

# Transferable Development Rights (TDR)

## What are Transferable Development Rights?

Pennsylvania's local governments continue to experience demand for both development and the protection of open space, agricultural land and historic sites. The transfer of development rights (TDR) is an effective tool to create smart growth plans, balance development and protect land for future public enjoyment.

As a dual-purpose, land use planning tool gaining use in Pennsylvania and across the country, a TDR program is a way to reduce and transfer development in areas targeted for preservation to areas a community wants to grow. Property owners have a bundle of land ownership rights, including the right to use land; lease, sell and bequeath it; construct buildings on it and mine it. Some or all of these rights can be transferred or sold to another person. TDR is a tool to unbundle and transfer development rights.



## How do Transferable Development Rights Work?

### *Start with a Comprehensive Plan*

Transferable Development Rights start with a land-use plan that identifies both growth and conservation areas. Conservation areas may be farmland, historic districts, or environmentally sensitive land. Transfer of development rights programs may be operated by a single municipality, or they may be multi-municipal and allow for the transfer of development from one municipality to another.

### *To Bundle or Transfer a Single Right*

A TRD recognizes that property owners have a "bundle" of rights, some or all of which can be transferred or sold to another person. TDR programs allow owners of land that is targeted for conservation to sell their right to build on the "sending" parcel to a developer in the growth area or "receiving" zone. When the rights are transferred from the sending parcel, the land is restricted from development by covenant. By buying rights, a receiving developer may build at a density higher than that permitted by the base zoning. TDR enables a free exchange (buying and selling) of development rights without the need to buy or sell land. Private developers or local governments purchase the development rights from within the sending areas and transfer them to an area to be developed.

### *Sending and Receiving Property Rights*

The parcel of land where the rights originate is called the sending parcel. When the rights are transferred from a sending parcel, the land is restricted with a permanent conservation easement. The parcel of land to which the rights are transferred is called the receiving parcel. Buying these rights generally allows the owner to build at a higher density than ordinarily permitted by the base zoning.

### *Municipalities Land Bank Brokers*

TDRs enable private market transactions, where landowners and/or developers buy and sell their development rights. A TDR "bank" can help create a market for development rights by buying rights from willing sellers in preservation areas, and then selling them later to developers who wish to undertake higher density developments in receiving areas. A municipality(ies) must decide if it wants to serve as a broker in developing a land bank. Public land banking can be helpful, but is not necessary for a TDR.



