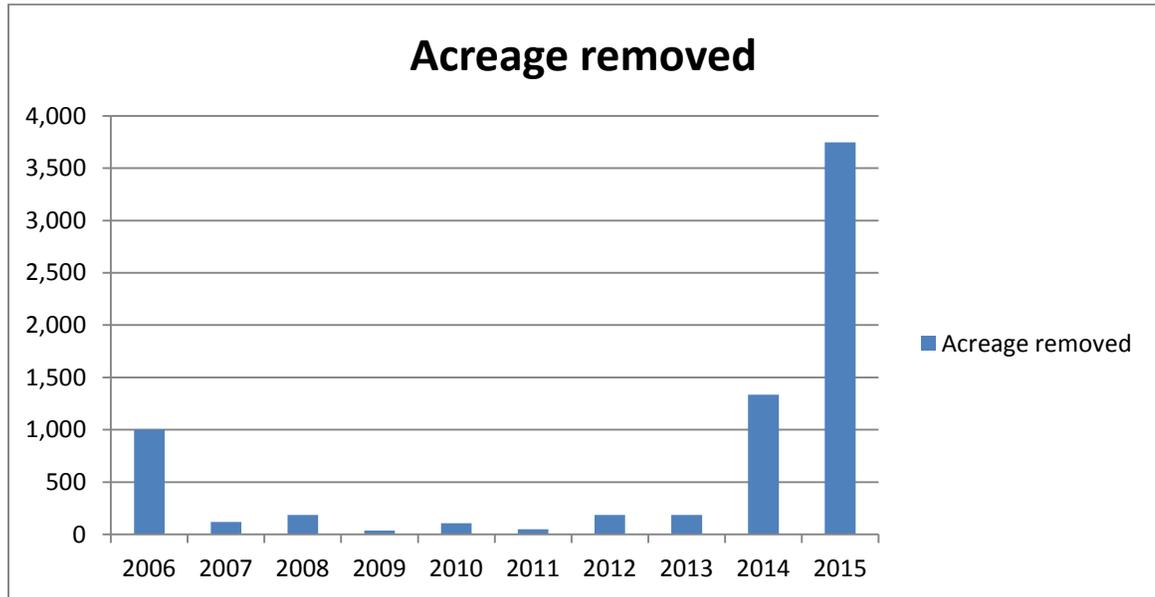


2. Potential CUT Withdrawal Factors

- We theorize that the likelihood of withdrawal may be affected by a few factors:
 - Whether already protected with a permanent conservation easement (as noted above)
 - Higher development pressure in rural/urban areas, vs. lower pressure in the APD or FPD (whereas zoning upholds many of the goals of the CUT programs in the latter locations)
 - Proximity to existing development (e.g. FPD parcels located on the rural edge or on developed roads vs. parcels located in the remote interior of the FPD)
 - Extent to which sensitive areas encumber a parcel and affect developability.
 - When development potential is very profitable in a strong economy, and outweighs the financial penalty for withdrawal.

