To: Board of County Commissioners

From: Mike Pelletier, GIS Manager

Date: January 9, 2018

RE: Residential Density Transfer Program (RDT)

In 2009, Gunnison County adopted a means of transferring residential density from very rural areas to places appropriate for development via the subdivision process. National planning experts provided input and were excited about Gunnison County's approach because it provides significant improvements in efficiency, equity, and simplicity over past methods available in the U.S.

The RDT program was adopted near the beginning of the recession and after a significant supply of vacant lots had been created in the County. For these reasons very little subdivision has occurred since 2009 and to date the program has not been used.

In a sentence, the program allows subdividers to reduce their open space requirement in return for paying a fee that is used to conserve land elsewhere. More specifically it allows reducing the open space from 30% to 15% and using that land for creating more lots. Developers who choose the option benefit because the fee is a fraction of the extra value gained with the additional lot(s). The community benefits because the fee can leverage other funding sources to conserve large ranches in the county.

The total fee is 10% of the value increase created by the subdivision approval using values set by the County Assessor in their mass appraisal process. If desired, a proportional amount of the fee is paid with each lot sold so there are no upfront costs. All the details are in the LUR division 14-200 and attached at the end of this memo.

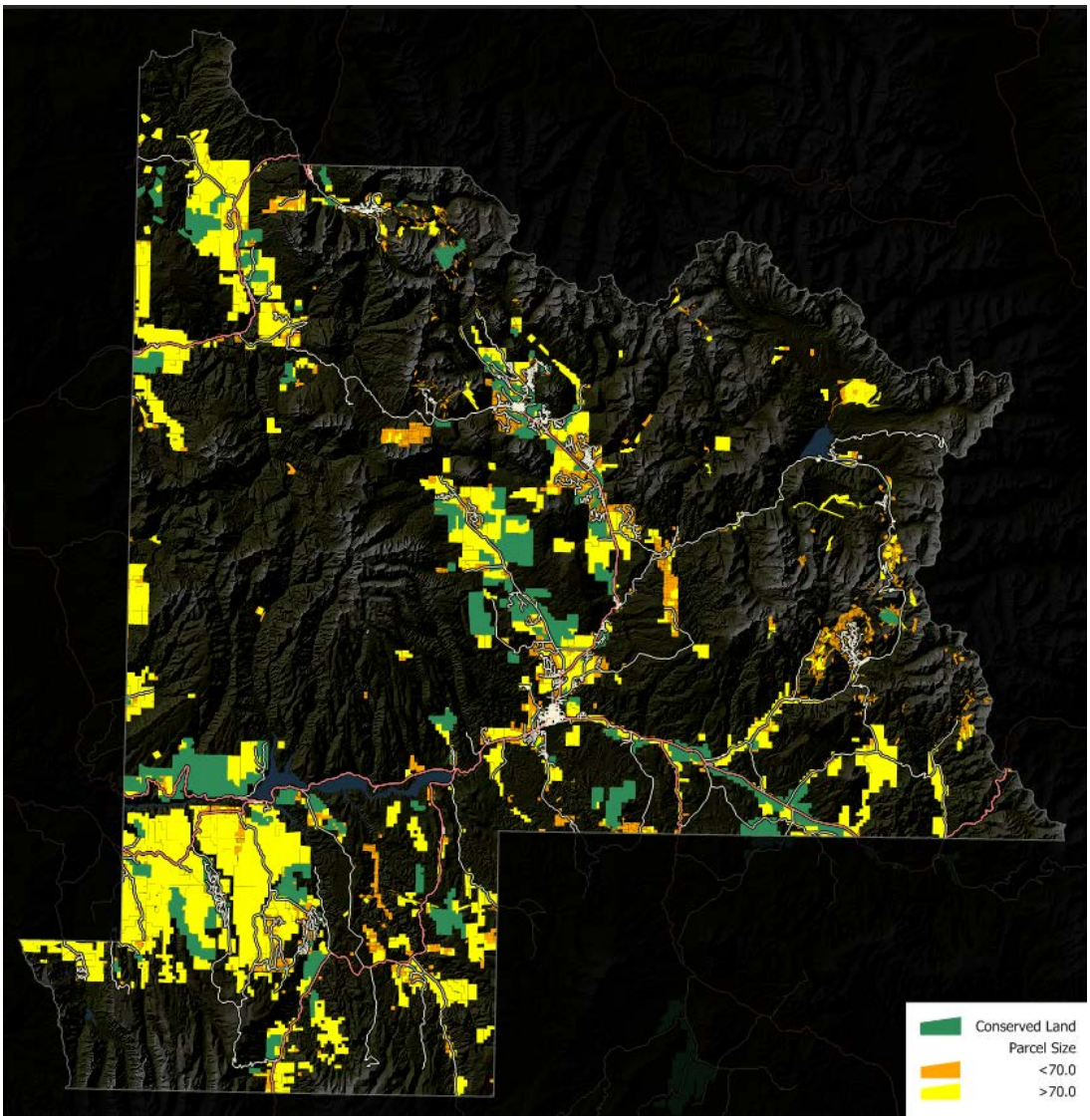
Funds created by the RDT, would be available for use by land trusts in the same manner as is currently done with the Land Preservation Board to create conservation easements. Typically these funds leverage monies at an impressive 12 to 1 ratio and also include landowner donations. Thus, allowing a few extra homes in a couple of subdivisions+ can conserve a 300 acre ranch.

Conservation easements have become the de facto means in Gunnison County for driving land use patterns in rural areas. To date, roughly 78,000 acres or 20% of the private land in Gunnison County is in a conservation easement. They offer the best hope for avoiding the pitfalls of too much rural development, which has occurred in many other parts of Colorado. The citizens of Gunnison County have expressed this desire repeatedly in various master planning efforts and by the reauthorization of the Land Preservation fund vote in 2012, which passed with an impressive 80% approval.

