A photograph of a forest stream with mossy rocks and fallen leaves. The stream flows through a forest of tall, thin trees. The rocks are covered in bright green moss, and the water is clear and shallow. The ground is covered with fallen brown leaves and twigs.

2015 ANNUAL REPORT

**New Jersey Highlands Water Protection and Planning
Council**
March 31, 2016

All photos by Nathan McLean, Highlands Council GIS Manager

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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

State of New Jersey

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JIM RILEE
Chairman

MARGARET NORDSTROM
Executive Director

A Message from the Chairman and Executive Director

Dear Friends of the New Jersey Highlands,

On behalf of the Highlands Water Protection and Planning Council, we are pleased to present the 2015 Highlands Water Protection and Planning Council Annual Report. Again this year, the Council has successfully worked in collaboration with municipalities and counties throughout the region along with our state agency partners to achieve the goals and requirements of the Highlands Act and Regional Master Plan (RMP).

Among the most noteworthy accomplishments of 2015 was the development of a new program to address the preservation and landowner equity goals of the Highlands Act. The program has two components: an open space matching grant program that will be open to government entities, non-profits and private foundations, and a Highlands Development Credit purchase program that will be open to individual property owners. The Open Space Partnership Funding and Highlands Development Credit Purchase Program was first announced in January as the result of excellent work by the Landowner Equity and Land Preservation Committee, and we will be opening our first round of funding consideration early in 2016. While we are very pleased to be launching this program, we fully recognize that a more substantial and consistent stream of funding will be necessary to address the concerns of landowner equity throughout the region and we will continue to work towards that goal.

The RMP Monitoring Program also continued to move forward in 2015 with stakeholder meetings and the formation of Technical Advisory Committees (TACs). The focus of the program in 2015 was largely on identifying “indicators” – measurements that we can monitor over time that will provide us with the best possible insight into what progress we have made in meeting the goals outlined in the RMP. The Fiscal Impact Assessment portion of the review is also well underway. We have been taking our time with this process, ensuring regional stakeholder input and adding additional time for public comment and outreach, as well as data analysis. Since this is the first time we are embarking on a formal review of the RMP, it’s critical that we get it right.

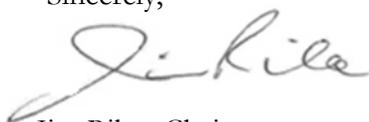
On the Plan Conformance front, in addition to supporting our many municipal partners in the development and adoption of resource management and land use plans that effectuate the Highlands Act at the local level, we also continued to fulfill requirements to provide technical

assistance to conforming municipalities. This past year saw the development and release of materials to support stormwater management planning, and water use and conservation management planning. Of particular note was the rollout of an innovative mobile application for the mapping of stormwater structures in the field. The mobile application is designed to assist municipalities in meeting the requirements of the New Jersey Stormwater Management Rules (N.J.A.C. 7:8) and Highlands Plan Conformance regarding the mapping of stormwater outfall locations and conditions.

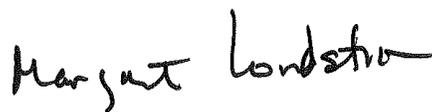
Significantly, this year our support to municipalities through the Plan Conformance process helped these municipalities to navigate changes related to the Fair Housing Act (N.J.S.A. 52:27D-301 et seq.) occasioned by a March 10, 2015 NJ Supreme Court decision that returned to the courts supervision of local compliance with affordable housing obligations and required municipalities to revisit their fair share affordable housing obligations. In July, the Highlands Council authorized additional grant funding for updates to Plan Conformance components that will assist municipalities in establishing reasonable fair share obligations that balance the regional need for affordable housing with the enhanced environmental protections required in the Highlands Region.

Outside this agency, but directly related to our work, late in 2015, the New Jersey Geological and Water Survey published a new report regarding the amount of potable water supplied to New Jersey residents from the Highlands in 2011. We added a link from the homepage of our website to the report. The report provides an analysis using an updated dataset and methodology compared with a previous report published in 2004 (using 1999 data). Where the 2004 report revealed that 64% of the state received its potable water from the Highlands Region, the new report indicates that 70% of the state's residents rely on the Highlands for clean water. This analysis clearly underscores the value of the resources in the Highlands Region and serves as a superb reminder of the importance of our work.

Sincerely,



Jim Rilee, Chairman
Highlands Water Protection and Planning Council



Margaret Nordstrom, Executive Director
Highlands Water Protection and Planning Council



Highlands Water Protection and Planning Council 2015-2016



Jim Rilee, Chairman
Roxbury, Morris County
Mayor, Roxbury Township;
Former Deputy Mayor, and
Planning Board Member



Kurt Alstede, Vice Chairman
Chester Township, Morris County
Founder, Alstede Farms
Former Councilman,
Chester Township



Robert F. Holtaway, Treasurer
Bedminster, Somerset County
Former Mayor,
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Tracy Carluccio
East Amwell, Hunterdon County
Deputy Director, Delaware
Riverkeeper Network



Timothy P. Dougherty
Morristown, Morris County
Mayor, Town of Morristown



Michael R. Dressler
Cresskill, Bergen County
Bergen County Surrogate



Michael Francis
Hopatcong, Sussex County
Councilman,
Hopatcong Borough



Bruce James
Clifton, Passaic County
Freeholder, Passaic County



Carl J. Richko
West Milford, Passaic County
Former Mayor,
West Milford Township



Michael Sebetich
Hawthorne, Passaic County
Retired Professor of Biology,
William Paterson University



Michael Tfank
West Milford, Passaic County
Former Planning Board Chair,
West Milford



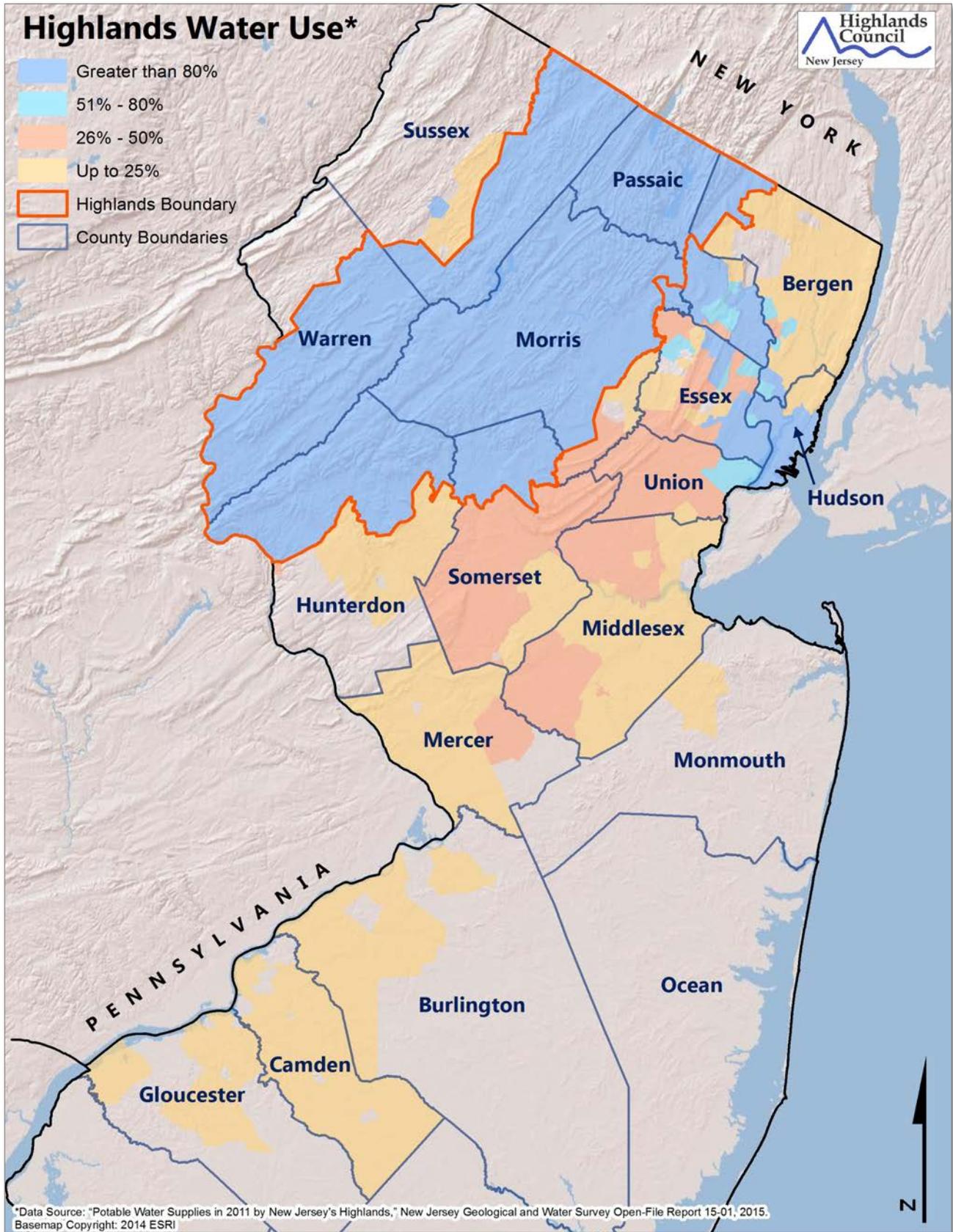
James A. Visioli
Dover, Morris County
Alderman, Dover Town



