



Planning & Zoning Division  
2800 North Horseshoe Drive, Naples, FL

**To:** Board of County Commissioners  
**From:** Kris Van Lengen, Community Planning Manager  
**Through:** Mike Bosi, Zoning Director; Jamie French, GMD Deputy Department Head; Leo Ochs, County Manager  
**Re:** Reply to Questions from June 20, 2017 Workshop, RFMUD  
**Date:** August 2, 2017

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Introduction:

This memorandum provides additional information requested by County Commissioners at the June 20, 2017 RFMUD Workshop. Additional information is provided in Attachments A through E so that subject matter content can be easily consulted or skipped depending on need for clarification. Each Attachment is only a few pages long. Attachment F provides a reminder of the recommendations that obtained full Board consensus (at least a 4-1 straw vote).

Staff seeks to ascertain all information needs and perspectives of Commissioners. To that end, we hope to schedule “one on one” meetings in August, depending on availability, otherwise in September. We look forward to carrying out the Board’s direction and vision for the Rural Fringe. In doing so, we are reminded that Growth Management Plan amendments require a super majority vote at the Adoption Hearing stage. Thus, our objective now is to understand and reasonably anticipate the consensus required for the many components under review.

A summary of content is as follows:

**Attachment A:** Addresses the BCC request to describe the RFMUD development approval process. The scenarios are in the context of the current regulations in the RFMUD Receiving areas. It clarifies the terminology used in the recommendations for development. For example, no Village development is “of right.” The White Paper recommendations build on the same procedural requirements, but expand opportunities to meet stated Board objectives such as housing affordability and transportation mobility. Finally, Zoning Overlays are described as an additional and completely optional concept, not critical to program success, but viewed as an incentive to encourage continued collaborative planning between the County staff, land owners and their representatives. Attachment A and ensuing discussion is perhaps the most important

topic for Board scrutiny, because the last Workshop produced a number of questions and did not allow time for thorough discussion.

**Attachment B:** Provides a description of potential County ownership of some of the Sending Lands. It describes the likelihood of program costs and revenues from the program itself. It quantifies modest long-term liability (after self-sustaining restoration through year 5) based on the most likely scenario for voluntary land donations to the County. It also describes the methods by which the County can take title.

**Attachment C:** Illustrates TDR bank alternatives, variables, and the purpose of market stabilization. It describes the fact that the credit balance faces a long term deficit of credit supply, but a short-term surplus. This is a time gap in supply and demand. There are more and less costly ways to provide bank services, but at the heart of it would be some degree of buying and holding credits for later sale, which stabilize the market and stimulate purely private transactions.

**Attachment D:** Adds information and clarification on urban uses of TDRs. This includes the creation of Urban TDR use as an additional tool for the Board to consider when applicants desire density increases for projects not otherwise available under the Density Rating System in the FLUE. It also addresses the perception that this tool would somehow compete with the goal of housing affordability in the urban area. Less significant is the intended repair to the Urban Residential Infill provision. Two options are discussed based on the goal of incentivizing urban infill for small parcels.

**Attachment E:** Discusses supply and demand for TDR credits. Early in the restudy process, staff analyzed the long-term credit balance under the current program. The analysis concluded that under the current regulations, long term demand would exceed long term supply by a factor of 250%. Following that study, staff worked with a consulting economist under the firm name "Placeworks". The idea here was to test scenarios related to recommendations that evolved through the public process, essentially allowing greater Clustered and Village density but also providing some TDR credit incentives in Villages to achieve Board goals. As described in the White Paper, there were significant long term deficits in supply, prompting the recommendation for awarding additional credits in Sending areas, with the added benefit of increasing non-development and preservation incentives in Sending Lands. Also noted is the need to true up the credit balance after the larger issues of County ownership of some Sending Lands and Receiving area total households is determined by the Board.

**Attachment F:** This document serves as a reminder of the recommendations for which the Board provided consensus at the June 20 Workshop.

## Attachment A: The RFMUD Development Project Approval Process

The Board requested staff clarification on development approval processes under current rules and under stated recommendations. Please note that the last Workshop did not allow consensus vote on any recommendation or on the additional options presented at the Workshop.

### ***Under Current GMP***

Currently, there are three types of development that can occur within the RFMUD Receiving Lands:

Underlying Density: Sometimes referred to as “**Agricultural Zoning**”, a 5-acre parcel is entitled to 1 dwelling unit per 5 acres (0.2DU/A). The owner of a 5-acre parcel may proceed to the building permit stage to build one home. If a subdivision of a larger land area results in more than 2 parcels, a plat would also be required.

Density increases to 1 DU/A. Sometimes referred to as “**Clustered Development**”, an owner of a parcel 40 acres or greater may wish to increase density above the underlying density to 1 DU/A through the purchase of TDRs. For single family development, the process requires plat approval through Construction Plans and Final Subdivision Plat application process, but not a rezone type of public hearing. (For multi-family development, the process requires Site Development Plan (SDP) approval, an administrative process.) For this reason, it is often stated that approval is “by right”, since this arrangement is anticipated in the RFMUD Zoning Overlay, which sets out specific standards for compliance.

Density between 2 and 3 units per acre: This is mixed-use “**Village**” development. It requires a minimum density of 2 DU/A (1.5 DU/A in North Belle Meade) and a maximum density of 3 DU/A. It also requires many specific components, including commercial and institutional areas, and there are size and location criteria. Approval is through the PUD Rezone process, which includes public notice, public hearings and a super majority vote by the Board for approval.

Following are two scenarios that illustrate and describe the types of projects and the approval processes set forth in RFMUD for Clustered development and Village development. These development illustrations are included within the current HHH Ranch offering package and are being used with permission to illustrate a RFMUD Clustered development project at 1 unit per acre, and a Village project at 3 units per acre. The HHH Ranch development area is located in the North Belle Meade Receiving Area.

