



# TRANSFER OF DEVELOPMENT RIGHTS

## Potential Impacts for Michigan Communities

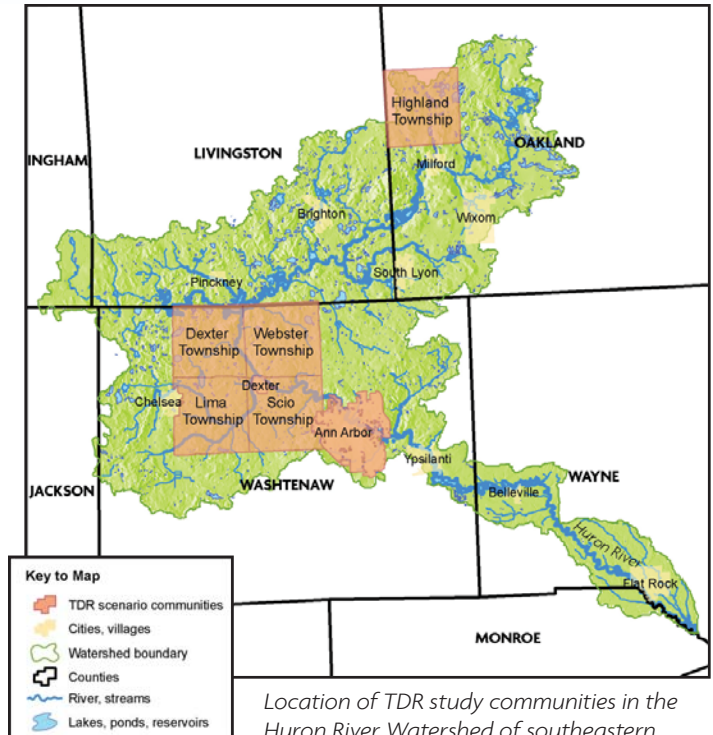
### PROJECT SUMMARY

Transfer of development rights (TDR) is seen increasingly as a useful method of preserving land that takes advantage of real estate market forces rather than relying on public coffers to fund land acquisition. While a handful of communities in Michigan have explored creating TDR programs, TDR has not yet taken hold as a viable planning tool. The Huron River Watershed Council, for the benefit of Michigan audiences, simulated how a transfer of development rights program could work locally.

The study analyzed the impact of TDR versus traditional development methods in residential development in three different Michigan communities. It used simulation modeling to role play how TDR could work. Results showed both the relative impact of TDR and its potential application in each community. Four overlapping impact categories were selected and measured: fiscal, environmental, societal and transportation. Long-term costs were projected where possible.

### TEAM MEMBERS

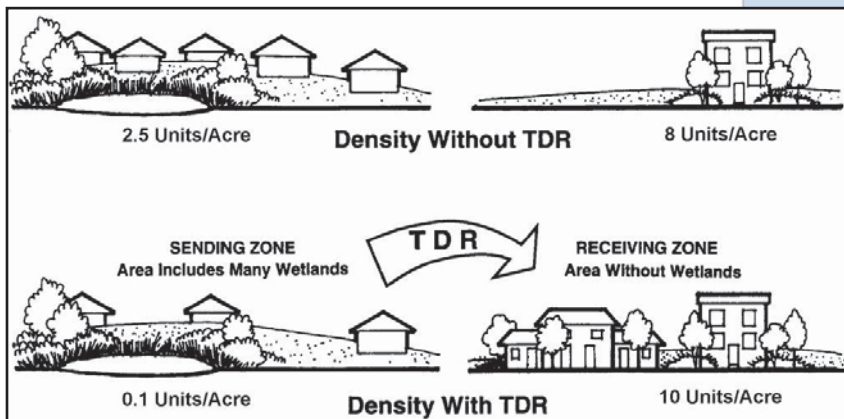
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Location of TDR study communities in the Huron River Watershed of southeastern Michigan. —graphic: HRWC

### WHAT IS TDR?

Transfer of development rights is the sale of a parcel's development rights to the owner of another parcel, which allows more development on the second parcel while reducing or preventing development on the originating parcel. Under a TDR program, development rights are severed from a lot designated for protection (sending site), and the severed rights are transferred to a lot in a site where additional development is permitted (receiving site). *from Johnston and Madison, 1997*



Development rights transfer to protect wetlands in this example. —graphic: Michigan Department of Environmental Quality, 1995, produced by the Planning and Zoning Center.

# TRANSFER OF DEVELOPMENT RIGHTS: Potential Impacts for Michigan Communities

Three existing site plans were selected in the following communities (receiving site) and then communities were selected from which density was transferred (sending site):

## Receiving Site

1. Highland Township
2. City of Ann Arbor
3. Scio Township

## Sending Site

- Highland Township  
Dexter, Webster, Scio townships  
Dexter, Webster, Lima townships

## Sending Site

The City of Ann Arbor scenario is described here to illustrate the method followed for all three scenarios listed above. The receiving site is located in a part of downtown Ann Arbor where increased density is planned. Without TDR in place, 114 units could be built in a 5-story building at this site. The TDR alternative adds 50 units to the building (2 more stories) assuming the developer purchased the additional units from a sending site in a nearby township. In this scenario, three different sending sites are considered in three townships to study how varying distances from the receiving site affect the impacts being measured.



*A residential building in downtown Ann Arbor adds 50 units through the hypothetical TDR program.*

— photo: Ann Arbor Area CVB

## Receiving Site

The hypothetical sending site located in Dexter Township 12 miles northwest of Ann Arbor covers 177 acres of high quality farmland, woodlands and wetlands. Without TDR in place, current zoning and site characteristics would allow 25 units to be built on minimum 5-acre lots. The TDR alternative would send the development rights to the receiving site and preserve the land at the sending site. A 2:1 allocation rate is used to give sending site landowners more opportunities and more flexibility in marketing their rights. So the 25 units from the sending site translate into 50 units at the building in downtown Ann Arbor.



*Farmland and woodlands would be preserved if development rights are transferred to downtown Ann Arbor.*

— photo: HRWC

## PROJECT FINDINGS

The potential impacts of the developments at the Ann Arbor and Dexter Township sites without and with a TDR program were measured using 15 parameters. The results suggest that, under a TDR scenario, the impacts could be as follows:

- All impacts DECREASE 5%-93% except community costs
- Number of trips generated on area roads DECREASES 5%
- Total miles to reach nine typical destinations DECREASE 57%
- Transportation capital and maintenance costs DECREASE 100% since no improvements would be needed
- Stormwater runoff DECREASES 15%
- Water pollutants DECREASE 74% to 86%
- Impervious surface DECREASES 93%
- Costs to the community INCREASE 42% yet transportation and school costs are among the residential services not accounted for in traditional Fiscal Impact Analysis
- Costs to the developer DECREASE 34% and 25 additional units can be built

The study found that environmental impacts are reduced significantly when a TDR program is in effect.

The study also found that the results are affected by the locations of the sending and receiving areas because the impacts are spatially dependent. In general, TDR generates the greatest benefits for the Ann Arbor scenario due to the close proximity to the amenities of urban living and less dependency on car travel. The impacts with TDR are not uniformly positive in suburban townships when the receiving sites are located away from existing infrastructure such as roads.

The report “Potential Impacts of TDR for Michigan Communities: The Huron River Watershed Scenarios” is available in digital format at [www.hrwc.org](http://www.hrwc.org) or a hard copy can be requested from HRWC.

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