

# Transfer of Development Rights for Affordable Housing

A transfer of development rights (TDR) program relocates development potential from properties in designated “sending areas” to sites in designated “receiving areas. A TDR program can be structured to allow urban affordable housing preservation projects to qualify as sending sites (e.g., mobile home parks or high-rise low-income apartments). A TDR program for preserving existing affordable housing can be a tool to prevent residential displacement as neighborhoods undergo change and redevelopment.

## BACKGROUND

A TDR transaction involves: (a) selling the development rights from a sending site, thereby preserving the sending site from future development; and (b) purchase of those development rights by the owner of a site in the receiving area to be allowed to build at a higher density or height than ordinarily permitted by the base zoning.

Although a TDR program is often used to preserve farmland, forest or open space, it can also help to preserve affordable housing in urban areas. [Mobile and manufactured homes](#) are an important source of affordable homes in many communities but are increasingly threatened by redevelopment. By allowing manufactured home parks to qualify as a sending area in a local or regional TDR program, their development rights can be purchased and the existing use preserved. The transaction provides revenue for park maintenance and improvements while allowing the development potential for new housing to be fulfilled in another part of the community.



Similarly, TDR could be applied to preserve affordable housing in urban areas at risk of redevelopment. Unique affordable housing options such as historic buildings or gentrifying neighborhoods can be at risk for redevelopment. The development rights of these buildings could be highly valuable and worthwhile contributions as sending areas of

## TOOL PROFILE

### Objectives

[Housing in Centers and Near Transit](#)

[Housing Options in Expensive Markets](#)

[Missing Middle Density](#)

[Mitigate Residential Displacement](#)

### Type of Tool

**Other Regulatory Tools**

### Project Type

**Multifamily**

**Ownership**

**Rental**

### Affordability Level

**Most effective for units <80% AMI**



a TDR program. It may be helpful to partner with other cities or counties to develop the attractiveness of the areas within the TDR; see [interjurisdictional cooperation](#) for more information.

It is important to structure receiving site incentives so they do not de-emphasize affordable housing provision bonuses. If a community provides both options to use TDR credits and bonuses for affordable housing, the two systems should be coordinated and calibrated so that one incentive does not undermine the other and in a way that maximizes the overall public benefit.

## RESOURCES

City of Seattle: [TDR program for affordable housing preservation](#) (2020)

Local Housing Solutions: [Transfer of development rights](#) (2020)

