



2016 ANNUAL REPORT

**New Jersey Highlands
Water Protection and Planning Council**
March 31, 2017

All photos by Highlands Council staff.

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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,

2016 was a year of solid progress on all fronts for the Highlands Council, but especially with regard to open space preservation. This past year, we officially launched and began accepting applications for two new preservation and landowner equity programs; released an updated Land Preservation Status Report; and became the state's lead agency for the Federal Highlands Conservation Act Grant Program, winning a \$2.4M award.

Initially announced in 2015, the Highlands Open Space Partnership Funding and Highlands Development Credit Purchase Program was officially adopted by Rule (N.J.A.C. 7:70) in April of 2016. The program has two components designed to address preservation and landowner equity goals outlined in the Highlands Act and Regional Master Plan (RMP): The Open Space Partnership Funding Program is a matching grant opportunity for municipalities, counties, state agencies and nonprofits to partner with the Highlands Council to acquire property in fee simple or conservation easements; The Highlands Development Credit Purchase Program (HDCPP) is our Transfer of Development Rights Program for individual property owners.

The HDCPP received an overwhelming response to its first funding round, with 62 eligible applications. In November, the HDC Bank approved acquiring credits related to 28 of those applications, representing the opportunity to provide up to \$9.6M to property owners in the Preservation Area. By early 2017, responses from applicants indicated that 27 properties would be moving forward to closing. These transactions will result in the permanent protection of nearly 950 acres and more than \$9.5 M to property owners. The Open Space Partnership Funding Program proved equally successful with 31 applications totaling 4,630 acres submitted. Applications are still under review and we hope to be notifying award partners early this year.

The primary source of funding for the purchase of the HDC credits at present is compensation received by the Highlands Council in connection with a mitigation agreement approved by the Council in 2012. An additional \$2.4 M was added to the purchase of HDCs this past year with the award of a grant from the US Fish and Wildlife Service under the federal Highlands Conservation

Act Grant Program. Created in 2004 with the passing of the federal Highlands Conservation Act, the grant program provides funding to support preservation efforts in the four-state federal Highlands Region. Over the years, New Jersey has been awarded nearly \$7M through this program, preserving almost 1,300 acres. In the past, the NJDEP Green Acres Program received and managed these awards. For the first time, the Highlands Council was named lead agency for the grant program.

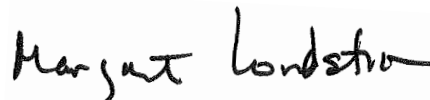
Also this year, the Council provided an updated analysis of land preservation in the Highlands Region. As the only state entity specifically focused on the New Jersey Highlands, the Highlands Council is in a unique position to provide the most accurate picture of preservation and development in the Region. Highlands Council staff regularly tracks preservation information from a variety of government, nonprofit and private sources and then intersects that with our regional GIS data. The 2008 RMP included an analysis of preserved and developed lands in the region, which was later updated in 2011. Using the most recent data available, the Highlands Council provided an updated accounting of this information in the *2016 Highlands Region Land Preservation Status Report*, released in July.

Through these efforts, and in all our work, the Highlands Council seeks to meet the goals of the Highlands Act, to protect the vital resources of the Highlands Region. We are pleased to present you with this Annual Report, which provides a summary of the Highlands Council's work in 2016.

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 2016-2017



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



Kurt Alstede, Vice Chairman
Chester Township, Morris County
 Founder, Alstede Farms
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Robert F. Holtaway, Treasurer
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Timothy P. Dougherty
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Michael R. Dressler
Cresskill, Bergen County
 Bergen County Surrogate



Michael Francis
Hopatcong, Sussex County
 Mayor,
 Hopatcong Borough



Bruce James
Clifton, Passaic County
 Freeholder Deputy Director,
 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



