

Transfer of Development Credits

Greenfield Tool Box

DESIGN

PROCESS

✓ IMPLEMENTATION..... Land Use



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TOOL DESCRIPTION

Transfer of Development Credits (TDC) is a policy tool used to transfer the development potential of ecologically or culturally sensitive areas to areas with a better capacity to accept new development. The tool is helpful for providing a community with a means to manage the rapid conversion of culturally or ecologically significant landscapes and to promote greenfield development near existing areas.

A TDC program identifies the development potential of lands ideal for conservation, or designates value based on the conservation value itself. This value can then be transferred to other land on top of existing development potential, therefore increasing the development potential there. This allows greenfield developments to build at higher densities than what zoning would otherwise allow, while simultaneously ensuring that development does not occur on sensitive land. The transfer of credits in this market-based system offers several benefits:

- › It empowers landowners to contend with development pressure by allowing development potential to be sold separate from the land
- › It conserves land at minimal public expense
- › It allows large amounts of land to be conserved all at once, rather than on a parcel by parcel basis

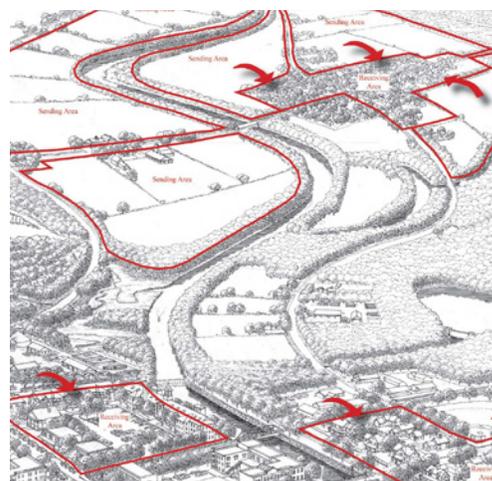
A TDC program has four main components: Sending areas, Receiving areas, Credits, and Administrators

Sending areas

Sending areas are areas where there is a desire or need to preserve existing land uses or conserve the existing landscape from development pressure. These areas can be made of individual parcels, or can be general areas identified as having critical conservation value (see Ecological Infrastructure Modelling Tool). Landowners may be part of a zone identified, or request specifically to have their parcel identified as a sending area. Once a sending area is identified, conservation easements or restrictive covenants are used to reduce allowable development under a TDC.

Tool Intent

Transfer of Development Credits (TDC) is a policy tool used for preserving ecologically or culturally sensitive areas while permitting the development potential from those areas to be transferred to other sites.



Sending and Receiving Areas

Credit | Vermont Land Use Education and Training Collaborative

USERS

- ✓ Municipal Officials
- ✓ Municipal Planning Staff
- ✓ Planning + Design Professionals
- ✓ Engineers
- ✓ Land Developers
- ✓ Landowners
- ✓ Community Members

Receiving areas

Receiving areas are areas where credits from sending areas can be applied. These areas typically have high development value and are close to existing development. As such, they represent prime candidates for more intensive development allowed by development credits transferred from sending areas.

Credits

Credits represent the exchange unit for development rights in a TDC system. Credits are usually equivalent to a certain unit of development: housing units, commercial floor area, or developed land area. Systems can allow credits to be used from one or multiple sending areas, and applied to one or multiple receiving areas, depending on the goals of the TDC system and the scale of the proposed development.

Administrators

The administrator of a TDC program provides oversight for exchanges of credits. This is most often a role for a local government department, but TDC programs can be managed with the assistance of an NGO.

WHEN IN THE PROCESS IS IT USED?

A TDC program must be designed and in place prior to the beginning of the development process for its benefits to be realized. The Miistakis Institute* has identified five general steps have been identified as necessary to implement a TDC program:

- › Determine the demand for a TDC program through public consultation and background studies;
- › Initiate public consultation to develop the TDC program, especially landowners and developers that might be part of the process;
- › Identify TDC sending and receiving areas (or create methodology for identifying these areas on a case-by-case basis)
- › Develop a system and rules for transferring credits;
- › Identify tools that can extinguish development potential on land in the receiving areas (see Land Preservation Mechanisms Tool p.117, and Historic Resource Designation and Incentive Programs Tool p.120)

It is important that these steps be undertaken in a transparent manner, with input for public consultation process. Research has indicated that public understanding of the program is critical to its support and use, since it is intended to be a market-based tool. One effective way to introduce a TDC program to a community is to implement the system incrementally, brokering the first transactions for a few small sending and receiving areas. The quick implementation of a sweeping system addressing broad swaths of land may be too daunting to receive community support

Once in place, the TDC program serves to inform the location of greenfield development and its potential for intensification. This makes TDC a useful tool for promoting the development of appropriately sited, compact greenfield communities. The conserved ecologically and culturally significant areas and can serve as part of a greenway and open space network (p.34) or inform a conservation subdivision design strategy (p.27).