3. Overall CUT Enrollment in King County – Enrollment/Withdrawal Information

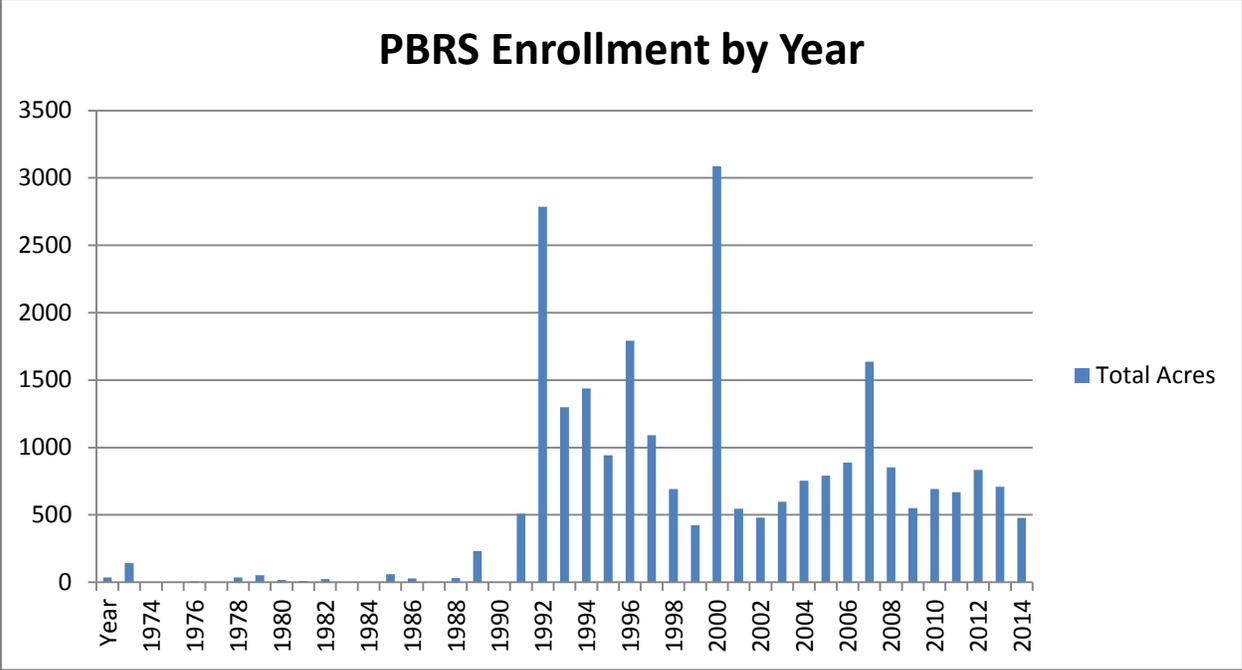
- We sought data from CUT program managers on entry and exit rates. Data is not readily accessible for that information, but we will be still processing available data to identify entry and exit rates.
- Acreage removed from all CUT programs between 2006-2015:



- Detail on 2015 withdrawals – average per-acre penalty applied, and reason cited for withdrawal

Program	Average per-acre penalty (range)	Reasons for Withdrawal (parcel count)
PBRS	\$6,140 per acre withdrawn (range across the 10 parcels charged penalties: \$110-\$22,000 per acre)	<ul style="list-style-type: none"> • Buyer did not want to continue (8) • Owner requested removal (1) • Sold to King County (1) • Encroachment (1) • Error in classification (1)
Timber-land	\$4,870 per acre withdrawn (range across the 3 parcels charged penalties: \$3,500-\$6,900 per acre)	<ul style="list-style-type: none"> • Buyer did not want to continue (2) • Did not meet program qualifications (2)
Farm and Ag	\$13,140 per acre withdrawn (range across the 5 parcels charged penalties: \$4,100-24,000 per acre)	<ul style="list-style-type: none"> • Sold to public agency (5) • Portion of acreage removed for home site (2) • Sold to residential developer (2) • Sold to residential developer – and no penalty paid due to death benefit provision(3)
Forest-land	\$1,450 per acre withdrawn (range across the 7 parcels charged penalties: \$770-2,100 per acre)	<ul style="list-style-type: none"> • Buyer did not want to continue (1) • Owner requested removal (2) • Sold to public agency (2) • Portion of acreage removed for right of way (4)

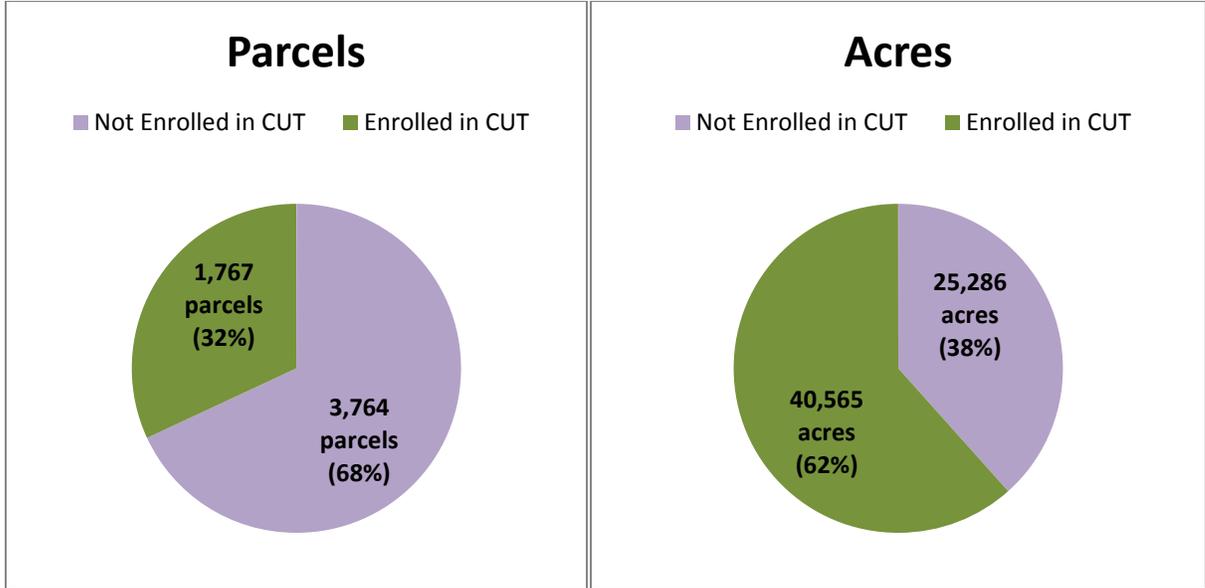
- PBRS Enrollment – Acres enrolled by year