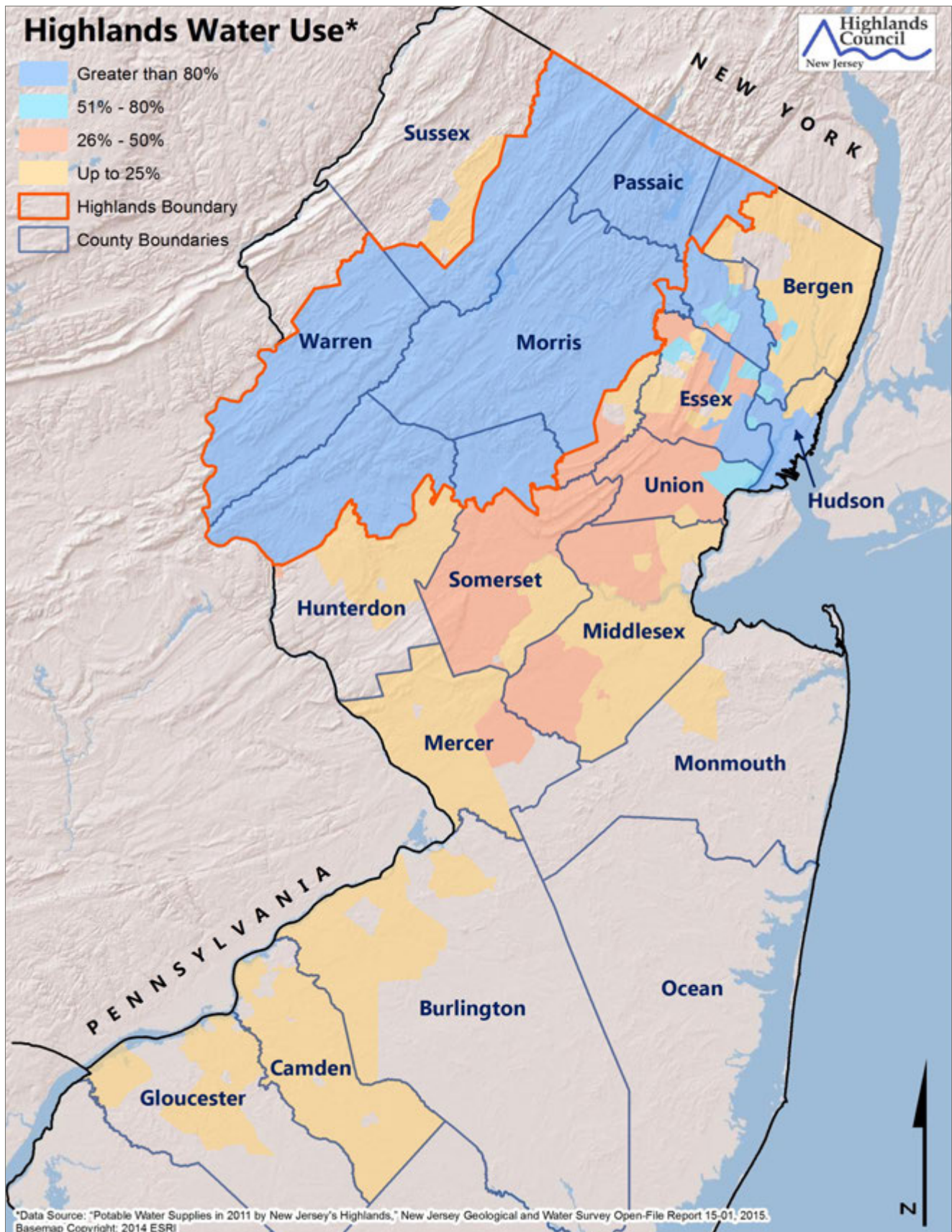
James A. Visioli
Dover, Morris County
 Alderman, Dover Town



Richard Vohden
Andover, Sussex County
 Former Freeholder, Sussex County



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



The Highlands Region covers less than 15% of the state's land area, but provides drinking water to more than 300 municipalities that are home to 70% of New Jersey's population. While the Region's forests and open spaces retain and filter large quantities of water, sprawl development has transformed communities and impaired nature's ability to do that 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 provides drinking water to more than 300 municipalities that are home to 70% of New Jersey's population.

Regional Master Plan Monitoring Program Update

In 2016, the Highlands Council continued work on its first ever review of the Highlands Regional Master Plan (RMP) in the form of the RMP Monitoring Program. The Monitoring Program addresses the statutory requirement of the Highlands Act to review the RMP at least once every six years, following consultation with stakeholders (P.L. 2004, c. 120 C.13:20-8 and 9).

Following an initial phase that focused primarily on collecting and analyzing input from the public and key stakeholder groups, work in 2016 focused on development of two key deliverables: the Fiscal Impact Assessment (FIA) and the Monitoring Program Recommendations Report (MPRR). In February, the Highlands Council held a series of public outreach sessions to provide members of the public with an opportunity to review progress to-date on the Monitoring Program, including draft indicators that were developed as a result of the initial input phase, and that will be used to measure progress on implementation of the RMP.