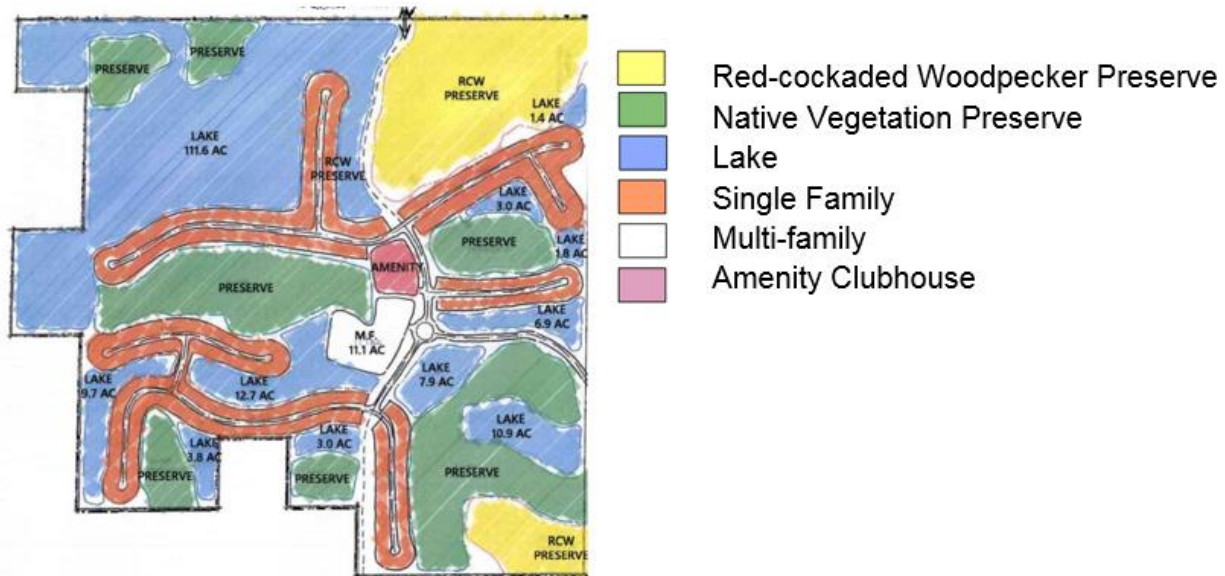
1) Clustered development project 1 unit per acre with the use of TDRs; Today's Program

Development Acres: 570 acres

Residential Units: 570 units

Required TDRs:  $456 = 570$  total units less the underlying density of 1 unit per 5 acres [114 units]

Sending Acres Partially Protected (using first two Credits only): 1,140 acres



**Application:** Construction Plans and Final Subdivision Plat (PPL)

**Review Process:** The Development Review Division will review the application for compliance with LDC and will provide a recommendation to the Board of County Commissioners to approve, approve with conditions, or deny the final subdivision plat.

**Public Notice:** No notice is required

**Public Hearing:** The BCC shall hold at least 1 advertised public hearing to record the final plat. Following approval or approval with conditions by the County Manager or designee, the County Manager or designee shall place the final **subdivision plat** on the consent agenda for its next available regularly scheduled Board hearing. The Board shall consider approval of the final **subdivision plat** together with the approval of standard form, Construction Maintenance Agreement, and approval of the amount of performance security for the required improvements based on the estimate of probable cost.

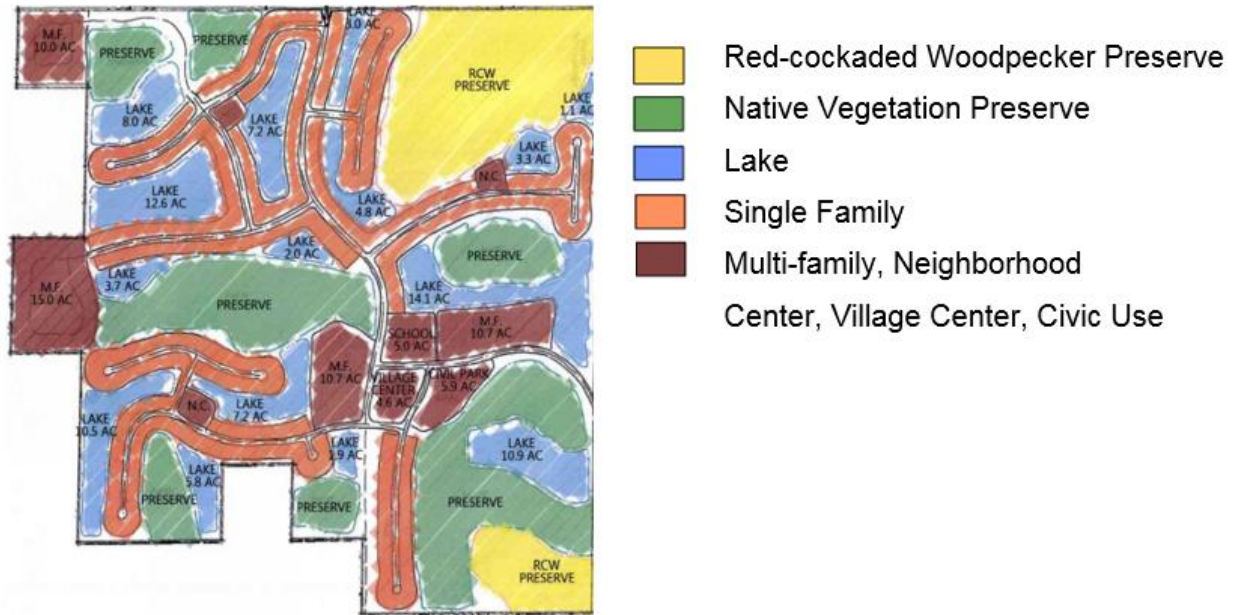
**2) Mixed-use village project 3 units per acre with the use of TDRs; Today's Program**

**Acres: 570**

**Residential Units: 1,710 (mix of single family and multi-family)**

**Required TDRs: 1,083 = 1,710 total units less the underlying density of 1 unit per 5 acres [114 units], less the Village bonus density [513 units])**

**Sending Acres Partially Protected (using first two Credits only): 2,708 acres**



**Application:** Planned Unit Development (PUD) Rezone

**Review Process:** The Zoning Division will review the application for compliance with the Comprehensive Plan and the LDC and will provide a recommendation to the Collier County Planning Commission (CCPC) and Board of County Commissioners (BCC) to approve, approve with conditions, or deny the PUD Rezone.

