

## TRANSFER OF DEVELOPMENT RIGHTS

### TDR GLOSSARY

**Allocation rate:** An allocation rate is the number of development rights allocated to a sending site; i.e., the number of rights which can potentially be sold from the site. The allocation rate may be greater than, less than or equal to the amount of development allowed by zoning, depending on the goals of the TDR program and need for incentives.

**Conservation easement:** A conservation easement is a legal agreement between a landowner and a land trust or government agency that permanently limits uses of the land in order to protect its conservation values. It allows the landowner to continue to own and use the land and to sell it or pass it on to heirs. Conservation easements are placed on a sending site at the time development rights are sold from the property. The conservation easement typically prohibits any further development of the property but allows resource uses such as farming and forestry to continue.

**Development Bonus:** A development bonus is a zoning code provision that allows more intensive development in exchange for provision of specific public benefit features, such as neighborhood amenities, affordable housing, or purchase of TDR's. Development bonuses often allow increased building height or density, but can also include flexibility in use restrictions or other development standards. Developers have the option of building to a "base" level of development established in the code, or taking advantage of the development bonus by providing the benefit features specified.

**Exchange Rate:** The exchange rate is the relationship between the number of development rights allocated to a sending site (typically a specified number of single family dwelling units) and the amount of development bonus available on a receiving site (which may be extra single family units, multi-family units, commercial square footage, and/or flexibility in development standards). The term encompasses both simple transfers of dwelling units from one site to another and more complex conversions of development credits; it is therefore used in place of the term "transfer ratio" (see below).

**Inter-local agreement:** An inter-local agreement is a legal contract between two or more local jurisdictions (cities and counties) that specifies the conditions under which development credits may be transferred between jurisdictions (typically from an unincorporated county into an incorporated city). Inter-local agreements must be endorsed by the legislative bodies of both jurisdictions.



**Receiving Areas:** Receiving areas are those sites eligible for development bonuses through the purchase of TDR's. The TDR program designates receiving areas, specifies the type and amount of bonus available on these sites, and details the process for approval of projects using the TDR bonus.

**Sending Areas:** Sending areas are designated areas where landowners may sell their development rights in exchange for placing a conservation easement on the property. Sending areas are typically agricultural lands, forest areas, or environmentally sensitive sites.

**Transfer ratio:** This term is used in many TDR programs to describe the numerical relationship between the amount of development potential forgone on sending sites, and the amount of additional development allowed on receiving sites. A 1:1 ratio means that the sending sites forego the same number of houses per acre as the additional houses per acre allowed on receiving sites. It implies a simple transfer of dwelling units from one area to another.

**TDR Bank:** A TDR bank is an entity operated by a local jurisdiction, regional government, or private non-profit organization for the purpose of buying, selling and holding development rights. By providing a single point of contact, a TDR bank can streamline the process for buyers and sellers of development rights.

**Transaction types:** A TDR program can offer one or more transaction types, which are the various mechanisms available for buying and selling development rights. The simplest transaction type is a private transaction between the owner of a sending site and the developer of a receiving site, executed at the time a TDR development project is proposed. Other options include buying and selling development rights to/from a TDR bank or a private investment corporation, or participating in a conservation credit/purchase of development rights program run by the local city or county.