Richard Vohden
Andover, Sussex County
Freeholder, Sussex County



Robert G. Walton
Hampton, Hunterdon County
Freeholder, Hunterdon County



The Highlands Region covers less than 15% of New Jersey, but provides drinking water for more than half its residents. While the Region's forests and open spaces retain and filter large quantities of water, rapid development has increasingly transformed communities and impaired nature's ability to do its job. Because families, farms and businesses all depend on a steady supply of clean water, and water resources do not follow municipal boundaries, a regional approach is required to protect and conserve the vital natural resources of the Highlands.

Protecting the New Jersey Highlands

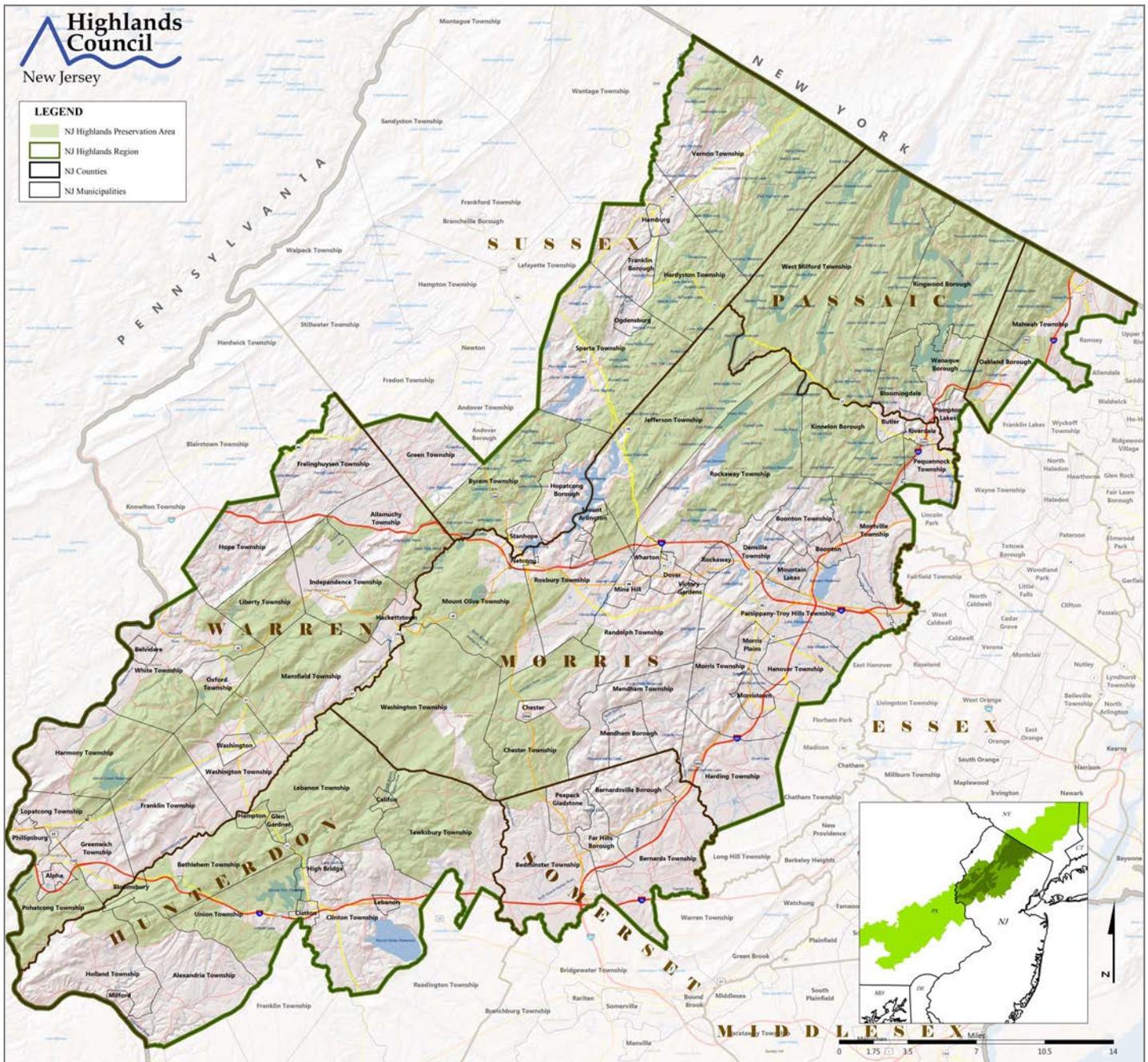
The Highlands Water Protection and Planning Council (Highlands Council) is a regional planning agency that works in partnership with municipalities and counties in the Highlands Region to encourage a comprehensive regional approach to implementation of the 2004 Highlands Water Protection and Planning Act (the Highlands Act).

The Highlands Act established the Highlands Council and charged it with the creation and adoption of a Regional Master Plan (RMP) to protect and enhance the resources within the New Jersey Highlands. The Act delineated the boundaries of the New Jersey Highlands Region, dividing it into two distinct parts, the Preservation Area and the Planning Area, specifying that the Preservation Area was of exceptional natural resource value that required stringent protections.

The Act further specified that conformance with the Highlands RMP would be required in the Preservation Area and voluntary in the Planning Area. Of the 88 municipalities in the Region, 47 have lands in both the Preservation and Planning Areas, 36 are located entirely within the Planning Area, and five are located entirely within the Preservation Area. The final Highlands RMP was adopted by the Highlands Council on July 17, 2008 and became effective on September 8, 2008.

The Highlands Council Plan Conformance process provides municipalities and counties with a framework for implementation of the Highlands Act and RMP. Municipalities and counties participating in the Plan Conformance process have access to planning and environmental science expertise, technical support, and materials for use in updating local regulatory and planning documents to ensure alignment with the Highlands Act and RMP. In accordance with the Highlands Act, grant funding is available to support the reasonable expenses associated with this work.

The 1,300-square mile (860,000-acre) New Jersey Highlands Region extends from Pohatcong Township in the southwest to Mahwah Township in the northeast, including 88 municipalities and portions of seven counties (Bergen, Hunterdon, Morris, Passaic, Somerset, Sussex, and Warren). Although the Highlands Region covers less than 15% of the state's land area, it is a source of drinking water for more than half its residents.



The Federal Highlands Region stretches from Southeastern Pennsylvania through parts of New Jersey, New York and into Connecticut. Recognizing the significance and value of the resources within this region, the State Legislature of New Jersey passed the Highlands Water Protection and Planning Act (the Highlands Act) in 2004.

Open Space Partnership Funding and Highlands Development Credit Purchase Program

In 2015, the Highlands Council announced a new program designed to address land preservation and landowner equity goals of the Highlands Act. The Highlands Open Space Partnership Funding and Highlands Development Credit Purchase Program was developed by the Council's Landowner Equity and Land Preservation Committee and established following the rulemaking process as outlined in the state's Administrative Procedure Act. The final rule, N.J.A.C. 7:70, is scheduled to be published in the New Jersey Register in April 2016.

