

Highlands Transfer of Development Rights Program Residential Allocation Formula

(Net Yield) x (Zoning Factor) x (Location Factor) = HDC Allocation

$$U_{NET} \times K_{ZF} \times K_{LF} = \text{HDC Allocation}$$

Zoning Yield (“Z_{UNITS}”)	Number of units permitted under municipal zoning subject to other applicable regulatory limitations
Existing/Retained Exemption (“E_{UNITS}”)	Existing residential structures or statutory exemption, if any
U_{NET}	Net units lost from Worksheet 1 where exemption is retained or Worksheet 2 where exemption not retained
Zoning Factor (“K_{ZF}”)	Relative regional average equalized assessed value of lot less than 2x zoning yield by Composite Zone
Location Factor (“K_{LF}”)	Relative average equalized assessed value of parcels by observed lot size and by location

Worksheet 1 – Where Existing Residential Structure or Exemption will be Retained

1. Enter the Zoning Yield (“Z_{UNITS}”) for the Subject Parcel. 1. _____
2. Enter the Existing/Retained Exemption (“E_{UNITS}”) for the Subject Parcel. 2. _____
3. Subtract Line 2 from Line 1. 3. _____
4. Multiply Line 3 by appropriate Zoning Factor from Appendix B (“K_{ZF}”) and Location Factor from Appendix C (“K_{LF}”). 4. _____

APPENDIX A

Worksheet 2 – Where Exemption will not be Exercised

1. Enter the Zoning Yield (“Z_{UNITS}”) for the Subject Parcel. 1. _____
2. (a) If parcel located in High Priority Area (Conservation or Agricultural)
Multiply Zoning Yield (“Z_{UNITS}”) by 1.25 for determining bonus allocation 2(a). _____
(b) If parcel located in Moderate Priority Area (Conservation or Agricultural)
Multiply Zoning Yield (“Z_{UNITS}”) by 1.15 for determining bonus allocation 2(b). _____

Highlands Transfer of Development Rights Program Non-Residential Allocation Formula

(Permitted Square Footage) ÷ (Non-Residential SF for Specified Use) x 0.70 = HDC Allocation

<u>Use</u>	<u>\$/SF FAR Range</u>	<u>Average \$/SF</u>	<u>Ratio</u>
Industrial	\$10 - \$20 FAR	\$15/SF	1.0
Office	\$20 - \$40 FAR	\$30/SF	2.0
Retail	\$25 - \$60 FAR	\$42.50/SF	2.83

A “conversion factor” should be applied based on the type of non-residential use. Industrial uses tend to support employees at a ratio of 1 per 1,500 SF. This becomes the basis for establishing the conversion factors to account for value/price variations in the end use. Consequently, HDCs are allocated to the above uses at the following square foot intervals:

Industrial Use = (1,500/1 = 1,500)	= 1,500 SF
Office Use = (1,500/2 = 750)	= 750 SF
Retail Use = (1,500/2.83 = 530)	= 530 SF

Importantly, because the parcels to be allocated HDCs are undeveloped, a discount must be applied that recognizes that the above conversion ratios are based on typical prices of approved non-residential development, or development subject to approvals. Therefore, a 30% discount is applied to adjust for lack of approvals. Thus, an allocation of HDCs to an undeveloped lot zoned for non-residential use would be as follows:

10,000 SF industrial building ÷ 1,500 SF x 0.70 = 4.66 HDCs
10,000 SF office building ÷ 750 SF x 0.70 = 9.33 HDCs
10,000 SF retail building ÷ 530 SF x 0.70 = 13.2 HDCs