

## 7 Keys to Successful TDR Programs

A look at TDR programs across the country shows the tremendous potential of TDR but sometimes mixed or very limited results. Designating resource lands for protection and setting up transfer mechanisms is, in general, far easier than identifying appropriate receiving areas for growth and creating viable economic markets to attract buyers and sellers of development rights. In an effort to learn from these experiences and find ways to more fully realize the potential of TDR in our region, the Cascade Land Conservancy has identified the following keys to successful programs.

**Viable Receiving Areas:** Adequate receiving areas must be in place to accept development rights from the designated sending areas, with infrastructure to accommodate the added development. To help achieve community support and mitigate the impacts of development, public funding for neighborhood amenities and infrastructure upgrades may be needed.

**Demand for Increased Density:** Receiving areas can only be successful where there is economic demand to build additional units, height, or density beyond what the base zoning allows. Demand for more intense development should be a key factor in designation of receiving sites.

**Incentives:** Both buyers and sellers need an economic incentive to participate in TDR. Incentives are determined by the number of development credits that can be sold from a sending site relative to what zoning allows (transfer ratio), and the extent of development allowed above base zoning on receiving sites (development bonus). Transfer ratios and development bonuses should be carefully calibrated based on sound economic analysis.

**TDR Banks:** Many successful TDR programs rely on a TDR bank to buy, sell, and hold development credits. TDR banks facilitate TDR transactions by making it unnecessary for individual buyers and sellers to find one another, and by acting to stabilize the market during periods of slow demand. TDR banks can be operated by a city, county, or nonprofit organization.

**Regional Coordination:** For TDR to be effective at a regional scale, a high degree of regional coordination is needed. There must be regional consensus on where development is most appropriate, with broad public support for concentrating development in certain areas to prevent sprawl elsewhere.

**Leadership and Advocacy:** Public leadership and advocacy are needed to build and sustain public and political support for TDR. Political support is needed at the highest levels to achieve inter-local agreements reflecting regional growth policy. At the program level, strong outreach and technical support are critical to engage buyers and sellers and foster an active program.

**Zoning Support:** TDR programs must be closely coordinated with underlying zoning. TDR is most effective when it is the most economical or only option for increasing density or height in receiving areas.

*Thank you to Cascade Land Conservancy for providing this document.*