As its name implies, the program includes two components: an open space matching grant program and a Highlands Development Credit (HDC) purchase program. The matching grant program will be open to government and nonprofit entities, and the HDC purchase program will be open to individual property owners in the Preservation Area of the Highlands Region. In the new programs, primary consideration will be given to lands with high conservation or agricultural value. Consideration will also be given to any additional criteria identified in mitigation agreements when funding from such agreements is used.



Allamuchy State Park, Allamuchy Township, Warren County

The Highlands Council voted in January 2015 to promulgate rules for the program under New Jersey's Administrative Procedure Act. The proposed rule was published in the New Jersey Register in August, commencing a public comment period that ran through October. A public hearing on the proposed rule was held in September, prior to the Council's regular public meeting. In February 2016 the Highlands Council voted to publish the final rule in the New Jersey Register and the program is expected to launch in the first half of 2016. Initial funding of \$9 million for both programs will come from funds received by the Council in connection with a Comprehensive Mitigation Plan associated with utility projects in the Highlands Region. Funding will be allocated across the two programs based on demand.

Regional Master Plan Monitoring Program

The Highlands Regional Master Plan (RMP) is continually updated as a result of new or factual information received from municipalities as part of the Plan Conformance process. In addition, the Highlands Act requires a more substantive review to take place every six years, following consultation with stakeholders identified in the Act (P.L. 2004, c. 120 C.13:20-8 and 9). The RMP itself further defined this process, outlining an RMP Monitoring Program to address this requirement of the Act.

The RMP prescribes “tracking and monitoring of regional indicators” through preparation of a Monitoring Review Report, and a Fiscal Impact Assessment. The Monitoring Program is not intended to amend the RMP, but rather develop the factual foundation upon which future amendments to the RMP may be made.

The objectives of the Monitoring Program are:

- Identify indicators and milestones that will allow measurement of progress toward goals outlined in the Highlands Act and RMP.
- Measure progress to date, to the extent practical.
- Establish a process for continued monitoring going forward.

Results of the Monitoring Program will also help to define the Science and Research agenda of the Highlands Council into the future.

In 2015, the work of the Monitoring Program focused primarily on collecting and analyzing input from the public and key stakeholder groups with regard to the identification and development of draft indicators that will be used to measure progress on implementation of the RMP.

A public comment period, which launched in the second half of 2014, was extended through April 30, 2015. Meetings and workshops with stakeholder groups and state agency partners that began in late 2014 were concluded in early 2015. Summaries of all these sessions are posted on the Highlands Council website. Through this process, more than 400 possible indicators were identified.

Analysis of proposed indicators by Highlands Council staff in collaboration with the project consultant continued through the summer, while technical advisory committee (TAC) members were identified and nominated to participate in the review process. TACs met in December 2015 to review draft indicator findings and discuss data needs and analysis methodology. The TAC sessions resulted in a refined list of primary indicators that are proposed to be analyzed as part of a

Monitoring Program Recommendation Report. All other identified indicators will appear in the report as secondary indicators that, should it be deemed necessary, will support a deeper level of analysis on a given topic area. Analysis of indicators will continue in 2016 and TACs will reconvene for additional review and input, prior to the finalization of the draft Recommendation Report.

Concurrent with work on development of indicators, the Fiscal Impact Assessment (FIA) began. The FIA was divided into three phases:

- Phase 1: Regional Economic Evaluation
- Phase 2: Demographic and Real Estate Analysis
- Phase 3: Fiscal and Financial Analysis

In March 2015, a summary of the Phase 1 report was presented to the Highlands Council and the public at the Council’s regular monthly meeting. Phase 2 was presented in December 2015, and Phase 3 is expected to be presented in the first half of 2016. Overview presentations of the FIA are posted to the Highlands Council website.

Tracking Progress: Regional Master Plan Monitoring Program

Members of the public receive updates on the RMP Monitoring Program at monthly Council meetings and have access to information and materials related to the Program through a dedicated section of the Highlands Council website accessible directly from the homepage.

[\(www.nj.gov/njhighlands/master/monitoring/\)](http://www.nj.gov/njhighlands/master/monitoring/)



Camp Glen Gray , Mahwah Township, Bergen County

Plan Conformance Update

Plan Conformance Petition and Implementation Status

Conformance with the Highlands Regional Master Plan (RMP) involves primarily two phases: petition and implementation. During the petition process, municipalities and counties work in collaboration with Highlands Council staff to prepare draft documents that will integrate the land use and resource management requirements of the Highlands Act into local planning and regulatory documents. Once a Petition for Plan Conformance is approved by the Highlands Council, work begins on implementation, which involves finalizing those documents for local adoption and ongoing management of resources.

Conformance with the RMP is required by the Highlands Act throughout the Preservation Area, and is voluntary within the Planning Area. Conforming Highlands municipalities are eligible for grant funding to support the reasonable expenses associated with planning activities related to Plan Conformance.

Of the 88 municipalities in the Highlands Region, 59 have submitted petitions and are working toward conformance with the RMP. Of the 59 municipal Petitions for Plan Conformance submitted, 28 include Preservation Area lands only, 23 include Planning and Preservation Area Lands, and 8 are from municipalities that only have Planning Area lands.

Through December 2015, 49 of the 59 submitted municipal petitions have been approved by the Highlands Council. In addition, five of the seven counties in the region have submitted petitions and two of those have been approved. In all, this represents 471,776 acres of the Highlands Region – more than 50% of the land – where approved Plan Conformance Petitions and the Plan Conformance process provide a framework for implementation of the Highlands Act and RMP.

Two municipal petitions were approved in 2015: Boonton Township in Morris County and Clinton Township in Hunterdon County. Clinton Township's petition includes both its Preservation and Planning Area lands, while Boonton Township's petition includes Preservation Area lands only. Mahwah Township in Bergen County, which previously received approval for a Petition including both Preservation and Planning Area lands, amended its petition in 2015 to include two Highlands Centers . A summary of petition status for all Highlands municipalities is available on page 20.

Also in 2015, municipalities with approved petitions continued work on the adoption of ordinances, resolutions and other elements that embed the Highlands Act into local regulations.

Below is a summary status of some of the key implementation task items in the Plan Conformance process.

Plan Conformance Ordinance, Resolution, or Element	Total adopted to date/Adopted in 2015
Planning Area Petition Ordinance	21 (1)
Master Plan Reexamination Report	27 (1)
Checklist Ordinance	23 (3)
Highlands Environmental Resource Inventory	32 (2)
Highlands Master Plan Element	21 (1)
Highlands Land Use Ordinance	7 (1)
Exemption Determination Authorization	23 (6)

The Highlands Council continues to actively engage municipal and county leaders to better understand regional needs related to land use and resource management and identify opportunities for collaboration that can be best driven by a regional planning approach through the Plan Conformance process.

Tracking Progress: Plan Conformance

The Plan Conformance process can be tracked on the Highlands Council website in a number of ways.

- The two tracking sheets below are available via the “Plan Conformance” link on the Highlands Council homepage, www.nj.gov/njhighlands.
 - **Municipal Plan Conformance Tracking Sheet** (pdf) – Tracks Plan Conformance Petition status. (www.nj.gov/njhighlands/planconformance/pc_tracking_sheet.pdf)
 - **Municipal Plan Conformance Implementation Tracking Sheet** (pdf) – Tracks progress on implementation tasks. (www.nj.gov/njhighlands/planconformance/implementation_tracking_sheet.pdf)
- Plan Conformance progress can also be tracked via individual pages where petition materials and adopted documents are posted. Links to Municipal and County pages are available on the **Plan Conformance Status** page, which is accessible from the Highlands Council homepage under “Quick Links.” (www.nj.gov/njhighlands/planconformance/index_municipal.html)