4. Target Parcels Enrolled in CUT

- Breakdown of the target parcels by whether or not they are enrolled in CUT:

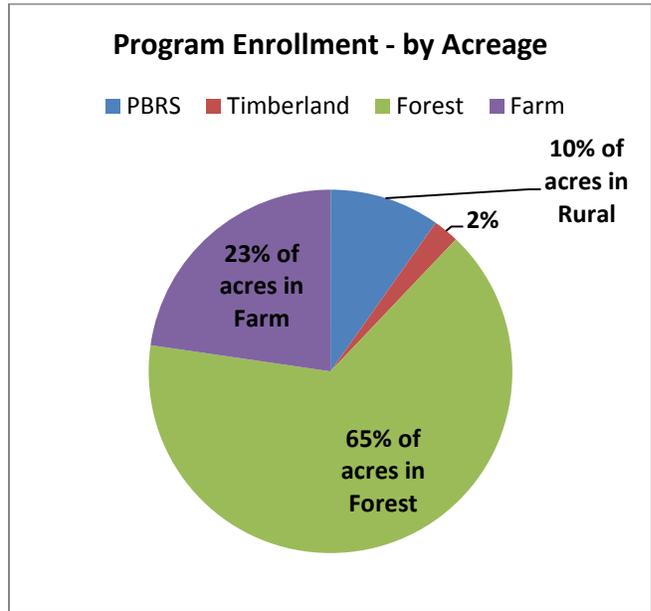
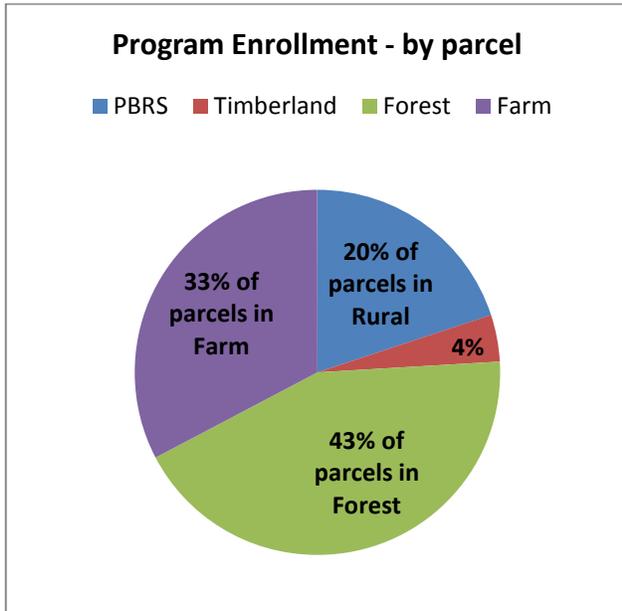
TARGET PARCELS	Parcels	% of Total Parcels	Acres	% of Total Acreage
Not Enrolled in CUT	3,764	68%	25,286	38%
Enrolled in CUT	1,767	32%	40,565	62%
Total Count	5,531	100%	65,851	100%



- Detail on which CUT programs these target parcels are enrolled:

PROGRAM	Parcels	% of Total Parcels	Acres	% of Total Acreage
PBRS	352	20%	3,977	10%
Timberland	73	4%	926	2%
Forest	764	43%	26,455	65%
Farm	578	33%	9,206	23%
Total	1,767	100%	40,565	100%

– To avoid double-counting, parcels jointly enrolled in PBRS and another program were counted in PBRS; parcels jointly enrolled in Farm and Timber were counted in Farm.



