



Transfer of Development Rights



MACPZA 2009
Annual Conference




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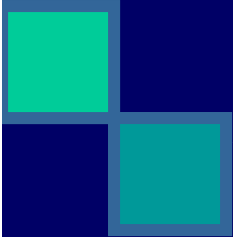

Transfer of Development Rights

A tool for protecting
agricultural resources,
natural resources,
and property rights



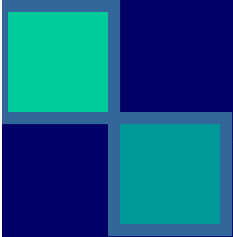



What is TDR?

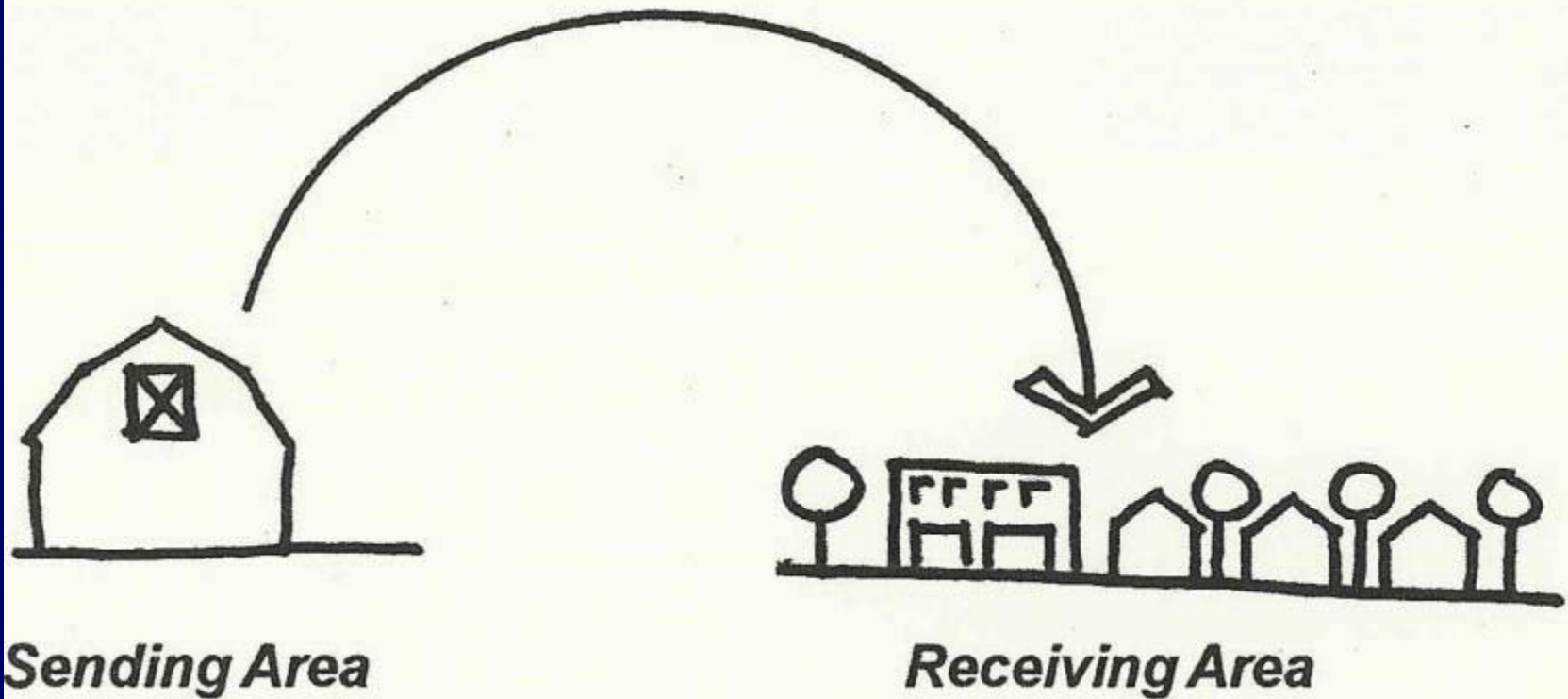
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- A market-based approach for changing development patterns while keeping overall density the same
 - Promotes development where it is best suited and protection of resources where desired
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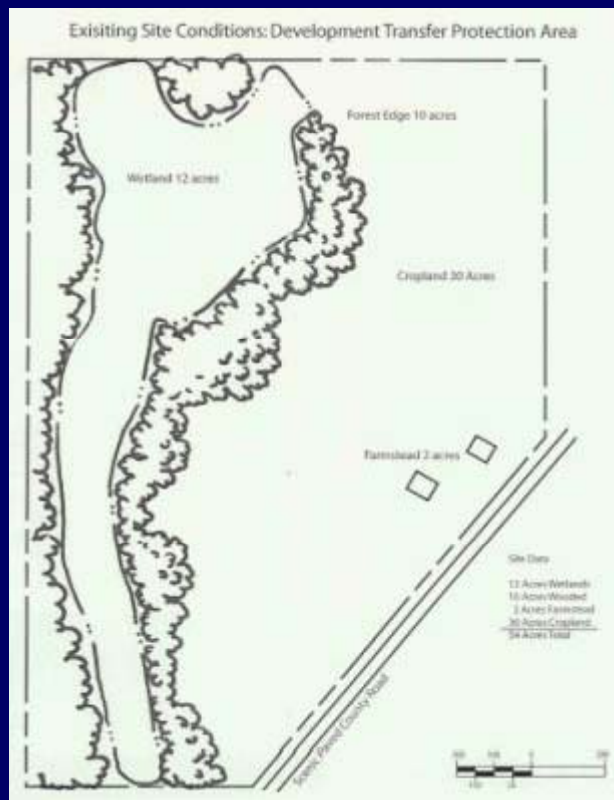