**Public Notice:** Notification requirements are as follows:

1. **Neighborhood Information Meeting (NIM):** The NIM shall be completed at least 15 days before the advertised Planning Commission hearing. The NIM shall be advertised and a mailed written notice shall be given to property owners in the notification area at least 15 days prior to the NIM meeting.
2. **Mailed Notice:** Written notice shall be sent to property owners in the notification area at least 15 days before the advertised Planning Commission hearing.
3. **Newspaper Advertisements:** The legal advertisement shall be published at least 15 days before each advertised public hearing (CCPC and BCC) in a newspaper of general circulation.

4. Sign: A sign posted on the subject property at least 15 days before the advertised Planning Commission hearing date.

**Public Hearing:** Multiple hearings are required as follows:

1. The EAC shall hold at least 1 advertised public hearing, if required.
2. The Planning Commission shall hold at least 1 advertised public hearing.
3. The BCC shall hold at least 1 advertised public hearing.

### ***White Paper Recommendations***

Given the current Clustered development and mixed-use Village development described above, staff had recommended increases in allowable maximum and minimum densities associated with these processes, and adjustments to the incentives that are provided. The White Paper recommended an increase from 1 to 2 DU/A for Clustered Development, but limited the size of such projects to 300 acres. That recommendation depended in part on the acceptance of Village recommendations, most particularly a minimum Village density of 4 DU/A. The rationale was that the minimum Village density was clearly distinguished from clustering; conversely, if minimum Village density is reduced, Developers will choose the clustering provisions to avoid public hearings and to avoid commercial and institutional use requirements. If so, a lower Clustered Development density might be considered.

Village minimum and maximum density recommendations were provided based on Board direction at the beginning of the Restudy, and supported by a broad group of stakeholders to find ways, through incentives, to:

- Promote housing diversity and affordability
- Limit sprawl development
- Adhere to the spirit of the 1999 Final Order
- Consider adjoining land uses (e.g., commercial and employment needs for the Estates)
- Improve mobility by reverse or shorter automobile trips; creating walkable communities; and supporting public transit
- Promote economic development through
  - Increasing pad-ready business locations and job creation
  - Compact, healthy communities
  - Community vibrancy and character

With this direction in mind, and with an awareness (after the May 11, 2017 Workshop) of Board concern over increasing total population, many options were presented to limit or target total rooftops to the number anticipated under the current RFMUD rules.

In any event, the Village PUD Rezone process would be the same as that described under current rules, above. Villages are not “of right” in any respect. Rather, like any rezone, factors such as compatibility, code compliance, natural resource protection, development agreements, fiscal neutrality etc., all become a part of the approval process.

Clustered development would also be the same process as currently set out, whether under the same or higher density. In the Cluster development process a project does not need to go through a zoning approval and is sometimes described as “of right”. Whether Cluster development should extend to 2 DU/A should be debated. Staff’s recommendation depends on the acreage limitations of clustered development projects and the Village allowable densities determined by the Board.

The idea of a zoning overlay is described below. It is not connected in any way to an “of right” approval process. In staff’s view, it is an opportunity for better outcomes, but not a critical element in the success of the RFMUD program.

### ***The Overlay Concept***

In addition to the current approval processes, the RFMUD restudy recommended initiating zoning overlays for each (or some) of the Receiving Areas as an incentive for projects to meet the BCC’s planning objectives. The purpose of the zoning overlays is to continue to work collaboratively with the property owners and stakeholders to further refine land use, transportation and development standards for each area. These details generally provide greater certainty for elected officials, property owners and the public. It provides the forum for multiple property owners within one receiving area to work together in determining future transportation corridors, residential uses and commercial uses. For instance, with multiple property owners in one receiving area, each with 1,000 acres, one right-sized town center location may serve multiple neighborhoods, rather than each individual project requiring smaller centers. This collaborative approach may also result in higher level of interconnections between projects, more land designated for future employment centers and better coordination in preserve selection.

If the Board of County Commissioners directs staff to pursue zoning overlays, these overlays would be brought before the Planning Commission for recommendations and to the BCC for final approval, which would require a super majority vote. The approved zoning overlay would provide the detailed requirements for future projects within the overlay.

When a project within the overlay is ready to move forward, the project would receive the full application review by staff and the Planning Commission, and final approval by the BCC. If there are no deviations requested from the previously approved zoning overlay, the project may be approved by a simple majority vote. The simple majority vote is the incentive for property owners to engage with the County on preparing zoning overlays in the first place. Without this incentive, there is little reason property owners would want to go through the collaborative process of establishing a zoning overlay.

## Attachment B: County Ownership of Sending Lands

The genesis of the RFMUD and the TDR program was the 1999 Final Order by the Florida Administration Commission, which found that Collier County's comprehensive plan did not: adequately protect natural resources, direct incompatible uses away from listed species and their habitats and curtail urban sprawl. An assessment lasting three years determined that, at the landscape scale, the sensitive environmental areas were those now designated as "Sending Lands".

The initial TDR program awarded 1 TDR for removing the development rights from each 5 acres of Sending Lands, but within a year was amended to include TDR bonuses as incentives to restore and maintain the land, including the ultimate goal of public ownership so that restoration and maintenance could be accomplished at a realistic scale, and long term stewardship assured. Adequate compensation and environmental protection were at the heart of the program. The Department of Community Affairs, the state agency with oversight authority at the time, approved the County's initial plan and then approved the amendments.