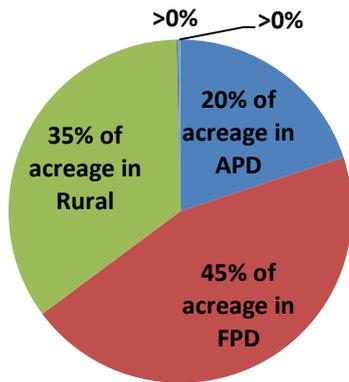
- Location of these CUT-enrolled target parcels in the county:

LOCATION	Parcel Count	% of Total Parcels	Acres	% of Total Acreage	Approx Cost to Acquire	% of Total Cost
APD	444	25%	8,067	20%	\$61,268,000	12%
FPD	411	23%	18,224	45%	\$97,145,000	19%
Rural	904	51%	14,131	35%	\$361,058,000	69%
Urban Unincorp	5	1%	64	>0%	\$1,509,000	>0%
Urban Incorp	3	>0%	79	>0%	\$1,676,000	>0%
Total	1,767	1,767	40,565	100%	\$522,656,000	100%

- Cost estimates based on 76% easement & 24% fee model

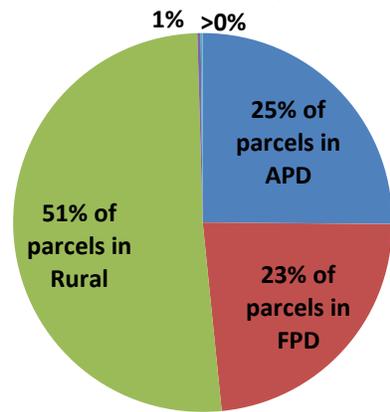
Location of CUT-enrolled target parcels - by Acreage

■ APD ■ FPD ■ Rural ■ Urban Unincorp ■ Urban Incorp



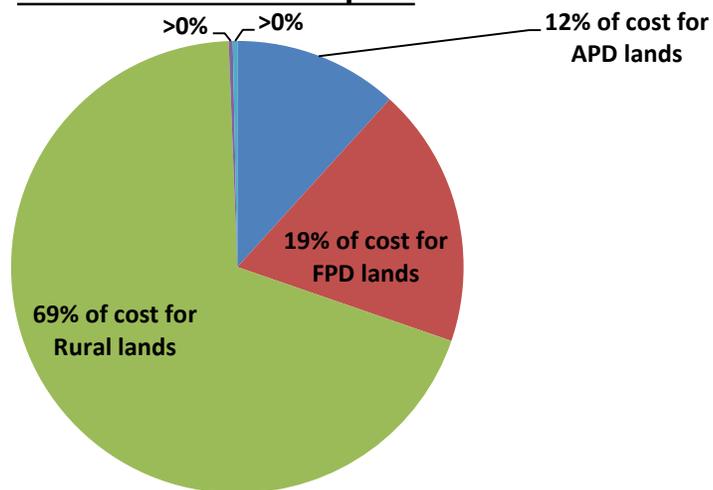
Location of CUT-enrolled target parcels - by Parcel Count

■ APD ■ FPD ■ Rural ■ Urban Unincorp ■ Urban Incorp



Location of CUT-enrolled target parcels - by Estimated Cost to Acquire

■ APD
■ FPD
■ Rural
■ Urban Unincorp
■ Urban Incorp



- The following is an analysis of distance to nearest road and distance to nearest development for CUT-enrolled priority parcels. We suggested above that parcels may be less likely to withdraw from CUT if they are far from a road or existing development – and therefore experience lower development pressure.

Distance to Nearest Public County Road	Parcels	Acres	% of Total Acres
More than 1/2 mile	103	6,996	17.2%
1/4 to 1/2 mile	91	2,448	6.0%
1/8 to 1/4 mile	160	3,196	7.9%
200 feet to 1/8 mile	268	6,405	15.8%
Less than 200 feet	825	14,690	36.2%
Adjacent	328	6,837	16.9%
Total	1,775	40,572	

Distance to Nearest Development*	Parcels	Acres	% of Total Acres
More than 1/2 mile	105	7,096	17.5%
1/4 to 1/2 mile	100	2,921	7.2%
1/8 to 1/4 mile	95	2,849	7.0%
200 feet to 1/8 mile	100	1,920	4.7%
Less than 200 feet	98	1,355	3.3%
Adjacent	1,277	24,431	60.2%
Total	1,775	40,572	

**Development of more than \$50,000 Assessed Improvement Value*