The FIA provides a comprehensive analysis of a wide range of economic and fiscal data for the Highlands Region and for comparison regions in New Jersey, New York, and Pennsylvania. The FIA was completed in 2016 and released on the Highlands Council website along with a Municipal Fact Book and Peer Review in January 2017. The FIA is organized into three parts:

- Part 1: Regional Economic Evaluation

- Part 2: Demographic and Real Estate Analysis

- Part 3: Fiscal and Financial Analysis

The MPRR will provide a thorough analysis of identified indicators to illustrate progress against goals identified in the RMP and prescribed in the Highlands Act. In 2016, Highlands Council technical staff worked in conjunction with a consultant to: develop methodologies for analyzing indicators that have been identified for each topic area of the RMP; identify and access valid data sets for the analysis; complete the analysis and begin drafting the report. The report will include analysis of 32 indicators that were selected for analysis based on feasibility and availability of data. Additional indicators have been noted as secondary indicators that will be monitored or referred to a science and research agenda for future data collection and analysis. Identified indicators that were not measurable or that do not measure the RMP will be included as an appendix to the report.

Also in 2016, Highlands Council staff and the RMP Update Committee began developing a procedure that will guide the process of making amendments to the RMP (that will likely result from the Monitoring Program.) In January 2017, this procedure was accepted as a guidance document for use by the Highlands Council until the procedure itself can be adopted as an amendment to the RMP.

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/

Land Preservation Update

New Land Preservation Programs

In April, the Highlands Council announced the availability of funding in two new preservation programs: Highlands Open Space Partnership Funding Program and Highlands Development Credit Purchase Program (HDCPP) . Both programs are designed to increase protection of resources while also advancing landowner equity priorities, through acquisition or deed restriction of Preservation Area lands. The programs are administered under the provisions of N.J.A.C. 7:70, Highlands Open Space Partnership Funding and Highlands Development Credit Purchase Program.

The Open Space Partnership Funding Program is a matching grant program that is open to government and nonprofit entities, and the HDCPP is a deed restriction program open to individual property owners wishing to maintain ownership of their property while placing a conservation easement on their land.



Bethlehem Township, Hunterdon County (first property preserved through Highlands Development Credit program, 2010)

Applications for the HDCPP were accepted through early July, with 62 qualifying applications received, representing 2,005 acres. Following review of the applications against criteria outlined in N.J.A.C. 7:70 and an assessment of available funding, offers were extended for the purchase of credits related to 28 properties. Owners representing 27 properties responded indicating their intent to close on these transactions. Should all transactions close, this will result in the permanent preservation of an additional 948 acres in the Preservation Area Highlands Region.

The deadline for applications in the Partnership Funding matching grant program was September. A total of 31 applications were received, representing requests to help preserve more than 4,500 acres. Once review of submissions is complete, the Highlands Council anticipates notifying funding partners by mid-year.

In total, applications for both the HDCPP and the Highlands Open Space Partnership Funding Program represent interest in the protection of more than 6,600 acres. The estimated required investment from the Highlands Council to act on these applications is \$34 M. Currently, the primary source of funding for these two programs is \$18 M in compensation received by the Highlands Council in connection with a mitigation agreement approved by the Council in 2012, \$9 M of which has already been allocated to HDC purchases. The Highlands Council continues to aggressively explore alternative sources of funding to sustain this important program.

2016 Highlands Region Land Preservation Status Report

In July, the Highlands Council released the *2016 Highlands Region Land Preservation Status Report*. Following an initial accounting of preserved land in the region that was published in the RMP and a follow-up report in 2010, this most recent analysis is based on additional data regarding the nature and extent of preserved land that has become available through the Highlands Plan Conformance process. This additional data, combined with the most recent updates from state, county, municipal and private sources, including the Highlands Transfer of Development Rights program, provided the foundation for this 2016 report.

This most recent analysis found that approximately 312,217 acres of the Highlands Region, or 36%, was preserved (9,441 parcels). This includes 207,200 acres (4,432 parcels) in the Preservation Area, and 105,017 acres (5,009 parcels) in the Planning Area. This review of preserved lands also identified a total of 153,509 potentially developable acres – lands currently not fully developed and not preserved, and therefore available for development (18% of the region). This potentially developable land was divided among 21,837 parcels. A parcel-size analysis revealed that the majority of preserved land in the Region (208,110 acres, or 67% of preserved acres) was contained

within large parcels of 75 acres or more, while the majority of potentially developable parcels (16,686 parcels, or 76% of parcels) were relatively small lots of 5 acres or smaller.

The report is available on the Highlands Council website: www.nj.gov/njhighlands/news/publ/LandPres_2016.pdf.