As described during Board Workshops in 2017, the fundamentals of the program work well where a public entity has been willing to take ownership following donation, such as the donations to Florida Forestry Service in South Belle Meade. Those donations allow Sending owners to obtain a full complement of TDR credits, thus incentivizing participation. It also allows for efficient, large scale restoration and maintenance plans.

In the early days of the program, there was reason to assume that one or another State agency would accept ownership of donated high-quality conservation land. For many years, these agencies had been actively purchasing properties, such as Corkscrew Regional Ecosystem Watershed (CREW) area lands, Southern Golden Gate Estates and South Belle Meade. State funding for such programs were embraced by State leaders at that time.

The depiction below indicates the portion of the Sending Lands that currently have no willing governmental or non-profit entity to take ownership. This deprives Sending owners of full compensation.





Most of the public who participated in the polling process supported County ownership, based on watershed and wellsite benefits as well as habitat for listed plant and animal species. Recreational and heritage benefits were also mentioned. Following public input, staff recommended County ownership of parcels donated by willing Sending owners.

### ***Fiscal Impact***

At the third Board Workshop, staff described the fiscal impact if the County determined it would take ownership. An estimate of implementation costs, which are costs associated with the 5-year restoration period, were compared to potential revenue sources. Revenue cannot be known with a high degree of certainty, because the approval of a County mitigation bank cannot be known until permitting is complete. However, even without this source, revenue could be reasonably expected to cover restoration/implementation costs.

Long term management (after the 5-year restoration/implementation) may require the County to “pay as you go”, although these costs are much lower on an annual basis. Based on an estimate of program participation, long term maintenance costs are approximately \$560,000 (current dollars) per year for “likely” County-owned land (4,014 acres). These costs do not include additional program costs associated with public amenities, such as site improvements (parking, trails, restrooms, educational kiosks) or safety and education personnel costs, etc.

The issue becomes more complex following the decision not to fund conservation programs until a Referendum is completed in 2018. This may hamper a County commitment now, since some form of revenue would be needed after the 5-year restoration period. Alternatively, the County could decide to take ownership and begin the restoration/implementation at a later time, once long term maintenance funding is identified. The entity ultimately selected could be an existing agency within the County, such as Conservation Collier, or could be contracted out or could be administered under a public/private partnership or land trust.

| Potential Costs for County Donations     |       | 45       |
|--|-------|----------|
| <u>Implementation Costs (5-6 years):</u> |       |          |
| Per acre estimate: \$2,790               |       |          |
| High donation acreage:                   | 5,080 |          |
| Low donation acreage:                    | 2,948 |          |
| “Likely” donation acreage:               | 4,014 |          |
| “Likely” implementation cost:            |       | \$ 11.2  |
| (Range \$8.2M to \$14.2M)                |       |          |
| Transaction costs:                       |       | \$ 1.6M  |
| Total Implementation costs               |       | \$ 12.8M |

| Potential Revenue for Implementation<br>Under County Ownership |  | 46       |
|--|--|----------|
| 1. Monetary Donation with Land                                 |  |          |
| \$2,000 per acre x 4014 acres =                                |  | \$ 8.0M  |
| 2. TDR issued to County per 5 acres                            |  |          |
| Est. \$10,000 x 803 credits =                                  |  | \$ 8.0M  |
| 3. Mitigation Bank credit values                               |  |          |
| \$4,837/acre x 1771 acres =                                    |  | \$ 8.6M  |
| Potential Revenue  |  | \$ 24.6M |
| Worst Case Scenario: (1) \$8M; (2) \$4M (3) \$0 = \$ 12.0M     |  |          |

An additional question from the Board related to the process by which the County would take title. The answer to this question illustrates the effect of one recommendation on another—here, whether a TDR bank is approved and the scope of its activity.

The process contemplated by the 2005 GMP anticipated that after an owner removes development rights and earns base and early entry TDR credits, the owner then develops a restoration and management plan (RMP), obtains credit for doing so, and is eligible to donate the property to the County after successful completion.

Mirroring the simplification and efficiency of the South Belle Meade process, staff and public recommended that the restoration and management and conveyance TDRs be “coupled”: In this scenario, the owner conveys the land to the County with a sum of money, and the County goes about restoring the land once sufficient management-sized areas are obtained. Both donor and donee would incur real estate transaction costs.

With a TDR bank (depending on its scope), it would be possible to further simplify the process for a small land owner. The owner in the first instance conveys the land to the County, in return for the monetary worth of all credits, less the amount in lieu of restoration. The County then holds the land and the credits, and sells the credits to developers over an extended period of time. Through this method, the owner realizes the monetary return through a single transaction. Again, restoration would be completed at an appropriate time on a landscape scale.

### ***Alternative to Governmental Ownership***

In the areas without a willing governmental or non-profit owner, it may be possible to incentivize participation by providing additional TDR credits for removing residential rights

alone, without counting on Restoration and Maintenance credits or Conveyance credits. By doing so, owners might receive compensation more in line with their expectations. Development of these areas, particularly the North Belle Meade Natural Resource Protection Area (NRPA) could be forestalled, although the ownership would remain in private hands.

There are at least two negative implications to relying solely on removal of development rights in these areas. First, small parcel owners are not likely to restore or maintain the parcels, because of the personal financial implications coupled with lack of landscape-scale coordination. Second, as mentioned by the County Attorney, the County may well end up owning these properties through the process of escheat.

Though technical in its nature, an escheat is a process through which property can pass to the County under certain circumstances. When taxes are delinquent (an owner who has severed TDRs may not be motivated to continue to pay taxes or other expenses associated with a parcel), the Tax Collector conducts a sale of tax certificates. If no other party purchases the tax certificates, the tax certificate is issued to the County. After a time, a public tax deed sale is held. Again, without a buyer, and after a period of time, the County will take title through escheat. The County will incur fees during this process. A Memorandum from the County Attorney to the Board of County Commissioners dated May 10, 2016 describes the process in detail.