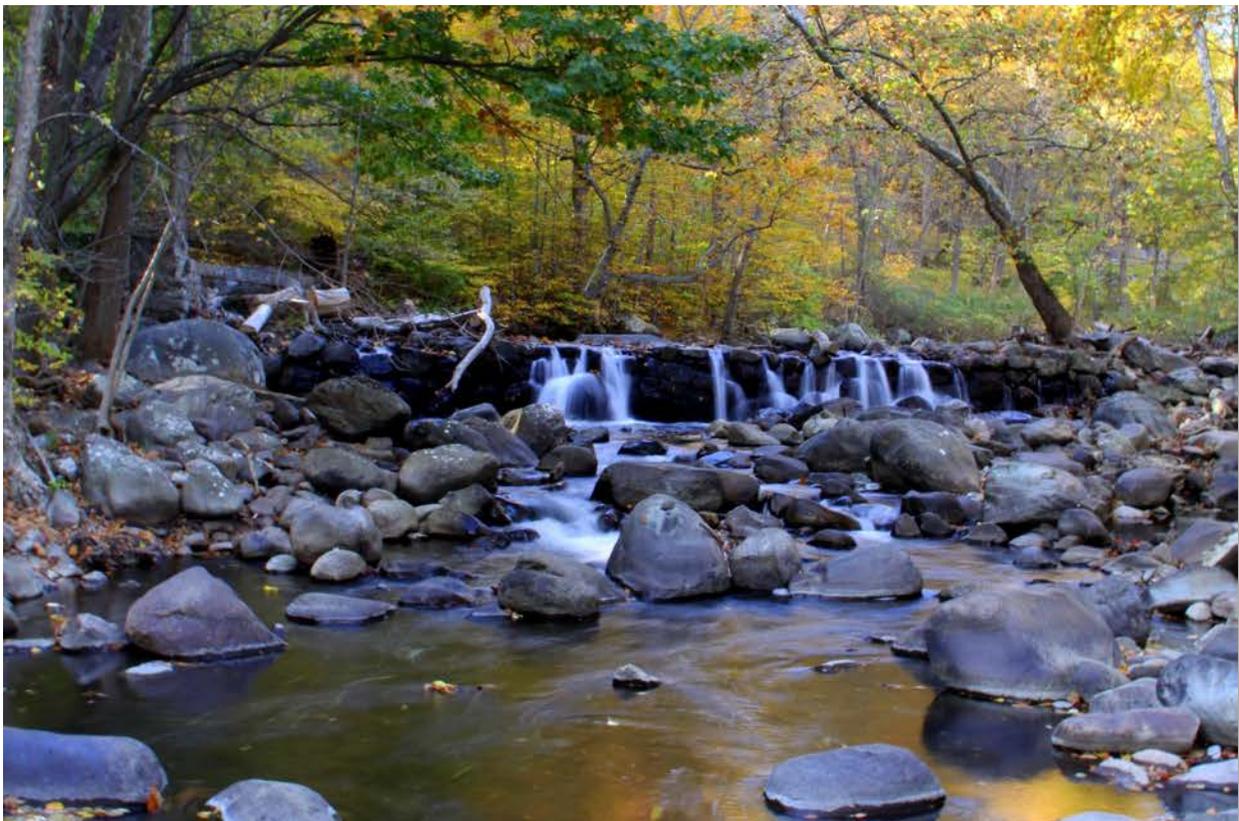
Resource Management Planning

Among the requirements of Plan Conformance are a number of resource management planning tasks. In accordance with the Highlands Act and the Highlands RMP, the Highlands Council provides technical assistance to support our municipal partners in this endeavor. In 2015, the Highlands Council developed new tools and materials to support the creation of Stormwater Management Plans and Water Use and Conservation Management Plans.

Stormwater Management Planning

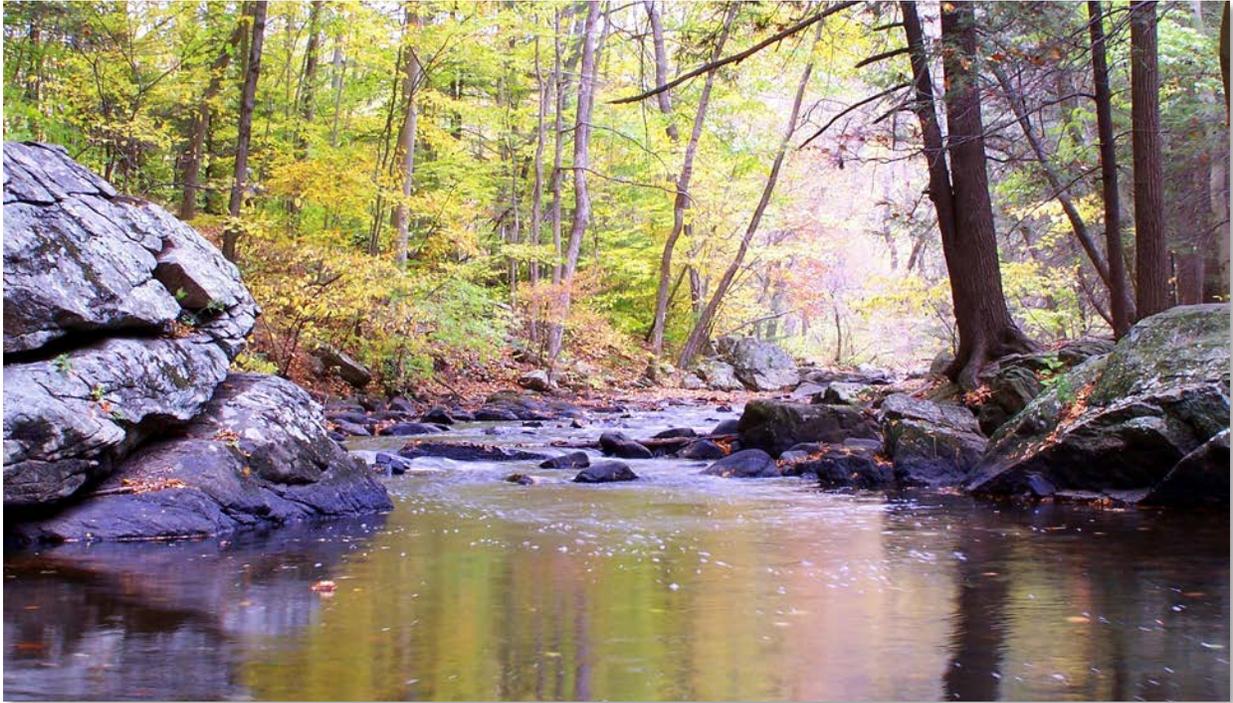
The Highlands RMP speaks to the importance of stormwater management in a number of its goals, policies, and objectives. Conforming Highlands municipalities are eligible for grant funding to support the development and implementation of Stormwater Management Programs to help meet these goals. In 2015, Highlands Council staff developed technical materials to aid municipalities in bringing stormwater management plans into conformance with the RMP. (www.nj.gov/njhighlands/planconformance/#storm)

In April 2015, the Highlands Council released an innovative Stormwater Management Mobile Application that allows users to capture stormwater management structure locations and conditions in the field, and then conduct analysis and reporting functions using a desktop



Bloomingdale Borough, Passaic County

web interface. The reporting of outfall data supports the requirements of the New Jersey Stormwater Management Rules (N.J.A.C. 7:8), municipal stormwater permit regulations (MS4), as well as Highlands Council Plan Conformance funded Stormwater Management Program elements. Two training sessions were held and attended by 38 individuals representing 35 municipalities.



Hacklebarney State Park, Chester Township, Morris County

Water Use and Conservation Management Plans

The Highlands RMP provides a method for determining how much water is routinely available for human use, as differentiated from water available for maintenance of ecosystem integrity and for maintenance of minimum levels in reservoirs and other surface water. The method determines Net Water Availability (NWA) for each HUC14 subwatershed¹ in the Region. Where NWA is positive, increased human use of water supply is supported. Where NWA is negative, action is needed to address the deficit.

The RMP requires development of “Water Use and Conservation Management Plans” (WUCMPs) “that will set priorities for the use of available water (where net water availability is positive) and will establish methods to reduce and, where feasible, eliminate deficits where they exist.” The

¹ “HUC14 subwatershed” refers to a delineated area within which water drains to a particular receiving surface water body (e.g., a watershed), which is identified by a 14 digit number, or Hydrologic Unit Code (HUC). A subwatershed is a subdrainage area within a watershed. The only difference between watershed and subwatershed is scale. According to the NJDEP, the average size of a HUC14 subwatershed in New Jersey is 8.5 square miles. (http://www.nj.gov/dep/watershedrestoration/waterbook_chp2.html)

development of WUCMPs specific to HUC14 subwatersheds is intended to address the requirements of the RMP in a practical way that is applicable to each subwatershed.