What is TDR?

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- Allows one landowner to transfer the right to develop parcel A to another landowner to use in developing separate parcel B
 - Landowner B pays landowner A
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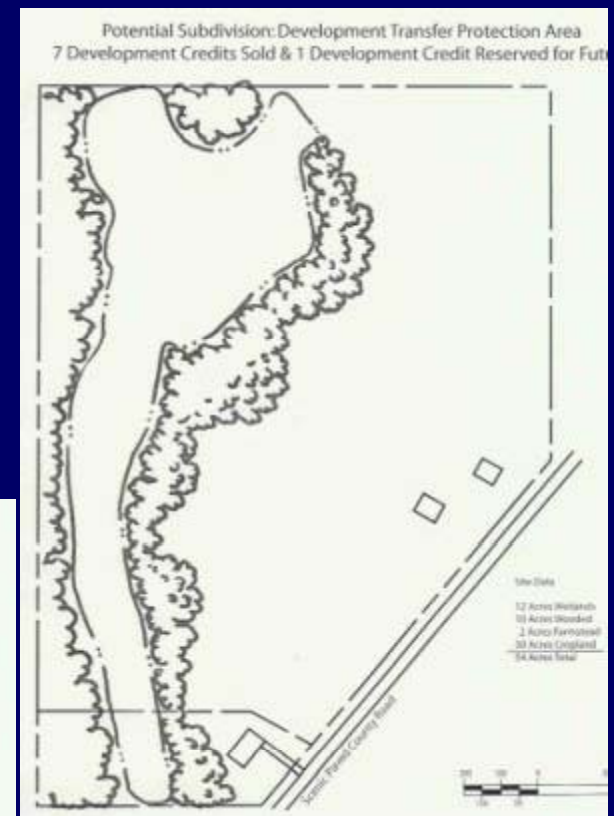
Transfer of Development Rights