A second alternative: the success of the program to date has rested largely on the shoulders of the development community. Developers may simply choose to purchase the smaller parcels, and realize the TDRs at their own expense. Depending on the posture of state and federal permitting agencies, developer-owners may be able to use these lands for mitigation credits associated with development at other locations. Thus, they could obtain base, early entry and restoration and maintenance TDRs, but not conveyance TDRs. At this time, the willingness of state and federal permitting agencies to consider these parcels for mitigation for other development activities is uncertain. Therefore, private parties may be reluctant to embark on this strategy.

## Attachment C: TDR Bank Alternatives

The RFMUD TDR program has been operating since its inception without a TDR bank. TDR credits have been procured by developers for additional density in Receiving area projects in several ways. As of 2016, 4,612 TDR credits had been issued (severed) from Sending Lands; 2,129 (46%) were redeemed (expended) for additional density. The balance are credits in circulation.

By far the most typical credit purchase scenario has been the purchase of Sending *parcels* by developer-related entities, with the subsequent stripping of TDRs for transfer to related parties. Less typical has been the participation in the TDR process by smaller Sending owners who then sell credits, by arm's length transaction, to developers.

Successful TDR programs balance long term demand for TDRs with long term supply. As stated by Dr. Nicholas when the program was started, we do not want frequent readjustments in the numbers of credits awarded to fulfill increased demand over time. To do so would keep Sending owners on the sidelines, thinking that a better deal will emerge in time. The credit scenarios in the Restudy balance long term demand with long term supply.

If properly incentivized, a significant percentage of Sending owners would want to participate and receive just compensation for their interests in the near term. However, even with a much larger long term demand, development occurs over very long periods of time. It is estimated that demand for TDRs will occur over a period of decades. The result is that there is a short-term lack of demand for people wishing to sell credits.

The purpose of the TDR bank is to bridge this time gap. If the County is willing to purchase and hold some inventory for a period of time, Sending participation can result in immediate compensation for those first in line. Additionally, Sending owners will become more confident in the system, and become confident that the price per TDR, bank or private transaction, is a fair price.

As described in the June 20, 2017 Workshop, there is no single formula for capitalizing the bank. In general, more funding in the early years can accommodate more Sending owner participation. However, even modest funding can demonstrate confidence in the system and spur private transactions. Other variables include the time period for repaying the capitalization cost (bank repays the County for the initial capital) and the mark-up between a bank purchase and a bank sale.

Examples of two possible programs with different parameters were presented (see below). The cost of funds varies from \$20 million in the first example to \$9 million in the second example.

During Commissioner comment at the Workshop (referencing the first example), it was remarked that the total cost would be the initial capital over 5 years (\$80 million) plus the \$20

million carrying cost. This is not the case. The true cost is \$20 million as the time value of the \$80 million that will be repaid. In the second example, the true cost (time value) would be \$9 million.

## Capitalization

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As described in January and in White Paper

- Plenary Bank-100% TDR activity through bank
  - 50% of all “likely” TDR credits funded within 5 years
    - \$16M per year for 5 years
  - 1/2 sale proceeds are recycled for future purchases
  - 1/2 sale proceeds repaid to County
  - Repaid over 30 years
    - Use for conservation program or return to taxpayers
  - \$20M cost of funds

## Parallel Bank Concept

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- Parallel Bank- encourage private market
  - Capitalize a lower percentage,
  - Use mark-up between purchase and sale of credits
  - Accelerate pay-back schedule
- Example
  - 25% of all “likely” TDR credits funded within 5 years
  - Mark-up of TDR \$9,500 purchase to \$10,500 sale
  - \$ 39M cap cost
  - Cost of funds around \$9M

The other fiscal impact in providing a bank is the operational cost- personnel and overhead. As discussed, a look at a comparable bank in King County, WA suggests 2.5 FTE's, or an increase of 1.5 FTEs over what otherwise will be required to run the TDR program without a bank.

In summary, the Initial Recommendation included a TDR bank to increase and incentivize participation by small Sending land owners, by providing immediate value for relinquishing their interests. On the other hand, a TDR program can work without a bank, relying on the more incremental purchases of small Sending properties by development-related entities. A slower, more incremental approach will likely lead to interim development but might also allow for more private mitigation of the ecologically important areas, if state and federal agencies remain willing.

## **Attachment D: Urban Demand for TDRs- 2 Contexts**

At the third RFMUD Workshop on June 20, 2017, the Board requested additional information on two concepts involving the use (expenditure) of TDRs in the urban area. One idea involved extending the use of TDRs for projects requesting additional density beyond that otherwise available under GMP provisions. The other implied a “clean-up” of the use of TDRs in a GMP density provision known as “residential infill”.

### ***Urban TDR Tool for Additional Density***

During several RFMUD Board Workshops, individual Commissioners remarked that additional demand for TDRs would increase the value of TDRs, thus adding to program success. The idea of allowing the redemption of TDRs in the urban area was cited as an avenue to increase TDR value. This recommendation emerged in 2017; therefore, it is not discussed in the White Paper.

Staff has observed over the course of many years that very few projects in the urban area requested higher densities than would otherwise be available under the current Density Rating System in the Future Land Use Element (FLUE). That said, there have been some projects that do request higher densities, and some have been proposed recently.

For example, a mixed-use project named “Mini Triangle” has been submitted for both GMP and Zoning amendments. In the absence of a GMP amendment, a mixed-use project at that location could request a rezone with a maximum residential component of 12 dwelling units per acre (DU/A), absent any additional bonus such as Affordable Housing Density Bonus. The application as submitted seeks residential density of 39  $\pm$  DU/A, along with additional hotel units and other commercial uses.

The concept underlying this new recommendation is to allow the Board to have a TDR tool available when a private GMP amendment is proposed that seeks a density increase beyond that available under the current GMP provisions. Added density through use of this tool would not be “of right”, just as other density bonuses are discretionary. Rather, the Board may wish to approve a private GMP amendment, based on location, infrastructure, consistency and compatibility, but only if density is purchased by using TDRs. If so, the TDR density bonus would be added to the density rating system for use where density is sought beyond that otherwise available through the existing density rating system.