In 2015, the Highlands Council completed a pilot program to test and refine the innovative WUCMP methodology prescribed in the RMP and associated technical reports. The pilot program focused on nine (9) pilot areas in 17 subwatersheds in the Region and involved 16 municipalities. The model plans identify water sources and uses as well as stakeholders; provide an analysis of net water availability; and outline implementation strategies for the mitigation, reduction, and ongoing monitoring of deficits.

While the pilot areas were not developed based on municipal boundaries, the pilot WUCMPs are intended to be used as planning tools to help municipalities develop their own plans. The completed model WUCMPs are available on the Highlands Council website. (www.nj.gov/njhighlands/planconformance/#wucmp)

Wastewater Management Plans

The Water Quality Management Planning Rules (N.J.A.C. 7:15) adopted by the New Jersey Department of Environmental Protection (NJDEP) require that all areas of New Jersey have Wastewater Management Plans (WMPs). Where the Highlands Council has approved a Petition for Plan Conformance for an entire municipality (Preservation and Planning Areas), the Highlands Council will assist in development of a municipal WMP for approval and adoption by NJDEP. To date, the Highlands Council has drafted 31 WMPs and will continue to collaborate with other municipalities to complete drafts.

In December of 2015, the Califon Borough WMP was noticed in the New Jersey Register as being adopted by NJDEP. In all, four of the Highlands Council drafted WMPs have been adopted by NJDEP. In addition, Highlands Council staff coordinates with NJDEP to provide review and support of WMPs and Water Quality Management Plan site amendments to ensure consistency with the Highlands Act and the RMP (See Project Reviews section, page 15).

Highlands Center Planning

The Highlands Act encourages center-based development and redevelopment, which may be achieved through Highlands Center designations incorporated into a municipality's Petition for Plan Conformance.

A Highlands Center is a specific geographic area that has been identified by the municipality in collaboration with Highlands staff as appropriate for development. Municipalities with approved

Highlands Center designations engage in an enhanced planning process that seeks to implement resource protections while supporting development and redevelopment opportunities.

In 2015, the Highlands Council approved an amended petition for Plan Conformance from Mahwah Township in Bergen County, incorporating two Highlands Centers: One located in the northeast corner of the municipality adjacent to the Route 17 corridor, and the other in the southeast corner. The two areas have the most intense development patterns in the Township, including both residential and non-residential development, and virtually all of the Township’s commercial and industrial development.

Both areas were identified through completion of a Highlands Center Designation Study and a Sustainable Economic Development Plan, prepared as part of the Plan Conformance process. Mahwah’s Highlands Centers are intended to advance the goals of both the Township Master Plan and the Highlands Regional Master Plan. The amended petition was approved by the Highlands Council at its January 2015 meeting.

Also in 2015, work continued on Center planning activities in the 11 previously approved Highlands Centers, along with work to help define potential Highlands Centers in other conforming Planning Area towns.

Approved Highlands Centers	
Objective (s) of Highlands Center	Municipalities
Economic/Downtown Revitalization & Brownfield Redevelopment	Alpha Borough, Warren County Hackettstown, Warren County Oxford Township, Warren County Phillipsburg, Warren County Wharton Borough, Morris County
Infill/Mixed Use Development & Economic Sustainability	Byram Township, Sussex County Hopatcong Borough, Sussex County Mahwah Township, Bergen County Pohatcong Township, Warren County Randolph Township, Morris County Washington Township, Morris County
Community Redevelopment	Lopatcong Township, Warren County Hopatcong Borough, Sussex County Randolph Township, Morris County

Center Planning Success Story: Phillipsburg Riverfront Heritage Trail

The Town of Phillipsburg in Warren County holds the unique distinction of being the only municipality in the Highlands Region where the entire municipality has been designated as a Highlands Center. The municipality has remained actively engaged in the Center planning process since petition approval in late 2011.

In 2015, Phillipsburg adopted a “Design and Implementation Manual” for its Phillipsburg Riverfront Heritage Trail (PRHT). The PRHT is part of a larger Riverfront Redevelopment Plan, which is designed to “capitalize on the recreational and cultural assets of the riverfront district to support the revitalization of the historic downtown through the creation of new business, residential, and eco-tourism opportunities.” The PRHT seeks to connect existing paths, trails, greenways and points of interest that will highlight the Town’s riverfront, railroad, and canal heritage.

Through the Plan Conformance Highlands Center planning process, the Highlands Council has provided funding and technical support for a number of plans related to the Riverfront Redevelopment, and another redevelopment area in the Town known as Commerce Park.



Delaware River, Phillipsburg, Warren County

Municipal Exemption Determinations

The Highlands Act includes 17 exemptions that allow property owners to develop or improve their properties without applying the enhanced protections prescribed in the Act (P.L. 2004, c. 120 C.13:20-28). The New Jersey Department of Environmental Protection (NJDEP) administers exemption determinations in the Preservation Area while the Highlands Council oversees determinations in the Planning Area.

In July 2012, the Highlands Council entered into a Memorandum of Understanding with NJDEP that outlined a plan to authorize municipalities to administer seven exemptions. The agreement provides a streamlined approach to issuing some of the most common exemptions, expediting the process for landowners by allowing municipal officials to make exemption determinations at the local level.

A municipal exemption training program was launched in 2013 and to date, 23 municipalities have adopted a Highlands Area Exemption Ordinance and been issued certifications to administer the select exemptions. In 2015, a training session was offered in April and attended by 15 individuals representing seven (7) municipalities.

Below is a list of municipalities certified to make determinations regarding the specified exemptions. In 2015, more than 160 exemption determinations were made at the local level, nearly 90% of which were for Exemption 5.

Exemptions Eligible for Municipal Determination

Exemption 1.	The construction of a single family dwelling for owner's own use
Exemption 2.	The construction of a single family dwelling with conditions
Exemption 4.	The reconstruction of any building or structure with conditions
Exemption 5.	Any improvement to a single family dwelling
Exemption 6.	Any improvement, for non-residential purposes, to a place of worship owned by a nonprofit entity, society or association, or association organized primarily for religious purposes, or a public or private school, or a hospital
Exemption 7.	An activity conducted in accordance with an approved woodland management plan
Exemption 8.	The construction or extension of trails with non-impervious surfaces on publicly or privately owned lands

Note: Descriptions above are only summaries of the seven exemptions eligible for municipal decision. The complete list and full text of all exemptions can be found in the Highlands Act, on the Highlands Council website, or by contacting the Highlands Council. All local zoning, land use ordinances, state and federal regulations still apply.

Municipal Determinations :: Certified Municipalities

Bergen County	Mahwah Township
Hunterdon County	Alexandria Township, Califon Borough, High Bridge Borough, Lebanon Township
Morris County	Chester Township, Jefferson Township, Montville Township, Mount Arlington Borough, Mount Olive Township, Washington Township
Passaic County	Ringwood Borough, West Milford Township
Sussex County	Byram Township, Hardyston Township, Hopatcong Borough, Sparta Township, Vernon Township
Warren County	Allamuchy Township, Franklin Township, Oxford Township, Pohatcong Township, Washington Township

Highlands Act Exemptions & Development in the Highlands Region

The Highlands Act was designed to protect the valuable natural resources of the Highlands Region through a comprehensive approach to regional planning, directing growth toward appropriate areas and away from environmentally sensitive lands. Many of the most common misconceptions about limitations on development in the Highlands Region are dispelled upon examination of the most frequently issued exemptions.

- Exemption # 1: Allows the construction of a single-family dwelling for an individual or immediate family member on a lot owned on the date of enactment of the Highlands Act.
- Exemption # 2: Allows the construction of a single-family dwelling on lot that existed on date of Act with some disturbance and impervious surface limitations.
- Exemption # 4: Allows the reconstruction of any building or structure for any reason within 125% of the footprint of the lawfully existing impervious surfaces on the site, provided that the reconstruction does not increase the lawfully existing impervious surface by one-quarter acre or more.
- Exemption # 5: Allows any improvement to a single-family dwelling in existence on the date of enactment of the Act, including but not limited to an addition, garage, shed, driveway, porch, deck, patio, swimming pool, or septic system.