Federal Highlands Conservation Act Grant Award

In November, the Highlands Council was notified of a \$2,420,000 award that will be used to help preserve more than 270 acres in the Preservation Area of the Highlands Region. The funding comes through the federal Highlands Conservation Act Grant Program, administered by the United States Fish and Wildlife Service (USFWS), and will be combined with matching funds to purchase conservation easements on five properties through the Highlands Development Credit (HDC) purchase program.

The five privately owned properties that have been identified for preservation are located in Morris, Passaic, and Sussex Counties and lie within the “Protection Zone” of the Highlands Land Use Capability Zone map (the most sensitive of the three primary zones in the map). Properties are also located within high conservation value areas identified in the 2002 New York-New Jersey Highlands Regional Study as required by the USFWS grant program.

The Highlands Council anticipates closing on all properties within 18-24 months.



Jefferson Township, Morris County

Plan Conformance Update

Petition and Implementation Status

Plan Conformance is the process by which municipalities and counties bring their regulatory and planning documents into alignment with the goals, policies, and objectives of the RMP. Although the Highlands Council and NJDEP have regulatory authority over certain aspects of development in the region, the Act placed significant responsibility for implementation at the local government level.

Conformance with the 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 planning and 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 petitions for Plan Conformance submitted, 29 include Preservation Area lands only, 22 petitions include Planning and Preservation Area lands, and 8 petitions are from municipalities that only have Planning Area lands.

Through December 2016, 50 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 more than 471,000 acres or more than 50% of the land in the Highlands Region where approved Plan Conformance Petitions and the Plan Conformance process provide a framework for implementation of the Highlands Act and RMP.

One municipal petition was approved in 2016: Chester Borough in Morris County. The Borough is located entirely in the Planning Area of the Highlands Region, where conformance with the RMP is voluntary. Conformance with the RMP helps advance a number of planning efforts already

underway in Chester related to historic preservation, sustainable economic development, wastewater management, and affordable housing. Grant funding from the Highlands Council will help the Borough meet these planning needs.

A summary of petition status for all Highlands municipalities is available on page 21.

Also in 2016, municipalities with approved petitions continued work on the adoption of ordinances, resolutions, and other elements that bring local plans and regulations into conformance with the RMP. Below is a summary of some of the key implementation task items completed in 2016.

Plan Conformance Ordinance, Resolution, or Element	Adopted in 2016	Total adopted to date
Planning Area Petition Ordinance	2	23
Master Plan Reexamination Report	3	30
Highlands Environmental Resource Inventory	1	33
Highlands Master Plan Element	2	23
Highlands Land Use Ordinance*	0	7
Highlands Referral or Highland Referral Approach Ordinance*	4	40
Exemption Determination Authorization Ordinance	3	26

**The Highlands Land Use Ordinance, Referral, and Referral Approach Ordinances all require the same level of protection and review against the standards of the Highlands Regional Master Plan.*

Another area where the Highlands Council was able to support municipalities through the Plan Conformance process was related to affordable housing. The Highlands Council Plan Conformance process requires municipalities to provide an analysis of land use and infrastructure capacity related to housing, in the context of the natural resource protection provisions of the Highlands Act. This is addressed through a Build-Out Analysis Report and a Housing Element and Fair Share Plan.

In 2015, following a NJ Supreme Court decision related to affordable housing, the Highlands Council offered conforming municipalities a grant-funded opportunity to update these two documents to help inform local decisions related to affordable housing. In 2016, 41 Highlands municipalities were working to complete Build-Out Analysis Report updates and Housing Element and Fair Share Plan updates under approved scopes of work.

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.

Municipal and County Pages

Each Highlands municipality and county has its own page on the Highlands Council website where petition materials and adopted documents are posted: www.nj.gov/njhighlands/planconformance/status/
(This link is also accessible from the Highlands Council homepage under “Quick Links.”)

Tracking Sheets

- 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

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. More information about Highlands Council Resource Management Plans and Programs is available at: www.nj.gov/njhighlands/planconformance/guidelines/resource.html.

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 2016 the Highlands Council provided training on its 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 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. Training sessions in 2016 were attended by 43 individuals representing 23 municipalities.

Stormwater Management Success Story:

Califon Stormwater Improvement Project Recognized for Excellence

In 2016, the New Jersey Society of Municipal Engineers awarded first place honors to a stormwater management program in the historic district of Califon Borough in Hunterdon County. The project was conceived nine years ago, funded in part through a Highlands Council plan conformance grant.