*The Miistakis Institute for the Rockies
<http://www.rockies.ca/programs/tdds.htm>

CASE STUDIES | BEST PRACTICES

Larimer County, Colorado



Fossil Creek Reservoir, Larimer County, CO

Source | Mountain Roamer, <http://www.flickr.com/photos/mountainroamerimages/5747589497/sizes/l/in/photostream/>

Location: Colorado, USA

Description: Larimer County implemented a Transfer of Density Units (TDUs) program to protect natural areas, farmland, views to the foothills, and to direct development away from the land between the cities of Fort Collins and Loveland. Density units, which represent the credit for development potential, are established based on the density allowed by zoning in the sending area; this value can be multiplied depending on the cultural or ecological value of the land there. Once TDUs are identified for a certain sending area, the landowner has up to two years to transfer them. In the receiving area, one and half units can be built for each TDU (1.5 was a multiplier chosen to encourage developers to use this tool). In the sending area, a covenant is placed on the title to the land that restricts future development. As of 2008, two developers took advantage of the TDU program to develop one sending area called Fossil Creek. Over five hundred acres in multiple sending areas were protected through that process.

LOCAL APPLICATIONS

Two municipalities in Alberta have explored or implemented the TDC concept to varying degrees to redirect new development away from sensitive areas.

Wheatland County, AB

A Subdivision Credit Application Transfer program was developed in Wheatland County, Alberta in 2006 to address development pressure and the conversion of agricultural land. Sending areas in this program can be designated as any land within the county's agricultural zone, but are only designated through an application by the landowner. Receiving areas must be adjacent to sending areas. Credits are negotiated on a transfer-by-transfer basis. The TDC process mirrors the subdivision application process, and occurs at the same time.

Bighorn Municipal District, AB

A Transfer of Subdivision Density policy was adopted by Bighorn Municipal District in 2007. Sending and receiving areas were not predetermined by the policy, but are evaluated based on whether or not conservation-based criteria are met on the land in question. Development potential is transferred from one subdivision parcel to another on a one-to-one basis.

POLICY SUPPORT

TDC programs are generally implemented on a municipality-by-municipality basis. A report entitled Transfer of Development Credits in Alberta: A Feasibility Review suggests a potential legislative framework for municipal implementation of TDC in the Alberta context. Already, the Alberta Land Use Framework suggests that TDC is one possible means of implementing a strategy for conservation and stewardship on private and public lands. Additionally, a research paper by Kwasniak (2004) and summarized in a research paper by Agriculture and Agri-Food Canada provides an overview of the potential legal considerations and case law precedent that provides municipalities with the authority to enact a TDC program.

RELATED TOOLS

[Ecological Infrastructure Modelling](#)

[Greenway and Open Space Networks](#)

[Conservation Subdivision Design](#)

[Land Preservation Mechanisms](#)

[Historic Resource Designation and Incentive Program](#)

ADDITIONAL RESOURCES

Miistakis Institute for the Rockies (<http://www.rockies.ca/programs/tdds.htm>)

Edmonton & Area Land Trust (www.ealt.ca)

Greenaway, Guy, and Kimberly Good. "Canadian Experience with Transfer of Development Credits and their Potential Application to Agri-Environmental Policy." Prepared for Agriculture and

Agri-Food Canada. Miistakis Institute: March 2008. (http://www.rockies.ca/downloads/Cdn_experience_with_TDC.pdf)

Greenaway, Guy, and Kimberly Good. "Reconciling Development and Conservation: Applying Transfer of Development Credits (TDC) Programs in Alberta." Alberta Association of Municipal Districts and Counties Fall 2009 Convention. Edmonton, AB: November 17, 2009. (http://www.rockies.ca/downloads/TDC_AAMDC_11.17.09_print.pdf)

Greenaway, Guy, and Kimberly Good. "Transfer of Development Credits in Alberta: A Feasibility Review." Prepared for Alberta Sustainable Resource and Environmental Management. Miistakis Institute: March 2008. (http://www.rockies.ca/downloads/TDC_Feasibility_Review%20_Alberta.pdf)

Kwasniak, Arlene. "The Potential for Municipal Transfer of Development Credits in Canada." *Journal of Environmental Law and Practice* 15:1. 2004.

Vermont Land Use Education & Training Collaborative. "Transfer of Development Rights." In the Vermont Land Use Planning Implementation Manual. 2007. (<http://www.vpic.info/pubs/implementation/pdfs/28-TDR.pdf>)

CASE STUDIES | BEST PRACTICES

Boulder County, Colorado



Boulder, Colorado

Source | Rob Lee, <http://images.cdn.fotopedia.com/flickr-130195403-hd.jpg>

Location: Colorado, USA

Description: Boulder County developed a Transfer of Development Rights (TDR) program to protect agriculturally productive or environmentally sensitive land throughout the county. Any area determined as such can be potentially designated as a sending area. Receiving areas are determined based on the development proposed and the availability of sites that can support it. As a result of this case-by-case approach, almost no subdivision development can occur in Boulder County without a development using TDR. Subsequently, county officials work with developers early in the planning and design process to ensure that developers can create proposal that meet requirements of the TDR program.