Note: Descriptions above are only summaries of specified Highlands Act Exemptions. The complete list and full text of all exemptions can be found in the Highlands Act, on the Highlands Council website, or by contacting the Highlands Council. All local zoning, land use ordinances, state and federal regulations still apply.

Plan Conformance Grant Program

The Highlands Act requires that the Highlands Council provide grant funding for the reasonable expenses associated with Plan Conformance requirements (P.L. 2004, c. 120 C.13:20-18.b.). The Highlands Protection Fund was created in the Act (P.L. 2004, c. 120 C.13:20-19) to provide municipalities and counties with funding to complete Plan Conformance implementation tasks, including items such as amended development regulations, plans for Highlands Centers, resource management plans, agricultural retention plans, and sustainable economic development plans.

The Highlands Plan Conformance grant program, funded through the Highlands Protection Fund, is a reimbursement-based program in which municipalities are provided with an Implementation Plan and Schedule at Petition approval that delineates implementations tasks, timing and anticipated expenses. Municipalities then work with Highlands Council staff to develop a scope of work and budget for each task. When tasks are completed and deliverables approved by the Highlands Council and/or adopted at the local level, invoices may be submitted to the Highlands Council for reimbursement.

In 2015, the Council approved Petitions for Boonton Township in Morris County and Clinton Township in Hunterdon County, making these municipalities eligible to receive grant funding to support implementation tasks. Details regarding funding by municipality is available via municipal pages on the Highlands Council website. (See “Plan Conformance Status” on the Plan Conformance page.)



Bray's Hill Preserve, Clinton Township, Hunterdon County

Also in 2015, in response to the March 10, 2015 New Jersey Supreme Court decision regarding the Council on Affordable Housing, the Highlands Council approved a resolution to support updates to Plan Conformance components that inform a petitioning municipality’s affordable housing obligation. Highlands Council Resolution 2015-16 authorized funding not to exceed \$25,000 to municipalities that have approved Plan Conformance petitions to update Municipal Build Out Analysis Reports, Housing Elements and Fair Share Plans, and Highlands Implementation Plans and Schedules.

Following is a summary of grant awards to municipalities for work completed in support of Plan Conformance implementation activities since inception of the Plan Conformance grant program:

- 24 received payments for completion of Environmental Resource Inventories, totaling \$41,176.53 (average of \$1,716/municipality);
- 25 received payments for the successful completion of Master Plan Reexamination Reports and adopted Highlands Master Plan Elements, totaling \$193,188 (average of \$7,728/municipality);
- 15 received payments for the adoption of Highlands-relevant ordinances, totaling \$108,913.99 (average of \$7,261/municipality);
- 6 received payments for the completion and adoption of Sustainable Economic Development Plans, totaling \$105,261 (average of \$17,543/municipality);
- 7 received reimbursements for the completion of Center Planning and Redevelopment Planning initiatives, totaling \$179,534 (average of \$25,648/municipality);
- 8 received reimbursement for necessary Zoning Map Updates, totaling \$20,963 (average of \$2,620/municipality);
- 4 received reimbursement to complete Land Use Inventories, totaling \$11,516 (average of \$2,879/municipality);
- 13 received reimbursement for adopting their Highlands Checklist Ordinance, totaling \$13,544.34 (average of \$1,042/municipality); and
- 2 received payments to support the development of Water Use and Conservation Management Plans, totaling \$43,542 (average of \$21,771/municipality).

Of the \$718,000 noted above, approximately one-third was paid to municipalities in 2015 for completion of Plan Conformance implementation tasks.

For fiscal year 2016, starting July 1, 2015, the New Jersey State Budget included an appropriation of \$4,400,000 in the Highlands Protection Fund's Incentive Planning Aid and Regional Master Plan Compliance Aid accounts. Of this total, \$2,218,000 was transferred to the Watershed Moratorium Offset Aid account within the Highlands Protection Fund. This leaves a balance of \$2,182,000 for Plan Conformance grant activities for FY2016. On December 3, 2015, the Highlands Council passed a Highlands Protection Fund Capital Budget for FY2016, based upon this balance. (Highlands Council resolution 2015-20.)

This funding will provide additional grant dollars for continued Plan Conformance work for an estimated 65 municipalities and counties in FY2016. The FY2016 budget estimates that nearly \$3.2 million additional dollars will be encumbered for municipalities and \$175,000 will be encumbered for Highlands counties.

Project Reviews

The Highlands Council is legislatively charged with reviewing certain proposed projects throughout the Highlands Region for consistency with the Highlands Act and Highlands Regional Master Plan (RMP). A Highlands Council Consistency Determination is performed in the following circumstances:

- **Highlands Preservation Area Exemption** – Although Preservation Area exemptions are issued by the New Jersey Department of Environmental Protection (NJDEP) in accordance with N.J.A.C. 7:38, this jurisdiction is shared with the Highlands Council (exemptions 9 and 11).
- **Highlands Planning Area Exemption** – Highlands Planning Area Exemptions may be required for certain development projects in municipalities that have adopted ordinances implementing the Highlands Act in the Planning Area.
- **Municipal Referral to the Highlands Council** – In municipalities that have adopted a Highlands Land Use ordinance requiring the referral of development applications to the Highlands Council, a Highlands Council Consistency Determination may be required.
- **Highlands Redevelopment Area Designation** – When an applicant makes a request to the NJDEP for a Highlands Preservation Area Approval (HPAA) with a waiver of provisions regarding a brownfield or a site with existing impervious cover of 70 percent or more, the Highlands Council will provide a Consistency Determination of a proposed Highlands Redevelopment Area. In this case, a Highlands Redevelopment Area Designation is a prerequisite for the NJDEP HPAA with Waiver.
- **WQMP Revisions/Amendments** – In accordance with the Highlands Water Protection and Planning Act Rules (N.J.A.C 7:38), the Water Quality Management Planning Rules (N.J.A.C. 7:15), and Executive Order 114, the Highlands Council is required to review and provide comments and recommendations for WQMP amendments regarding consistency with the Net Water Availability provisions of the RMP, for any municipality in the Highlands region, regardless of RMP conformance status.

In 2015, the Highlands Council provided 33 of these reviews. All project reviews are tracked on the Highlands Council website via a tracking sheet. Additional details are provided for projects that required a Highlands Council vote. (www.nj.gov/njhighlands/projectreview/#6)

Highlands Development Credit Bank Report

The Highlands Act charged the Highlands Council with developing a Transfer of Development Rights (TDR) program as a way of addressing landowner equity while advancing the regional planning goals of the Act (P.L. 2004, c. 120 C.13:20-13). The Council adopted its TDR Program as part of the Highlands Regional Master Plan and established the Highlands Development Credit Bank (HDC Bank) in June 2008.

Through the TDR program, eligible landowners in Sending Zones may apply for and receive Highlands Development Credit (HDC) allocations (reflective of lost development potential), which they can then sell to purchasers who buy the credits. The credits then permit the purchaser to build in a Receiving Zone at a density greater than that permitted in the underlying zoning. To date, the Highlands Council has allocated more than 1,900 HDCs, representing 3,772 acres from 98 applicants.

While voluntary Receiving Zones are still being established, the HDC Bank is serving as the primary purchaser of HDCs. Through Executive Order 114 in September 2008, an appropriation of \$10 million was made available to the HDC Bank, \$9 million of which was used to create the Initial Purchase Program (IPP), with \$1 million set aside by the NJ Department of the Treasury for debt service. The IPP allowed willing landowners in the Highlands Preservation Area to apply for an allocation of HDCs and an HDC certificate and, if eligible, to deed restrict their land from future development in exchange for funding from the HDC Bank. In November 2014, the HDC Bank voted to close the IPP, having preserved just over 600 acres and providing more than \$8 million to property owners in the Highlands Region. In 2014, the Highlands Council established the Landowner Equity and Land Preservation Committee to focus on how the Bank would proceed following the conclusion of the IPP.



Bedminster Township, Somerset County

In 2015, the HDC Bank held one public meeting and the Landowner Equity and Land Preservation Committee held seven (7) meetings. Information and materials related to these meetings including agendas, resolutions, and meeting minutes, are available on the 2015 calendar page of the Highlands Council website. Additional information regarding the HDC Bank is available via the “Highlands Development Credits (TDR Program)” link on the Highlands Council homepage.