The “Project of the Year” award was given to Kelly-Ann Kimiecik, the municipal engineer of record for Califon Borough. Kimiecik is also Director of Structural Engineering and senior vice president with Keller & Kirkpatrick, Inc. The project provided improvements to conveyance systems of ditches, open channels, and pipes and culverts, as well as the construction of infiltration and recharge trenches in a flood-prone area of the Borough located at the bottom of a steep slope. The frequent flooding, which resulted in water quality degradation downstream, has been reduced through these efforts.

Below are “before-and-after” photos illustrating some of the improvements.



Photos courtesy of Keller & Kirkpatrick, Inc.

Wastewater Management Plans and Water Quality Management Plan Amendments

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 (WMP). 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 30 WMPs and will continue to collaborate with other municipalities to complete drafts.

In addition, Highlands Council staff coordinates with NJDEP to provide review and support of WMPs and Water Quality Management Plan (WQMP) site amendments to ensure consistency with the Highlands Act and the RMP.

In 2016, two Highlands Council drafted WMPs (Hackettstown and Pohatcong) and one WQMP Amendment (Califon Borough) were adopted by NJDEP. The Califon Borough amendment addresses wastewater needs of a commercial development in the Borough.

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.



Washington Forge Pond, Wharton Borough, Morris County

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 2016, work continued on Center planning activities in the 12 previously approved Highlands Centers. Additional information is available at the Highlands Council website. www.nj.gov/njhighlands/planconformance/guidelines/centers.html.

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 applications for exemption determinations in the Preservation Area while the Highlands Council oversees applications in the Planning Area.

Previous guidance from DEP indicated that municipal officials who could conclude by inspection that a project was exempt from the Highlands Act, could proceed with issuing local permits; however, the municipality could not issue a letter declaring the project exempt from the Highlands Act. In 2012, the Highlands Council entered into a Memorandum of Understanding with NJDEP that outlined a plan to authorize municipalities to officially 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.

In 2016, three additional municipalities adopted effectuating ordinances under this program and four became certified. A total of 89 exemption determinations were made at the local level, and more than half were for Exemption 5. Through December 2016, 25 municipalities have been trained and certified to administer these select exemptions.

Certified Municipalities

Bergen County	Mahwah Township
Hunterdon County	Alexandria Township, Califon Borough, Clinton Township, 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, Harmony Township, Oxford Township, Pohatcong Township, Washington Township

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.

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 implementation 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.

For fiscal year 2017, the Council encumbered funds for Chester Borough in Morris County, allowing that municipality to start work on Plan Conformance implementation tasks. Details regarding funding by municipality is available via municipal pages on the Highlands Council website.



Waywayanda State Park, Vernon, Sussex County

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);
- 28 received payments for the successful completion of Master Plan Reexamination Reports and adopted Highlands Master Plan Elements, totaling \$207,205.78 (average of \$7,401/municipality);
- 15 received payments for the adoption of Highlands-relevant ordinances, totaling \$122,475.82 (average of \$7,655/municipality);
- 8 received payments for the completion of Sustainable Economic Development plans, totaling \$145,260.75 (average of \$18,158/municipality);
- 10 received reimbursements for the completion of Center Planning and Redevelopment Planning initiatives, totaling \$204,480.35 (average of \$20,448/municipality);
- 9 received reimbursement for necessary Zoning Map Updates, totaling \$24,963.04 (average of \$2,774/municipality);
- 4 received reimbursement to complete Land Use Inventories, totaling \$11,516 (average of \$2,879/municipality);
- 16 received reimbursement for adopting their Highlands Referral Ordinance, totaling \$18,230.65 (average of \$1,140/municipality); and
- 2 received payments to support the development of Water Use and Conservation Management Plans, totaling \$43,542 (average of \$21,771/municipality).

In addition, the Highlands Council responded to the need of participating municipalities to revise Housing Elements and Fair Share plans as dictated by the Council on Affordable Housing. To date, 15 municipalities updated their Build-Out Reports for a total of \$83,638.32 (average of \$5,576/municipality), and 8 municipalities have generated Fair Share Plans that were submitted to the Courts for approval, totaling \$88,881.75 (average of \$11,111/municipality).

For fiscal year 2017, starting July 1, 2016, 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 FY2017. On October 20, 2016, the Highlands Council passed a Highlands Protection Fund Capital Budget for FY2017, based upon this balance. (Highlands Council resolution 2016-11.) This funding will continue to provide grant dollars for Plan Conformance work for an estimated 65 municipalities and counties in FY2017.

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). In addition, the Highlands Act charges the New Jersey Department of Environmental Protection (NJDEP) with reviewing certain development in the Preservation Area. The following types of reviews are applicable in the Highlands Region.