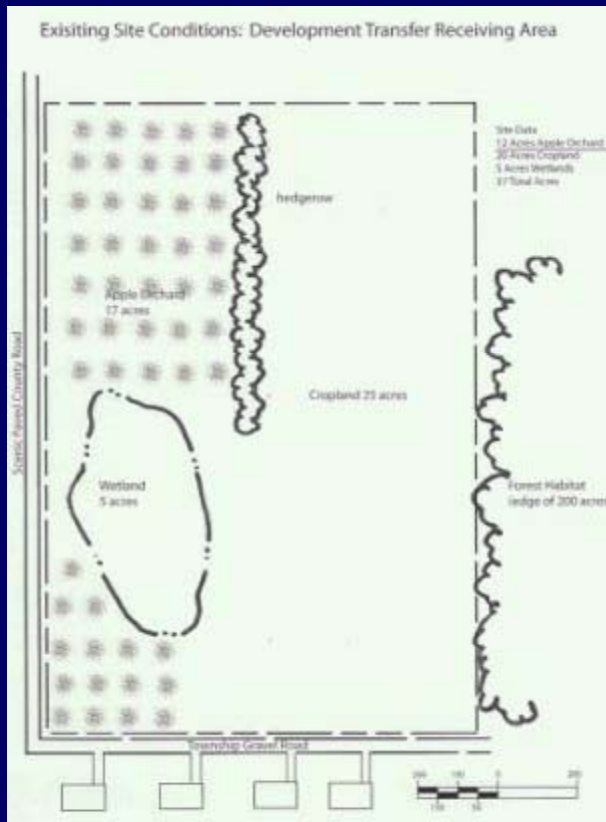


**Sending Parcel
Current
Farmhouse
and outbuildings**

**Sending Parcel
Build-out
Under Base Zoning
8 additional units**

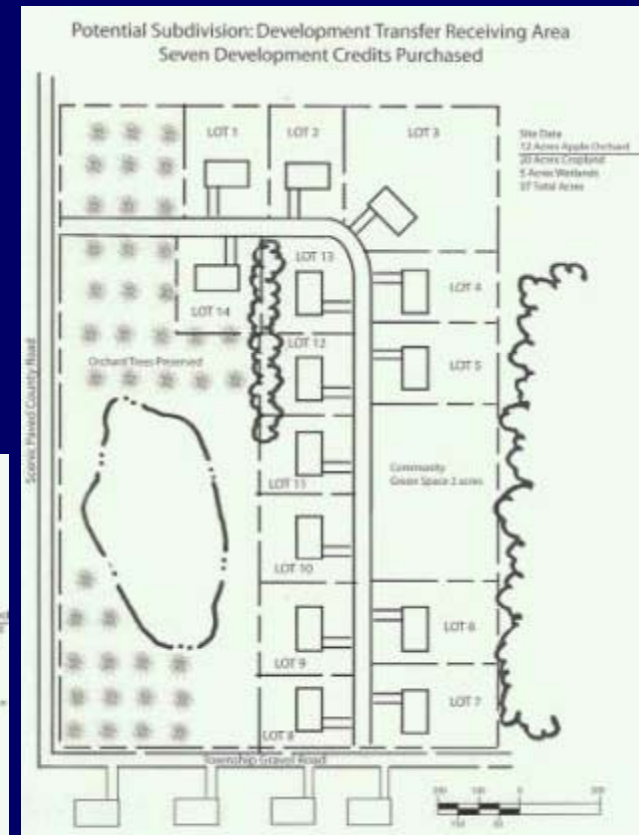
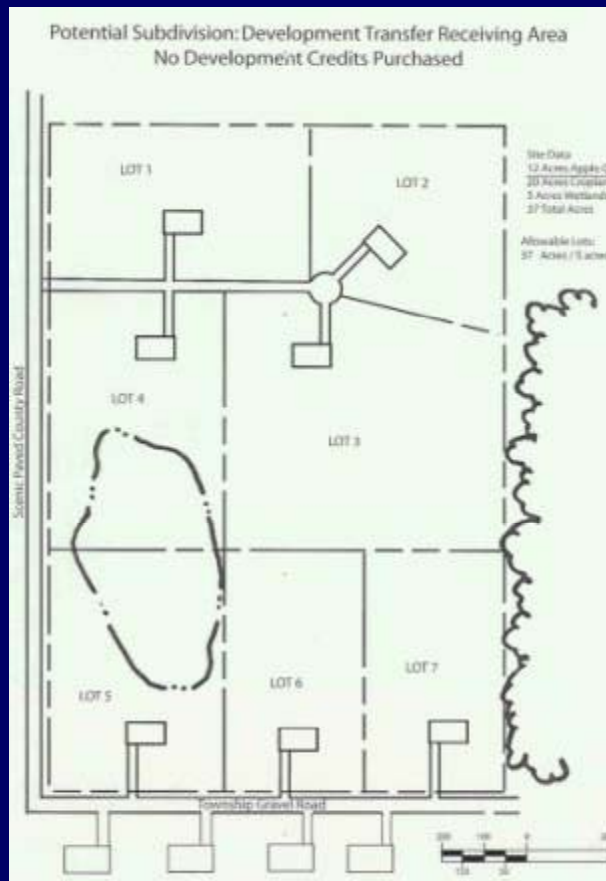