Gunnison County is fortunate that ranching families have accepted conservation easements widely. In fact, land trusts report that there is a large backlog of families

interested in donating conservation easements if someone will cover the transaction costs (roughly $60,000). The Residential Density Transfer program could provide a significant funding source in the future when subdivision activity increases, which seems probable given the current local tourism boom and relatively strong national economy. The RDT program is currently an option but it could also be equitably modified to be a requirement.

The map below shows conservation easements throughout the county along with private land greater or less than 70 acres in size. Parcels greater than 70 acres can generally be subdivided relatively easily under current laws. There is about 300,000 acres of private land in parcels greater than 70 acres in size that is assessed as residential, agriculture, or vacant. Minus existing conservation easements, that leaves 222,000 acres available for development or three quarters of the undeveloped land. While some of it is in unbuildable areas, creative parcel lines and other techniques can make it count for land area required to subdivide.



LAND USE RESOLUTION, DIVISION 14-200

A. PURPOSE. The purpose of this Division is to provide an effective and equitable tool to conserve ranchlands used in agricultural operations and other valuable natural lands, and to help protect those lands from development impacts.

B. METHOD. The Residential Density Transfer (RDT) program transfers units by providing the option of increased density through reduced open space in a new subdivision in exchange for cash payment to Gunnison County for the purchase of undeveloped land and/or conservation easements in areas where lower density development is desirable.

C. APPLICABILITY. Any Land Use Change Permit application involving residential subdivision or multiple-family subdivision consisting of five or more residential lots or residences ("Qualifying Development") may include a RDT pursuant to this Division.

D. REDUCTION OF OPEN SPACE REQUIREMENTS FOR QUALIFYING DEVELOPMENT The amount of open space required of a Qualifying Development pursuant to Section 13-108: G.: *Residential Uses* may be reduced from 30 percent to 15 percent when the proposed project conforms to the standards of this Division.

SECTION 14-201: CALCULATING RESIDENTIAL DENSITY TRANSFER AMOUNT AND PAYMENT OF FEES

The calculation of RDT amount and payment of fees shall be as follows:

A. VALUE ACQUISITION. The RDT requirement is determined by calculating a percentage of the value increase given to land when a Qualifying Development is approved. Values used in this calculation shall be based on the non-agricultural land market value, as determined by the Gunnison County Assessor using mass appraisal techniques ("Mass Appraisal Value"). Specifically, the RDT amount equals 10 percent of the sum of the Mass Appraisal Value for all residential lots in the subdivision (A) minus the Mass Appraisal Value that existed for the subject property before the subdivision approval (B).

		A		**B**	
RDT CALCULATION	**= 10% X** (	SUM OF MASS APPRAISAL VALUE FOR ALL RESIDENTIAL LOTS IN QUALIFYING DEVELOPMENT	-	MASS APPRAISAL VALUE OF PROPERTY BEFORE THE QUALIFYING DEVELOPMENT WAS APPROVED	)

B. EXCLUDED LOTS. Lots used exclusively for Essential Housing pursuant to Division 9-600: *Essential Housing* or mobile home units pursuant to Section 9-203: *Mobile Home Communities* shall be excluded from the RDT requirement calculation.

C. **MIXED DEVELOPMENT**. When residential and non-residential uses are located on the same lot, the calculation of (B) shall be accomplished by multiplying the Mass Appraisal Value of the property before the subdivision approval by the percentage of the lot containing or attributable only to residential use.

D. **TIMING.** The RDT amount shall be calculated by the County and be secured via an agreement acceptable to the County Attorney's Office prior to recording the final plat. When the Assessor value is unavailable before the final plat is ready for recording, the Board of County Commissioners shall establish a preliminary lot value to calculate an initial RDT amount that will serve until the Assessor values are available. Lot value estimates shall be calculated by averaging the current Mass Appraisal Values of the most similar lots available, as recommended by the Assessor and subject to approval by the County Attorney.

E. **FINAL CALCULATION.** When an initial RDT amount is used, the County shall notify the applicant when the final Mass Appraisal Values become available. At that time and in accordance with the County-approved agreement, adjustments to the RDT amount, RDT compliance method, and security shall be made, subject to approval by the County Attorney, to ensure the RDT requirements are fully met. The final calculation shall only be used when it decreases the RDT amount and the difference shall be reimbursed or recalculated.

F. **RDT PAYMENT.** At the discretion of the applicant, either all or a portion of the RDT amount shall be paid before the final subdivision plat is recorded, or incrementally with the sale of individual lots. Cash received before the plat is recorded shall qualify for a 10 percent early payment discount. When the incremental payment method is chosen the amount apportioned to lots shall be relative to lot value and shall be paid at the close of sale on the lot.

SECTION 14-202: STANDARDS FOR USE OF TDR FUNDS

A. **RDT REQUIREMENT COMPLIANCE.** Monies collected by Gunnison County pursuant to the RDT program shall be placed into a segregated interest bearing account. Gunnison County shall use funds received pursuant to this Division solely for the purchase of a qualifying conservation easements, restrictive covenants, or fee simple lands located in Gunnison County that permanently conserves private lands that have value in open space, agriculture, wildlife habitat, wetlands, or watershed protection by significantly limiting development; and

B. **RDT FUNDS EXPENDITURE APPROVAL.** Funds acquired by the County through the RDT program shall not be expended without prior written approval of the Board of County Commissioners.

Gunnison County's RDT program appears in various national publications including the article in this link:
http://smartpreservation.net/wp-content/uploads/2011/07/TDR-Less_TDR_Revisited_PAS_Memo3.pdf