New Highlands Development Credit Purchase Program

Early in 2015, the Landowner Equity and Land Preservation Committee announced a new program that includes a new HDC purchase component to replace the IPP, and an Open Space Matching Grant program as another route to address landowner equity and preservation in the Highlands Region. The “Open Space Partnership Funding and Highlands Development Credit Purchase Program” was established following the rulemaking process as outlined in the state’s Administrative Procedure Act.

The HDC purchase component of the program will be open to individual property owners with land in the Preservation Area of the Highlands Region. In the new program, primary



Sparta Glen Park, Sparta Township, Sussex County

consideration will be given to lands with high conservation or agricultural value. Consideration will also be given to any additional criteria identified in mitigation agreements when funding from such agreements is used. Funding rounds will be announced via public notice and on the Highlands Council website. The Highlands Council will also be reaching out to HDC Allocation holders and others who have inquired about HDC Bank funding in the past.

The Highlands Council voted in January 2015 to promulgate rules for the program under New Jersey’s Administrative Procedure Act. The proposed rule was published in the New Jersey Register in August, commencing a public comment period that ran through October. A public hearing on

the proposed rule was held in September, prior to the Council’s regular public meeting. In February 2016 the Highlands Council voted to publish the final rule in the New Jersey Register and the program is expected to launch in the first half of 2016. Initial funding of \$9 million for both programs will come from funds received by the Council in connection with a Comprehensive Mitigation Plan associated with utility projects in the Highlands Region.

TDR Receiving Zones

Efforts continued in 2015 toward establishment of voluntary Receiving Zones to support a market-driven TDR program. In July, the Borough of High Bridge was awarded a TDR Feasibility Grant to explore the potential of establishing a receiving zone within the Borough. This award, not to exceed \$40,000, will be used to execute an approved scope of work that will include a capacity and site evaluation along with a fiscal analysis. Also, in 2015, the Council voted to transition a Transfer of Development Rights (TDR) Feasibility grant from the City of Paterson in Passaic County to the County, following a request from the municipality and county for this change.

The FY2016 Highlands Protection Fund Capital Budget includes \$290,000 for these grants in the coming year. Details regarding the TDR Receiving Zone Feasibility Grant, including a draft scope of work, are available on the Highlands Council website.

Legislative and Regulatory Update

In February 2015, Governor Chris Christie signed legislation that extends the “Dual Appraisal” method of appraising property in the Highlands through June 30, 2019. Dual Appraisal calls for the use of the greater of two appraisals – one based on current assessed value and one based on local zoning and state regulations in place before adoption of the Highlands Act – as a starting point for negotiation with landowners interested in preserving their property. Dual Appraisal was written into the Highlands Act and renewed previously with an expiration date of June 30, 2014. A bill introduced by the Senate in January 2014 was unanimously passed on December 1, 2014.

On December 1, 2015, the Highlands Water Protection and Planning Act Rules (N.J.A.C. 7:38), which were set to expire on December 31, 2015, were readopted for a period of seven years, with a new expiration date of December 1, 2022. The Highlands Water Protection and Planning Act Rules establish the environmental standards and procedures by which the NJDEP reviews any application pursuant to the Highlands Water Protection and Planning Act, including major Highlands development proposed in the Preservation Area of the Highlands Region, waivers from any requirement for a Highlands Preservation Area approval, any resource or applicability determination or exemption from the Act, and any permit or plan reviewed by NJDEP in the Highlands Region.

Statement of Activities and Financial Report

for the period ending December 31, 2015

General Operating Budget FY15 - July 1, 2014 through June 30, 2015

REVENUES:

State of New Jersey Appropriation FY15	\$ 2,315,000.00
Balance from FY14	\$ 109,312.28
Miscellaneous Revenues & Reimbursements	<u>\$ 3,573.38</u>
TOTAL	\$ 2,427,885.66

EXPENDITURES:

Salaries	\$ 1,519,148.46
Materials and Supplies	\$ 31,543.75
Other Operating Expenses	\$ 128,359.11
Maintenance and Repairs	\$ 211,848.54
Equipment, Additions, and Improvements	\$ 98,591.34
Transfer to Regional Master Plan Account	\$ 295,851.54
Balance through June 30, 2015	<u>\$ 142,542.92</u>
TOTAL	\$ 2,427,885.66

General Operating Budget for Portion of FY16 - July 1, 2015 through December 31, 2015

REVENUES:

State of New Jersey Appropriation FY16	\$ 2,315,000.00
Highlands Balance from FY15	\$ 142,542.92
Miscellaneous Revenues & Reimbursements	<u>\$ 3,000.00</u>
TOTAL	\$ 2,460,542.92

EXPENDITURES:

Salaries	\$ 746,659.14
Materials and Supplies	\$ 12,544.80
Other Operating Expenses	\$ 57,040.40
Maintenance and Repairs	\$ 100,036.10
Equipment, Additions, and Improvements	\$ 22,613.20
Balance through June 30, 2016	<u>\$ 1,521,649.28</u>
TOTAL	\$ 2,460,542.92

Regional Master Plan Budget for Portion of FY16 - July 1, 2015 through December 31, 2015

REVENUES:

Balance from FY15	\$ 1,439,012.11
Transfer in from Operating Account	<u>\$ 33,230.64</u>
TOTAL	\$ 1,472,242.75

EXPENDITURES:

Contracts Paid to Date	\$ 36,523.12
Balance on Approved Contracts	\$ 562,740.48
Balance through June 30, 2016	<u>\$ 872,979.15</u>
TOTAL	\$ 1,472,242.75

Highlands Municipalities — Plan Conformance Petition Status

as of March 2016

Blue = Petition includes whole municipality Green = Petition includes Preservation Area lands only

† Municipality has lands in the Planning Area only — Plan Conformance is voluntary * Municipality is authorized to make determinations regarding certain Highlands Act Exemptions

