TRANSFERABLE DEVELOPMENT RIGHTS

INTRODUCTION

Development and growth have become hot topics for debate in the Inland Bays watershed. Attracted by the beaches, bays, and overall quality of life, people flock to the Inland Bays watershed in search of a new home. As more housing and other types of development occur, more farmland and open space is lost. Along with the development of rural areas comes increased nutrient pollution from these urban/residential development sources. However, nutrient loading from new development can be reduced and open space and habitat can be preserved if development is done wisely. Transferable Development Rights (TDRs) are tools for directing development of lands designated for growth while leaving other areas available for open space.

DEFINITION

Transferable Development Rights (TDRs) are credits that are attached to a piece of land for the development of that land. Through creating these TDR, owners of rural lands in an area slated for conservation can be given "credits" or TDRs. Then these credits can be sold to developers looking to build on lands in growth areas, where development credits are needed. In many cases, these rights/credits could increase the density of development permitted in the growth areas.

AN EXAMPLE

Bob owns a piece of property—it consists of freshwater wetlands, farmland, and some forest. The State and County have identified it as an endangered area in need of protection, thus it should not be developed. Bob is granted 10 development credits for that land.

Betty wants to develop land in the watershed. Friendlytown has been designated a growth area. Betty currently owns property in Friendlytown that she cannot develop without having development credits.

Betty buys development credits from Bob.

ISSUES

- TDRs reduce development in areas designated for preservation and increase development in growth areas.
- TDRs will only work to protect land from development if the transfer of rights is widely practiced.
- Less rural land is converted to development to accommodate projected growth.
- Nutrient loads from new development are reduced.
  - Capacity for growth is increased in sewered areas since development will occur in growth areas.
  - Since new development will be in sewered areas, the use of septic systems will not be required, as development would occur in rural areas.
- Waste treatment systems in growth areas will need to have appropriate capacity to treat increased flow from expanding development.
- New development will occur in areas with storm-water management—thus reducing nutrient inputs into streams.
- Stream quality will be protected over larger area where the open space exists.
- Development impacts will be greater on waters located in growth areas.
- When TDRs are used, there is no need to zone-down land in rural areas.
- TDRs require the use of private funds, so public revenue not needed for the protection of the land.
- Some administrative costs will be incurred in the creation of the TDR.
  - TDR administrator must ensure the legitimacy of the credits or rights through legal channels
  - Facilitate buyers and sellers recognition of each other—ability to find each other
  - Administration of a TDR bank.

INLAND BAYS WATERSHED

This fact sheet was prepared by the Delaware Department of Natural Resources and Environmental Control's Whole Basin Team, at the request of the Inland Bays Tributary Action Teams, for citizens and stakeholders interested in one of Delaware's most environmentally and economically attractive areas—the Inland Bays and its surrounding lands, surface and ground waters.

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