In staff’s view, this would not interfere with affordable housing density bonuses (AHDBs). These are currently part of the GMP fabric, and affordable housing projects can take advantage of AHDBs without the need for a GMP amendment and without the need to purchase TDRs.

Similarly, a possible outcome of the housing affordability initiative is an extension of density within an Activity Center beyond the 16 DU/A available today. If an increase is endorsed by the

Board and adopted into the FLUE, these additional units would be allowed by the GMP, requiring only rezone application, and would not require the purchase of TDRs.

Like all other rezone requests beyond base density, the TDR bonus density would be discretionary. By providing an avenue for its use in the urban area, the Board would have an additional tool available for approval of projects that meet its measures of compatibility and appropriateness.

### ***Urban Residential In-fill Provision***

The Residential In-fill Bonus found in the Density Rating System of the FLUE provides a bonus of 3 DU/A for infill projects. To qualify, a parcel must be 20 acres or less in size, created before 1989, have no common ownership or plan with adjoining parcels, have available water and sewer service and be located outside of the coastal high-hazard area. The purpose of the provision is to encourage urban infill by incentivizing development on relatively small parcels, if compatible with surrounding uses.

To take advantage of the additional density, the project must obtain the first additional DU/A by purchasing one TDR per acre, which would qualify the project for the next two DU/A. For example, a 10-acre parcel where 70 units are planned would be required to purchase 10 TDRs. The base density of 4 DU/A yields 40 units; the next 10 units would require 10 TDR expenditures and the last 20 units would not. Alternatively, if only 50 units were planned, the same 10 TDRs would need to be purchased. See chart below.

| Parcel Acres | Base Density    | Residential Infill Bonus ( <i>TDRs</i> ) | Residential Infill Bonus ( <i>non-TDRs</i> ) | Total Density          |
|--------------|-----------------|--|--|------------------------|
| 10           | 4 DU/A = 40 DUs | 1 DU/A = 10 DUs                          | 2 DU/A = 20 DUs                              | <b>7 DU/A = 70 DUs</b> |
| 10           | 4 DU/A = 40 DUs | 1 DU/A = 10 DUs                          | 0 - Not Applicable                           | <b>5 DU/A = 50 DUs</b> |

Staff's recommendation on this provisions was to eliminate the need to purchase any TDRs, on the theory that the Residential In-fill provision was designed to incentivize modest development on small parcels in the urban area. If so, it follows that a TDR requirement would reduce that incentive. It has been noted that the Residential In-fill provision has been rarely used, and the elimination of the TDR requirement would remove a possible barrier.

As discussed at the June 20, 2017 Workshop, a variation of the recommendation would be to require the last unit of additional density to be purchased through a TDR system, rather than the first. Using this variation in the 10-acre parcel example, up to 60 units could be approved without the need for TDR expenditure. The last 10 units, if 70 are planned, would require TDRs. See chart below.



| Parcel Acres | Base Density    | Residential Infill Bonus ( <i>non-TDRs</i> ) | Residential Infill Bonus ( <i>TDRs</i> ) | Total Density                 |
|--------------|-----------------|--|--|-------------------------------|
| 10           | 4 DU/A = 40 DUs | 2 DU/A = 10 DUs                              | 1 DU/A = 10 DUs                          | <b>7</b> DU/A = <b>70</b> DUs |
| 10           | 4 DU/A = 40 DUs | 2 DU/A = 10 DUs                              | 0 - Not Applicable                       | <b>6</b> DU/A = <b>60</b> DUs |

## **Attachment E: Supply and Demand of TDR Credits**

One of the issues raised at RFMUD Workshops involved the TDR credit balance. That is, what is the supply of credits, the demand for credits, and what recalibration is possible to improve program success? This issue was discussed early and often throughout the data collection and public outreach phases of the Restudy. While analysis was produced as described below, it was consistently described as preliminary or “what if” scenario testing, because the TDR credit balance depends on questions yet to be answered:

- Will the County accept ownership of certain Sending Lands, resulting in TDR “conveyance” credits for that acreage?
- What will be the acceptable and likely density in Receiving Lands, influencing the total demand for credits?
- To what extent will agricultural credits be embraced, adding to the supply side?

Because of these fundamental issues, staff believes that a true-up of the credit balance is best considered after these questions are addressed. Following the third Workshop, a consensus on agricultural credits was reached.

### ***Preliminary Summary of Credits Under Current Regulations (2015)***

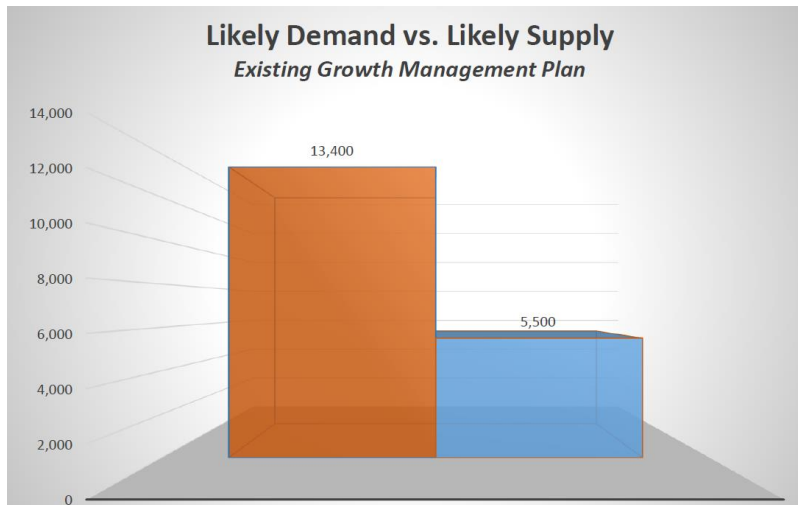
Early in the Restudy process, staff derived its own analysis of the supply and demand of credits under current regulations. A copy of the “Summary of staff credit calculations and assumptions” is found on the County’s website in the RFMUD Library:

<http://www.colliergov.net/your-government/divisions-s-z/zoning-division/community-planning-section/library>

Even where allowable Receiving densities are known, as in a current regulatory analysis, many assumptions are necessary, as set forth in the Summary. In Sending Lands, “best cases” and “worst cases” assumed local or other governmental willingness to accept varying degrees of ownership, and varying percentages of participation, depending on location. A “likely case” scenario simply averaged the best and worst cases.