**Sending Parcel
After 7
Development
Rights Sold
Original farm + 1
additional unit**



Receiving Parcel
Current
No structures/
Adjacent to
Urban area


Receiving Parcel
Build-out
Under Base Zoning
7 base units



Receiving Parcel
After Development
Rights are Used
7 base units
+ 7 TDR's
Clustered

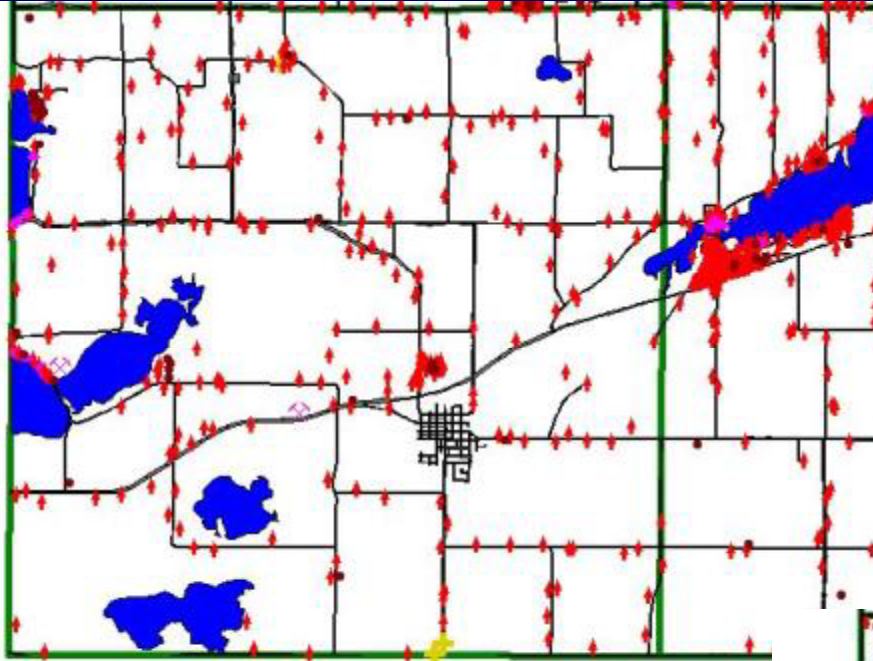


TDR in Minnesota

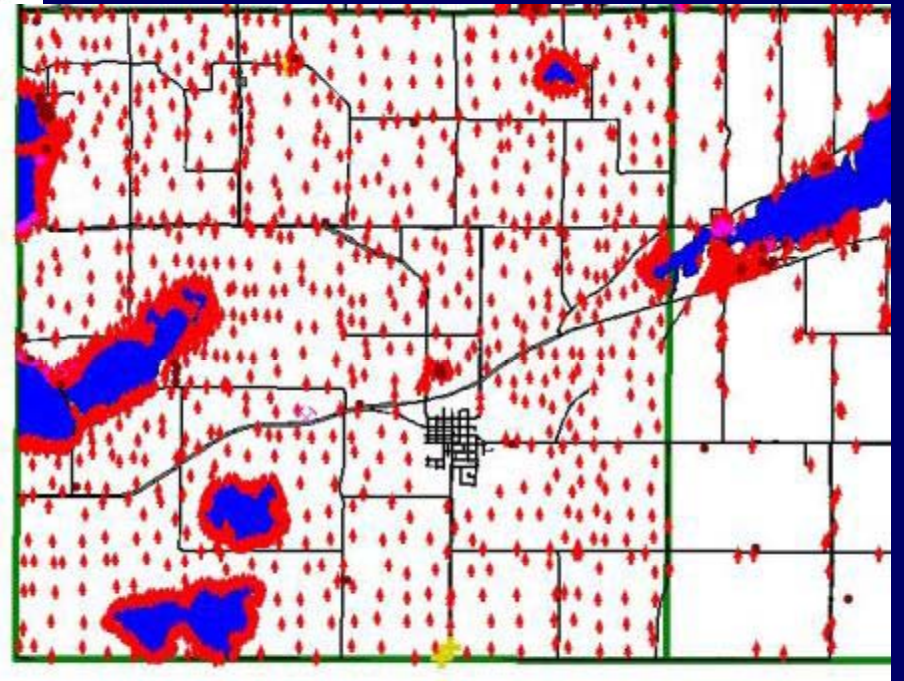
- **Rice County** – to protect agricultural and shoreland areas and promote development in small towns
 - **Lake County** – to protect North Shore from continuous resort development
 - **Chisago County** – to protect shoreland and agricultural land
 - **Blue Earth County** – long-term program allowing transfers within sections to protect agricultural land
- 

