



# TRANSFER OF DEVELOPMENT RIGHTS (TDR)

On March 29, 2004, Governor James McGreevey signed into law P.L. 2004, c.2, the State Transfer of Development Rights (TDR) Act, authorizing the transfer of development rights by municipalities. Although TDR has been tested and implemented across the country, this bill makes New Jersey the first state in the nation to authorize TDR on a statewide level.

TDR is essentially a realty transfer system where development potential in a specified preservation (“sending”) area can be purchased by private investors for use in a targeted growth area. By accepting a cash



Transfer of Development Rights can be a tool for preserving New Jersey's agricultural lands.

payment, property owners in the sending area place a deed restriction on the property that will maintain the existing use of the property into perpetuity. The land in the designated “receiving” area can then be developed at a higher density or different use than allowed under the current zoning ordinance. This process reduces the consumption of our critical resources, while still accommodating growth, and eliminates the “windfalls and wipeouts” in property values normally associated with zoning changes. TDR programs can also support efforts to protect farmland by shifting development from agricultural areas to areas targeted for growth.

TDR can be used to preserve a range of resource types including farmland, environmentally sensitive lands and historic or cultural resources. On the receiving side, development can be transferred to new centers, existing centers or even redevelopment areas. TDR captures the best of both worlds, enhancing the viability of development in appropriate growth areas, while protecting critical resources from sprawl. It gives municipalities greater control over where and how growth will occur.

The sending area may include agricultural land, but the receiving districts must have the capacity and infrastructure necessary to support increased development and must be designed to meet other smart growth principles. As a result, identifying the receiving area is the most challenging aspect of TDR, as specific guidance is needed regarding infrastructure criteria in the receiving area. Once the development rights are transferred from the sending area, the land is permanently restricted from development. A market must exist for both the development rights and the higher density development that will result.<sup>1</sup>

Both landowners and developers benefit from TDR. Landowners are compensated fairly for permanently preserving their property, and developers have a clear picture of where they can build. By relying on a market-based structure of exchange, TDR also reduces the strain on public resources that would otherwise have to directly purchase development rights for preservation purposes.

The Warren County Strategic Plan recommends TDR as a way to preserve open space and encourage development in, and adjacent to, existing centers.

In 2005, the state began a TDR demonstration project to jump start the expansion of TDR; six municipalities were selected for this project.

For more information on TDR, visit <http://www.njsmartgrowth.com>



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## CHESTERFIELD

Chesterfield Township is one of only two municipalities within New Jersey to have implemented a Transfer of Development Rights program in the state. They were able to do so under the 1989 Burlington County TDR Demonstration Act. In March of 2004, the State TDR Act expanded the ability to implement TDR to every municipality in the state. Chesterfield serves as a model



The Chesterfield TDR seeks to capitalize on the heritage of historic Crosswicks Village, shown here. Image Source: Clarke Caton Hintz.

to communities looking to use this tool into the future. The Chesterfield program has proven that TDR can successfully serve the both the need to accommodate growth and the desire to preserve critical resources.

Chesterfield Township is a rural community in northern Burlington County where agriculture and horse farming are the predominant land uses. The community has a strong commitment to preserving its rural heritage through farmland preservation programs. In fact, Chesterfield ranks second in the State in acres preserved. While the community has been extremely successful in preserving the land, the preservation of the industry requires large contiguous tracks of active agriculture. Chesterfield saw TDR as a way to prevent development from segmenting their agricultural base.

In 1997, the Township adopted a Master Plan that described their vision of targeting growth and preserving farmland through TDR. Then, in 1998, the town implementing that vision through a zoning ordinance that called for the

transfer of development from approximately 7,500 acres in the environs (“sending area”) into a new 560-acre center known as Old York Village (“receiving area”). The new village employs a neo-traditional design concept that emphasizes people rather than cars. The village is an inter-connected community that promotes walking, biking and other recreational activities. In addition, Chesterfield incorporated strict design standards into their plan to ensure the new structures compliment the existing historic characteristics in the community.

At completion, the village will contain approximately 1,200 residential units and 30,000 square feet of commercial development, as well as a new school. The project will also result in over 6,000 acres of preserved farmland.

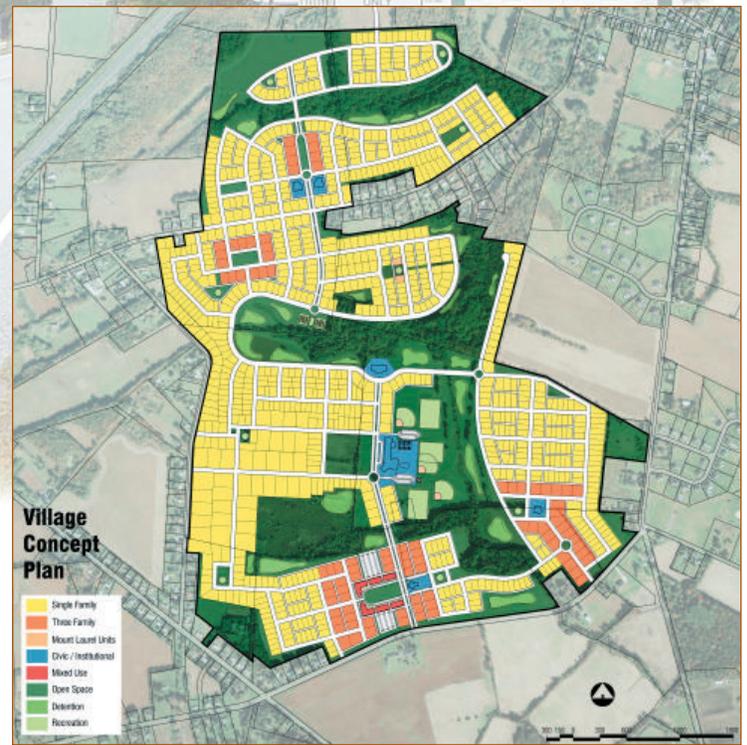
For more information on the Chesterfield TDR program, visit

<http://www.ccharchitects.com/oldyorkvillage.asp>

<http://www.chesterfieldtwp.com/>

## (Endnotes)

<sup>1</sup> *Agricultural Smart Growth Plan for New Jersey 2003*, p. 2



The Chesterfield TDR Village Concept Plan is an example of neo-traditional design that promotes biking and walking, includes dedicated open space, and provides connectivity to the existing street system. Image Source: Clarke Caton Hintz.