In Receiving lands, assumptions were made as to village sizes (slightly less than maximum allowed), maximum densities (3 units/acre), a 60% program utilization at 1 unit/acre (outside of villages), etc.

As adjusted by credits previously earned but not yet redeemed, this preliminary study compared a total likely credit supply of approximately 5,500 TDRs to a likely credit demand of approximately 13,500 TDRs, or about 41%. Stated another way, likely demand is nearly 2 ½ times the likely supply, in the long term.



### ***Scenario Testing through “TDR Supply and Demand” Analysis (2016)***

Under contract through AECOM, the firm of “Placeworks” designed a scenario testing model for Collier County, taking into consideration the sizes and character of the different Sending locations and different Receiving locations. With that model, the consulting economist provided comparisons of three scenarios based on stated assumptions. The outcome provided some initial guidance on citizen-driven recommendations, but were not intended to be a final recommendation of credit adjustments. The narrative of the Placeworks effort resides as Appendix D (with Addendum) to the White paper: <http://www.colliergov.net/your-government/divisions-s-z/zoning-division/community-planning-section/library>

Potential development scenarios were tested, including “baseline” (status quo), “mid-range” (4 units per acre Village; 2 units per acre non-Village) and “high-range” (7 units per acre Village; 2 units per acre non-Village). Unlike the staff analysis, our expert compared total theoretical supply to total theoretical demand as the professionally accepted standard for analysis.

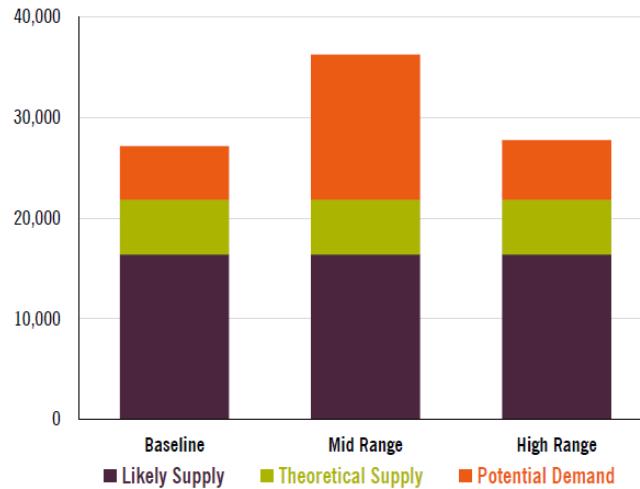
Many assumptions were built into the scenario testing, including:

- Village density range as proposed in Initial Recommendations
- 1,400 additional credits for Receiving, Neutral and GG Estates incentives via TDR
- Additional credits to Collier County when it accepts land donations
- Incentives to development when building to density beyond the minimum Village density, and for programmed affordable housing
- Additional credits to Sending owners to incentivize participation
- Lower average TDR price point between seller and buyer (\$10,000).

One of the interesting observations of the scenario testing was that internal rate of return to investors would be greater if higher density, mixed-use form was selected. Another observation was that much greater housing diversity results from higher density, mixed-use communities.

Under the assumptions used, the consulting economist found that supply would reside within an appropriate ratio of demand under the mid-range and high-range scenarios, even if four (4) additional credits were provided to Sending land owners for full participation and conveyance.

Figure 6: Proposed Supply and Buildout Demand for TDR Credits by Development Scenario



Source: PlaceWorks, 2016.

Again, this scenario testing was not intended to be a recommendation for a specific number of additional credits to Sending owners to balance supply and demand. Rather, the intent was to use the tool as developed, refine the assumptions following Board consensus, and true-up the credit system as a later component in the process. By reducing the number of variables as more parameters become known, the tool can better balance long term supply and demand. For this reason, the targeted number of dwelling units in Receiving areas and the availability of the Conveyance credit in the Sending areas are helpful indicators prior to a re-balance of credits through the Restudy.

## Attachment F: Summarized List of Initial Recommendations

Page references to [White Paper](#)

### Consensus

June 20, 2017

#### SENDING LANDS

##### A. TDR Credit System

1. **Consensus** Eliminate the minimum \$25,000 price per base TDR. [p.33](#)
2. **Consensus** Provide additional TDR credits to Sending owners. Where possible, additional TDR credits should be apportioned equally to all Sending owners regardless of location or property attributes. [p. 33](#)
3. **Consensus (existing Ag only)** Make TDR credits available to Sending owners who wish to begin or expand a bone fide agricultural operation. In NRPA locations, only passive agricultural operations, excluding aquaculture, would qualify. Passive agricultural uses may be considered for Restoration and Maintenance TDRs through an approved Restoration and Maintenance Plan. [p. 35](#)
4. **Consensus** Allow TDR participation for illegal non-conforming properties based on public policy goals, and waive requirements related to proof of legal non-conforming status if greater than 4.5 acres in size. [P. 37](#)
5. **Consensus** Allow landowner's who have generated TDRs but have not conveyed their land to participate in any applicable program changes. [p. 38](#)
6. **Consensus** Replace the reference to Early Entry Bonus TDRs and simply provide 2 TDRs for base severance of dwelling unit rights, subject to any additional credits assigned. [P. 39](#)
7. **Consensus (existing Ag only)** Allow TDRs to be generated from Receiving Lands for agriculture preservation, or native vegetation and habitat protection beyond minimum requirements. A permanent easement in favor of Collier County would be required [p.39](#)
8. **Consensus NEW** Expand concept of donation to a governmental entity to include a not-for profit or land trust if specifically approved by the BCC.