Bergen County - *pending*

Mahwah Township* - *approved 2010*

Oakland Borough - *approved 2014*

Hunterdon County - *no Petition filed*

Alexandria Township* - *approved 2012*

Bethlehem Township - *approved 2010*

Bloomsbury Borough - *approved 2011*

Califon Borough* - *approved 2010*

Clinton Town - *approved 2011*

Clinton Township - *approved 2015*

Glen Gardner Borough - *approved 2010*

Hampton Borough - *approved 2010*

High Bridge Borough*† - *approved 2011*

Holland Township - *approved 2011*

Lebanon Borough † - *approved 2010*

Lebanon Township* - *approved 2011*

Milford Borough †

Tewksbury Township - *approved 2011*

Union Township - *pending*

Morris County - *pending*

Boonton Town †

Boonton Township - *approved 2015*

Butler Borough †

Chester Borough †

Chester Township* - *approved 2010*

Denville Township - *approved 2011*

Dover †

Hanover Township †

Harding Township †

Jefferson Township* - *approved 2014*

Kinnelon Borough - *approved 2011*

Mendham Borough †

Mendham Township †

Mine Hill Township †

Montville Township* - *approved 2012*

Morris Plains Borough † - *pending*

Morris Township †

Morristown †

Mountain Lakes Borough †

Mount Arlington Borough* - *approved 2011*

Mount Olive Township* - *approved 2011*

Netcong Borough †

Parsippany-Troy Hills Township † - *withdrawn*

Pequannock Township - *pending*

Randolph Township - *approved*

Riverdale Borough †

Rockaway Borough †

Rockaway Township - *approved 2011*

Roxbury Township - *approved 2013*

Victory Gardens Borough †

Washington Township* - *approved 2011*

Wharton Borough † - *approved 2011*

Passaic County - *approved 2010*

Bloomington Borough - *approved 2011*

Pompton Lakes Borough †

Ringwood Borough* - *approved 2011*

Wanaque Borough - *pending*

West Milford Township* - *approved 2011*

Somerset County - *approved 2011*

Bedminster Township - *approved 2011*

Bernards Township †

Bernardsville Borough †

Far Hills Borough † - *pending*

Peapack Gladstone Borough †

Sussex County - *pending*

Byram Township* - *approved 2010*

Franklin Borough †

Green Township - *approved 2011*

Hamburg Borough †

Hardyston Township* - *approved 2011*

Hopatcong Borough* - *approved 2012*

Ogdensburg Borough - *approved 2012*

Sparta Township* - *approved 2011*

Stanhope Borough † - *pending*

Vernon Township* - *approved 2012*

Warren County - *no Petition filed*

Allamuchy Township* - *approved 2011*

Alpha Borough † - *approved 2011*

Belvidere †

Franklin Township* - *approved 2011*

Frelinghuysen Township †

Greenwich Township - *pending*

Hackettstown - *approved 2011*

Harmony Township - *approved 2012*

Hope Township †

Independence Township - *pending*

Liberty Township - *pending*

Lopatcong Township - *approved 2012*

Mansfield Township - *no Petition filed*

Oxford Township* - *approved 2011*

Phillipsburg † - *approved 2011*

Pohatcong Township* - *approved 2011*

Washington Borough †

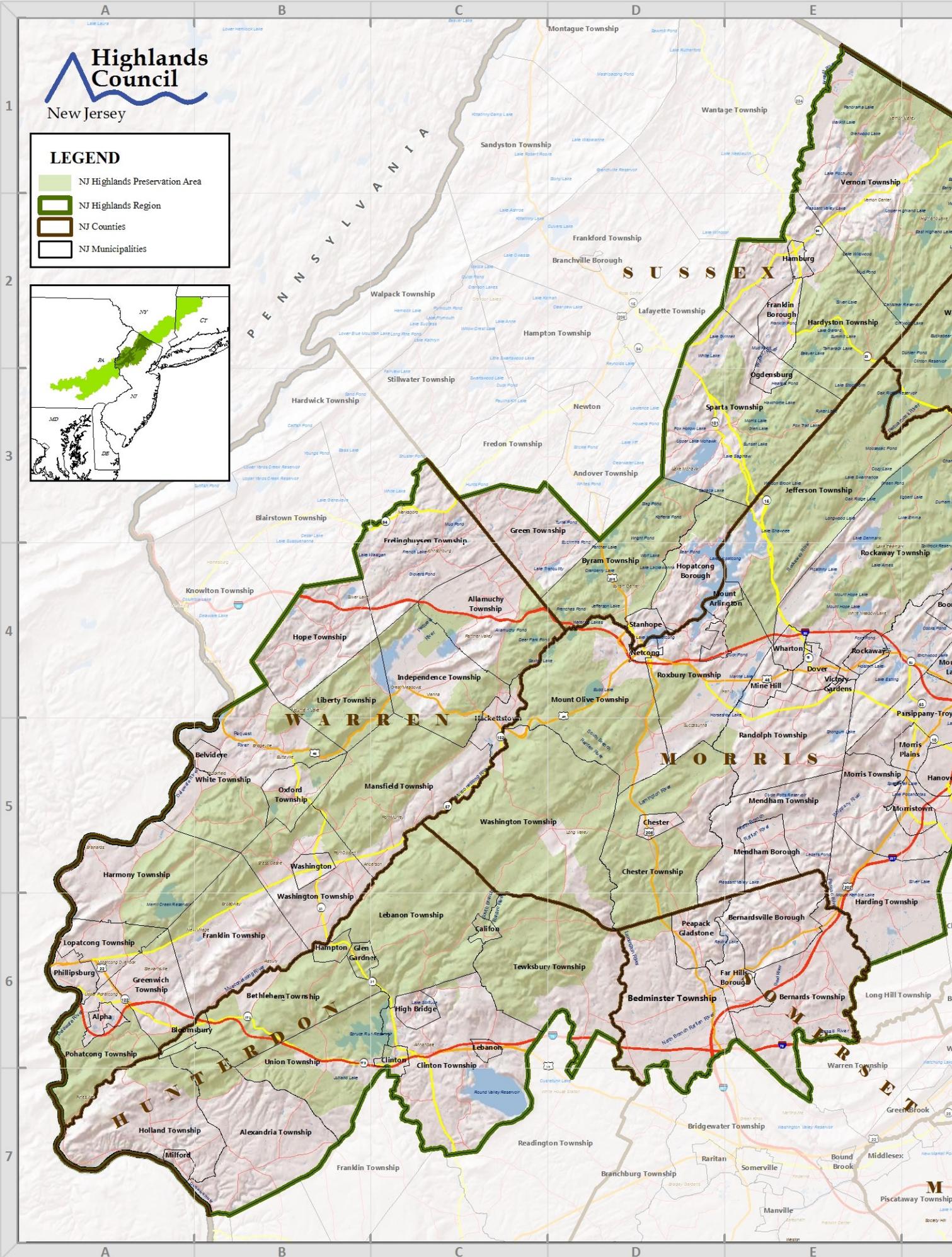
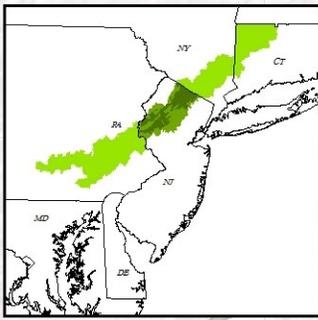
Washington Township* - *approved 2011*

White Township - *pending*



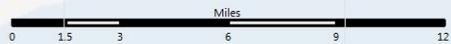
LEGEND

- NJ Highlands Preservation Area
- NJ Highlands Region
- NJ Counties
- NJ Municipalities



Highlands Municipalities

- Alexandria Township, 7B
- Allamuchy Township, 4C
- Alpha Borough, 6A
- Bedminster Township, 6D
- Belvidere, 5A
- Bernards Township, 6E
- Bernardsville Borough, 6E
- Bethlehem Township, 6B
- Bloomington Borough, 3G
- Bloomsbury Borough, 6A
- Boonton, 4F
- Boonton Township, 4F
- Butler Borough, 3F
- Byram Township, 4D
- Califon Borough, 6C
- Chester Borough, 5D
- Chester Township, 5D
- Clinton, 6C
- Clinton Township, 7C
- Denville Township, 4E
- Dover, 4E
- Far Hills Borough, 6E
- Franklin Borough, 2E
- Franklin Township, 6B
- Frelinghuysen Township, 4C
- Glen Gardner Borough, 6B
- Green Township, 3C
- Greenwich Township, 6A
- Hackettstown, 5C
- Hamburg Borough, 2E
- Hampton Borough, 6B
- Hanover Township, 5F
- Harding Township, 6E
- Hardyston Township, 2E
- Harmony Township, 5A
- High Bridge Borough, 6C
- Holland Township, 7A
- Hopatcong Borough, 4D
- Hope Township, 4B
- Independence Township, 4C
- Jefferson Township, 3E
- Kinnelon Borough, 3F
- Lebanon Borough, 6C
- Lebanon Township, 6C
- Liberty Township, 4B
- Lopatcong Township, 6A
- Mahwah Township, 2H
- Mansfield Township, 5C
- Mendham Borough, 5E
- Mendham Township, 5E
- Milford Borough, 7A
- Mine Hill Township, 4E
- Montville Township, 4F
- Morris Plains Borough, 5F
- Morris Township, 5E
- Morristown, 5F
- Mount Arlington Borough, 4E
- Mount Olive Township, 4D
- Mountain Lakes Borough, 4F
- Netcong Borough, 4D
- Oakland Borough, 3G
- Ogdensburg Borough, 3E
- Oxford Township, 5B
- Parsippany-Troy Hills Township, 4F
- Peapack-Gladstone Borough, 6D
- Pequannock Township, 4G
- Phillipsburg, 6A
- Pohatcong Township, 6A
- Pompton Lakes Borough, 3G
- Randolph Township, 5E
- Ringwood Borough, 2G
- Riverdale Borough, 3G
- Rockaway Borough, 4E
- Rockaway Township, 4E
- Roxbury Township, 4D
- Sparta Township, 3E
- Stanhope Borough, 4D
- Tewksbury Township, 6C
- Union Township, 7B
- Vernon Township, 1E
- Victory Gardens Borough, 4E
- Wanaque Borough, 3G
- Washington Borough, 5B
- Washington Township (Warren), 5B
- Washington Township (Morris), 5C
- West Milford Township, 2F
- Wharton Borough, 4E
- White Township, 5B





State of New Jersey

Highlands Water Protection and Planning Council

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