Rice County Township

Current Development

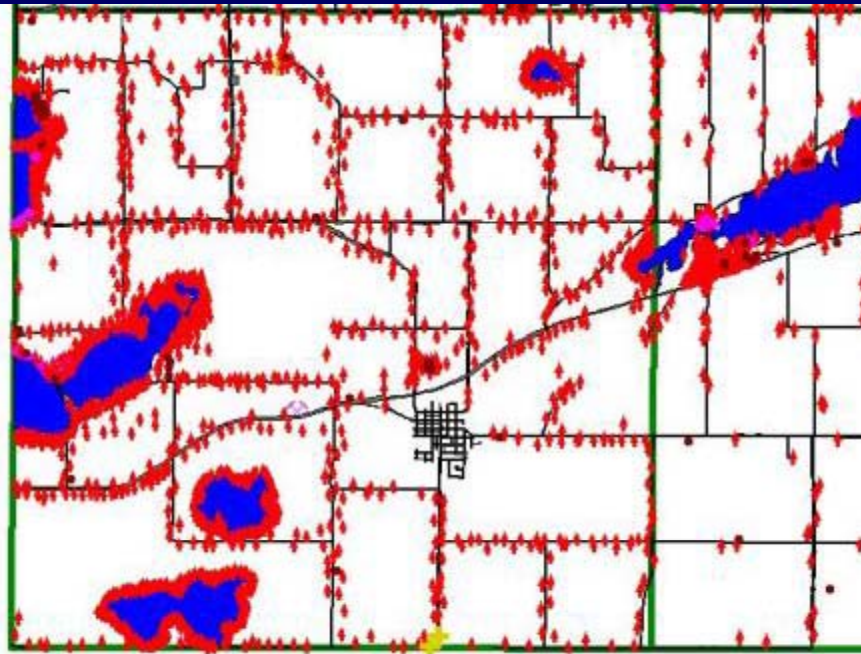


Build-out under
Current Zoning
allowing
2 units per 40 acres
+ Shoreland zoning

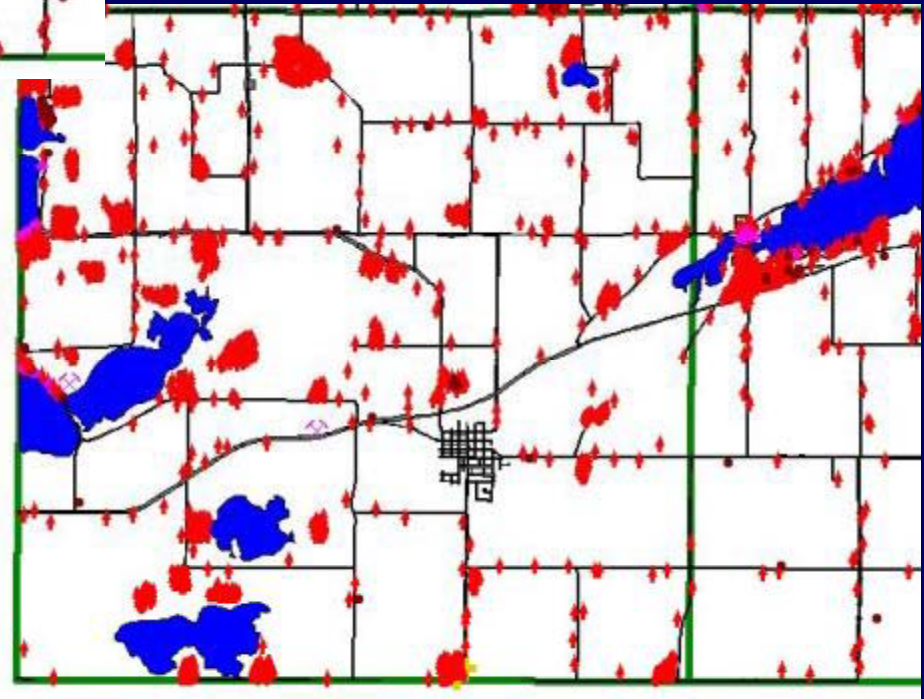


Two TDR Scenarios

All future development
transferred from
interior 40's to small
clusters along roads