##### B. TDR Credits and Areas Outside of the RFMUD

1. **Consensus** Eliminate the one mile boundary from which TDRs must be derived for Urban Rural Fringe [p. 40](#)
2. **Hold for more info** Eliminate the requirement to purchase a TDR in the Urban Residential Infill bonus provision. [p.41](#)

3. **Hold for more info NEW** Extend TDR demand to urban area where additional density is requested through GMP amendment process above density otherwise provided through the density rating system.
4. **“Leave door open”** Accommodate implementation measures recommended by the CWIP committee and the Watershed Management Plan in Golden Gate Estates that are consistent with TDR program success. Where TDRs are used as an incentive, limit the number of credits for critical wetland parcels to avoid significant impacts to the TDR credit system. [p. 41](#)

### C. TDR Program Management

1. **Consensus** At a minimum, an improved exchange program should be designed with input from potential buyers and sellers. [p. 43](#)
2. **Consensus** Application fees should be reduced or eliminated for Sending owners; work product required for TDRs should be evaluated for cost effectiveness and in limited instances, provided by County staff. [p. 43](#)
3. **Hold for more info** The County should consider the appeal of a publicly funded TDR bank and a dedicated assessment and bonding for the program, based on an evaluation of costs and benefits. [p. 45](#)

### D. Sending Land Management

1. **Hold for more info** Adopt a standard whereby Collier County agrees to take clear title to land donated by Sending owners in locations where no other public agency is available and willing to take title. Prepare applications to state and federal permitting agencies for a County to County mitigation bank program (ROMA/ILF), to establish a successful mitigation program that can benefit the TDR program, the County environment and capital spending. Explore options involving Permittee Responsible Mitigation (PRM) parcels to achieve coordinated or umbrella management options for greater overall land management efficiency. [p. 47](#)
2. **Hold for more info (depends on #1)** Establish a special TDR for the benefit of the County where no other entity has been established to take ownership. Also require donors of Sending Lands to convey a sum of money along with title to partially fund long term endowment. [p. 51](#)
3. **“NO” consensus** Study the idea of a County Environmental Fund (Green Utility Fee) and consider whether it should be the subject of a County-wide referendum. Allow various complementary uses of the Fund to support County environmental initiatives. [p. 52](#)
4. **Consensus** Provide a standard or model Land Management Plan for adoption by owners who wish to provide Restoration and Maintenance activities in return for TDR credits. [p. 53](#)

## **E. Other Program Suggestions**

1. **Consensus** Staff should provide any data needed to the Property Appraiser's Office in support of its efforts to review tax assessments based on appraised land values and resulting tax assessments in Sending Lands. [p. 54](#)
2. **Consensus whether public or private** County-owned land in North Belle Meade should qualify for conditional use approval for expanded recreational uses, if compatible with environmental goals. Definitions of "active" and "passive" recreation will require further vetting. [p. 54](#)
3. **Consensus** Allow large land owners to cluster dwelling units, retaining the one unit per 40 acre standard, but also allowing 1 unit to be clustered for each additional 40 acres of contiguous land retained. [p. 55](#)

## **NEUTRAL LANDS**

1. **Consensus (existing Ag only)** Allow TDR credits for agriculture and conservation uses where the uses are secured by perpetual easements. [p. 55](#)
2. **Consensus** Remove the 40 acre minimum project size for clustered development. [p. 60](#)

## **RECEIVING LANDS** [No consensus attempted on items below, Workshop 3.](#)

### **A. Land Use and Economic Vitality** [pp. 22-31, 56-59](#)

1. Promote economic vitality in the RFMUD by allowing employment uses outside of Villages as defined in the industrial and business park zoning district (with exceptions) in locations with access to major collector or arterial roads.
2. Within a Village, remove the maximum acres and leasable floor area limitation of the Village Center and the Research and Technology Park.
3. Explore Receiving areas as Innovation Zones.
4. Eliminate the maximum size of a Village.
5. Consider new measures for mixed-use standards, such as those found in the RLSA.
6. Modify residential density standards:
  - Clustering – remove 40 acre minimum, increase density to 2 units per acre (higher density for affordable/workforce only projects)
  - Village – increase maximum allowable density to 7 units per acre.
  - Change minimum Village density to 4 units per acre.
7. Development over 300 acres shall use the Village option.
8. Modify the TDR requirements:

- a. Change from 1 TDR to .75 TDR for multifamily unit.
- b. Change from .5 to 0 TDR for defined affordable housing.
- c. Density over 4 units per acre requires 0 TDRs.
- d. No TDRs for industrial/business park uses.

**B. Transportation and Mobility** [pp. 17-22, 59-60](#)

1. Analyze arterial roadway and utility capacity issues surrounding Receiving Lands.
2. Review roadway design standards and suggest changes if necessary to support Complete Streets and low speed.
3. Add provisions for transit stops and park and ride facilities within Villages and business parks.
4. Develop a methodology for a Mobility Analysis including a standard of measuring a development's level of interconnectivity such as a "link-node" ratio, and the transit, bicycle and pedestrian coverage and connectivity with a project and surrounding destinations.

**C. Development Standards and Processes** [pp. 22-31; 60-62](#)

1. Consider adoption of zoning overlays, or separate area design standards to provide greater certainty for developers
2. Allow BCC simple majority approval when complying with zoning overlays.
3. Require housing analysis within Village application to determine employment related demand within the Village and housing accommodation of such employees within the Village.
4. Consider an impact fee index for mixed-use.
5. Explore with Collier County Health Department the creation of Health Assessment Index.
6. Review and modify design standards within the Growth Management Plan and Land Development Code for greater flexibility while supporting the intent of employment zones and mixed-use development, suggest modifications to standards e.g., remove greenbelt.
7. Develop further incentives for innovative features such as solar power, zero net water use, aquifer storage and recovery systems.