- **Call Up of Local Government Approvals** – The Highlands Council may review any final local government approval of any application for development in the Preservation Area and has the ability to override the local decision of certain projects meeting the statutory criteria if inconsistent with the RMP.
- **Highlands Preservation Area Approvals (HPAA) and HPAA with Waiver** - A Highlands Preservation Area Approval or HPAA is a permit to engage in a regulated activity in the Highlands Preservation Area. HPAA's are reviewed and issued by the NJDEP pursuant to the Highlands Act and NJDEP regulations. For certain applications, the Highlands Council is also asked to provide review and input. For an HPAA with Redevelopment Waiver, a Highlands Council Redevelopment Area Designation is required prior to application.
- **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 review the proposed Highlands Redevelopment Area. In this case, a Highlands Redevelopment Area Designation is a prerequisite for the NJDEP HPAA with Waiver.
- **Highlands Preservation Area Exemption** – Although Preservation Area exemptions are issued by the NJDEP, this jurisdiction is shared with the Highlands Council (exemptions 9 and 11). In addition, municipal officials can also issue certain common exemptions following completion of a training and certification program provided by the Highlands Council.
- **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. In addition, municipal officials can also issue certain common exemptions following completion of a training and certification program provided by the Highlands Council.

-
- **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.
 - **Capital Project Review** - Capital or other projects proposed by State or local governments in the Preservation Area that seek to disturb two acres or more or add one acre or more of impervious surface must receive approval from the Highlands Council. In the Planning Area, any such capital project must also be submitted to the Highlands Council; however, the Council’s findings are non-binding.
 - **Water Allocation Permits** - Operations of public community (governmental or investor-owned) and public non-community water supply systems are regulated by the NJDEP under the Safe Drinking Water Act. The Highlands Council coordinates with the NJDEP on the water allocation permit process as one way to protect existing ground water availability and safe yields.
 - **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 2016, the Highlands Council provided 25 of these types of reviews. All project reviews are tracked on the Highlands Council website. See “Project Review Status and Tracking” on the Project Review page (www.nj.gov/njhighlands/projectreview).



Ramapo River, Oakland Borough, Bergen County

Outreach and Transparency

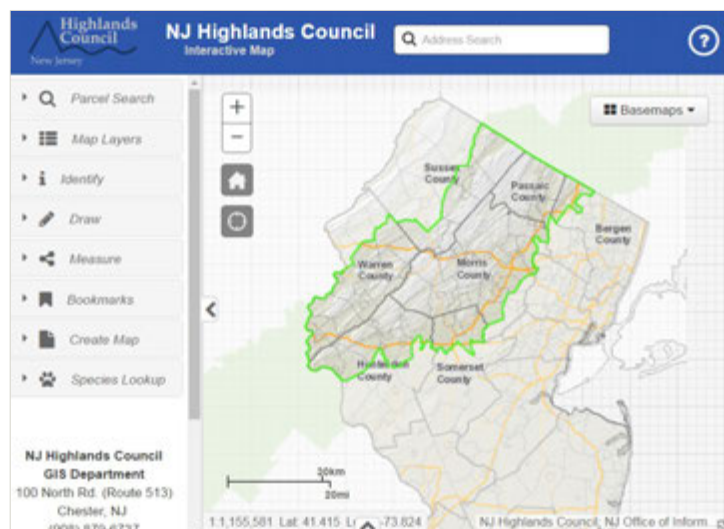
The Highlands Council is committed to an open and transparent public process. The Highlands Council website provides detailed information regarding the work of the Council, including frequently updated tracking sheets, Plan Conformance materials submitted by municipalities and approved by Council, and historical records of the development of the Regional Master Plan and associated materials.

In addition, the Council provides written notice of all public meetings in accordance with the Open Public Meetings Act and posts all meeting agendas (and related materials when available) on its website in advance of meetings. Meeting minutes, meeting audio and all approved resolutions since inception of the Council are also available online. In 2016, the Highlands Council made two significant improvements to its website in an effort to provide members of the public with easier access to information.

In July, the Council launched a reorganized Plan Conformance section of the website. The previous single webpage has been replaced with a series of pages organized into content categories represented through navigation.

Outdated content was also removed to avoid confusion.

In November, a new version of the Highlands Interactive Map and geographic information system (GIS) data was added to the site. These improved resources feature new user interfaces, updated datasets and enhanced integration with other state data sources.



The Highlands Council also maintains an active Constituent Response program to provide guidance to members of the public regarding the Highlands Act, RMP, and NJDEP Highlands Rules. In 2016, Highlands Council staff responded to nearly 300 such inquiries. Since April 2006 the Highlands Council office has handled over 3,200 constituent inquiries.