All future
development
transferred to
clusters of
4 to 40 units

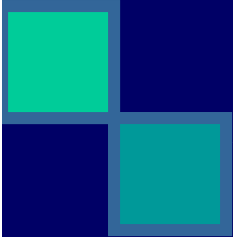



TDR Issues

- Defining sending and receiving areas
- How will the market operate?
- Establishing how many development rights can be transferred
- Development policies for receiving areas
- Taxation of income and land after sale of development right
- Restriction of sending parcels from future development
- Administrative capacity
- Getting the word out about the program

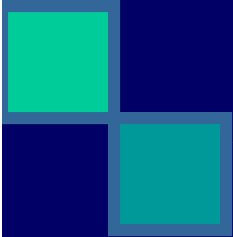



Defining sending and receiving areas

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- Dual district program
 - One area for sending; one area for receiving
 - Single district program
 - One area within which development rights can be transferred away from land with important resources to land that is more appropriate for development
- 



Defining sending and receiving areas

- 
- Sending - Look at where important resources are located
 - Receiving - Look at where development is best supported
 - Consider working with urban areas
- 



How will the market operate

- Market calibration

- There has to be demand and there has to be supply, but, they need to be balanced

- Demand


- Are there types of development that are not currently available? Ex. Conservation Subdivisions, Multiple-family, High density

- Supply

- Calculate the number of rights that will be created
- 





How will the market operate

- Market calibration is the key to avoiding too much supply or too much demand
 - Too much supply = people won't sell or developers can build what they want without using TDR's
 - Too much demand = too high of a price for developers to make a profit on the development
- 





How will the market operate

- Choosing sending and receiving zones for the long-term is important
 - Permanent restriction of parcels that sell development rights will prevent a “windfall”
 - Community needs to be supportive of the program to prevent future changes that could undermine the protection
- 




Establishing how many development rights can be transferred

- **Mandatory program**
 - Development rights can only be transferred, not used on the original parcel
 - **Voluntary program**
 - You can sell the development right or use it on the original parcel
 - **Downzoning with TDR**
 - Reducing the allowed density (number of units per area) but allowing the difference between the density before and after to be sold as development rights
- 




Establishing how many development rights can be transferred

- One to one
 - One development right purchased can transform into more than one development right used
 - A single-family residential development right can be transformed into a multi-family or commercial development right
- 




Development policies for the receiving areas

- A TDR ordinance will have provisions
 - Defining the geographic receiving area
 - Defining development policies
 - Density
 - Mix of uses
 - Design standards
- 




Taxation of income and land after sale of development right

- Income tax is the same as any sale of an interest in land
 - Property tax will reflect the restricted use of the property
 - Agricultural land is already taxed at ag use value, so you may not see an actual reduction
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Restrictions of sending parcels from future development

- Conservation easements
 - Who will hold and manage
 - Tracking on zoning map
 - Notation on parcel records
- 

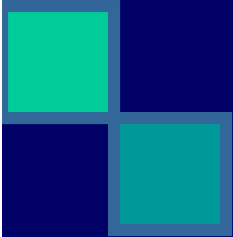



Administrative capacity

- Although it is a market-based approach, it is still administration heavy
 - Tracking transfers
 - Accepting conservation easements and monitoring
 - Possibly working with another jurisdiction
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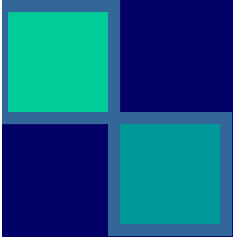



Getting the word out on the program

- 
- Get people involved in the development of the program, you don't want people to be surprised
 - Identify sellers and developers who will be leaders
 - Advertise the voluntary program
- 



Conceptual Questions for TDR

- 
- What are goals for a TDR program?
 - Are these goals better met with other programs or requirements?
- 




Thank you!






Cluster/Conservation Subdivision

Working with TDR
as a possible location to which
development rights
may be transferred





What is Cluster?

- An alternative development pattern that allows smaller lots while keeping overall density, overall number of lots, the same
 - Protects resources by promoting development site design that places structures away from important resources
 - Can lower development costs because of lower road costs and shared septic systems
 - Sometimes combined with Transfer of Development Rights (TDR)
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Clusters can be like small villages surrounded by ag land





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Cluster Issues

- Where are clusters allowed –
 - There may be some conflicts between clusters and ag production
 - How should clusters look
 - Size of lots
 - Internal streets
 - Open space
 - Will there be incentives to do clusters such as bonus units?
- 