Members of the public are invited to track Plan Conformance, Project Reviews, and progress on other Highlands Council work using the tracking sheets and links referenced throughout this report or by contacting the Highlands Council office.

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 issues 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. The HDC Bank is supported in its work by Highlands Council staff and the Landowner Equity & Land Preservation Committee.

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 2,608.25 HDCs. Until voluntary Receiving Zones are established, the HDC Bank is serving as the sole purchaser of HDCs. The bank has purchased 518.25 credits to date. Details regarding pending purchases are available in the Highlands Development Credit Purchase Program section below.

In 2016, the HDC Bank held two public meetings and the Landowner Equity & Land Preservation Committee held six (6) meetings. Information and materials related to these meetings including agendas, resolutions, and meeting minutes, are available on the 2016 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.

(www.highlands.state.nj.us/njhighlands/hdcbank/)

Highlands Development Credit Purchase Program

In 2016, the HDC Bank launched a new purchase program, following the closure of an initial purchase program that preserved just over 600 acres, providing \$9 million to property owners in the Highlands Region. The new purchase program is administered under the provisions of N.J.A.C. 7:70, Highlands Open Space Partnership Funding Program and Highlands Development Credit Purchase Program. The program is open to any property owner in the Preservation Area, with primary consideration given to lands with high conservation or agricultural value. Per the parameters of N.J.A.C. 7:70, consideration will also be given to any additional criteria identified in mitigation agreements when funding from such agreements is used.

Applications for the new purchase program were accepted from April through early July. A total of 62 qualifying applications were received, representing 1,279 HDCs valued at \$20,468,000, and 2,005 acres. Based on a review of the applications against criteria outlined in N.J.A.C. 7:70 and available funding, 28 properties were identified for HDC purchase.

In November, the HDC Bank authorized extending offers to purchase the HDCs related to these properties, representing the opportunity to provide up to \$9.6 M to property owners in the region. Offer letters were sent in December. By early 2017, responses from applicants indicated that 27 properties would be moving forward to closing. Should all transactions close, this will result in the purchase of 597.5 credits by the Bank, resulting in payments of \$9.5 M to property owners, and the permanent protection of nearly 950 acres.

Highlands Development Credit (HDC) Tracking

The Highlands Council provides tracking of all HDCs, from application through sale, on its website at: www.nj.gov/njhighlands/hdcbank/tracking/. Two tracking tools are available: The “HDC Tracking Sheet” tracks all HDC allocation requests and any resulting transactions. The HDC Registry summarizes all closed transactions.

TDR Receiving Zones

Efforts continued in 2016 toward establishment of voluntary Receiving Zones to support a market-driven TDR program. In December, Jersey City in Hudson County was awarded a TDR Feasibility Grant to explore the potential of establishing a receiving zone within the City. 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.

The FY2017 Highlands Protection Fund Capital Budget includes \$100,000 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.



Lopatcong Township, Warren County

Statement of Activities and Financial Report

for the period ending December 31, 2016

General Operating Budget FY16 - July 1, 2015 through June 30, 2016

REVENUES:

State of New Jersey Appropriation FY16	\$2,315,000.00
Balance from FY15	\$142,542.92
Miscellaneous Revenues & Reimbursements	\$3,556.88
TOTAL	\$2,461,099.80

EXPENDITURES:

Salaries	\$1,587,353.02
Materials and Supplies	\$27,145.35
Other Operating Expenses	\$102,720.03
Maintenance and Repairs	\$227,083.51
Equipment, Additions, and Improvements	\$101,982.67
Transfer to RMP Account	\$260,877.62
Balance through June 30, 2016	\$153,937.60
TOTAL	\$2,461,099.80

General Operating Budget for Portion of FY17 - July 1, 2016 through December 31, 2016

REVENUES:

State of New Jersey Appropriation FY17	\$2,315,000.00
Highlands Balance from FY16	\$153,937.60
Miscellaneous Revenues & Reimbursements	\$3,000.00
TOTAL	\$2,471,937.60

EXPENDITURES:

Salaries	\$757,260.56
Materials and Supplies	\$13,886.88
Other Operating Expenses	\$49,116.61
Maintenance and Repairs	\$103,814.04
Equipment, Additions, and Improvements	\$21,064.75
Transfer to RMP Account	\$44,625.32
Balance through June 30, 2017	\$1,482,169.44
TOTAL	\$2,471,937.60

Regional Master Plan Budget for Portion of FY16 - July 1, 2016 through December 31, 2016

REVENUES:

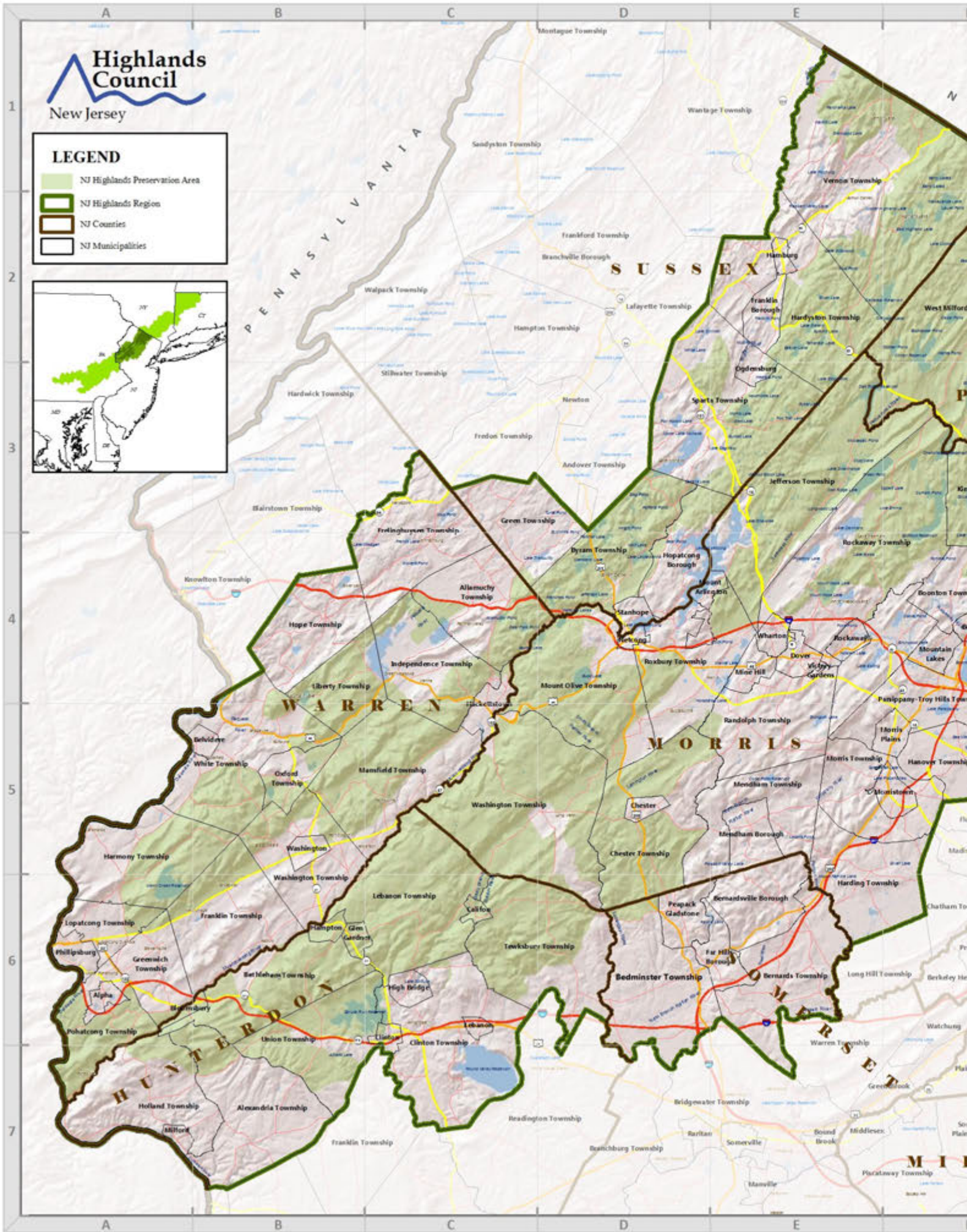
Balance from FY16	\$1,535,870.67
Transfer in from Operating Account	\$44,625.32
Miscellaneous Revenues & Reimbursements	\$2,000.00
TOTAL	\$1,582,495.99

EXPENDITURES:

Contracts Paid to Date	\$83,803.80
Balance on Approved Contracts	\$693,821.99
Balance through June 30, 2017	\$804,870.20
TOTAL	\$1,582,495.99

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
 Bloomingdale 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

0 1.5 3 6 9 12 Miles



Highlands Municipalities — Plan Conformance Petition Status

as of March 2017

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 † - *approved 2016*

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*



State of New Jersey

Highlands Water Protection and Planning Council

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Chester, New Jersey 07930-2322

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