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HDC Bank to Consider First Offers

Up to \$2 million could be offered to preserve land in Highlands Region

CHESTER, N.J. – The New Jersey Highlands Development Credit Bank (HDC Bank) at its May 6th meeting will consider making its first offers to Highlands Preservation Area property owners experiencing financial hardship under its Initial Purchase Program, a component of the Highlands Transfer of Development Rights (TDR) Program.

Under the Highlands TDR Program, a property owner is awarded credits as a means of offsetting the loss of pre-Highlands Act development opportunity on that property in exchange for restricting the property's future development. Like the State's Farmland Preservation Program, the Highlands TDR Program allows property owners to continue to own and use their land and simultaneously protect the significant environmental and agricultural resources of the Highlands Region.

Using a formula based on the property's size, location and zoning, eligible properties are allocated a number of Highlands Development Credits (HDCs); currently, those credits may then be sold to the HDC Bank or another buyer such as a conservation organization. In the future, the HDCs may also be sold to developers, who can use the credits to increase the density for a residential project, or intensity in a commercial or industrial project, in a voluntary TDR receiving zone.

"The Highlands Transfer of Development Rights program is one of the tools provided by the Highlands Act to address the important issue of providing equity to property owners who lost development potential for their land as a result of the Highlands Act," Executive Director Eileen Swan said. "This program is designed to direct growth away from areas that should be protected and toward areas that have or will have the infrastructure in place to support it."

Landowners of residentially zoned property in the Preservation Area of the Highlands Region can use a feature on the Highlands Council's website (HDC Estimator application at <http://maps.njhighlands.us/hgis/hdc/>) to get an estimate of how many credits their property might be entitled to if they are considering TDR. They are then eligible to apply to the Council for

confirmation of credits. Landowners of commercially zoned parcels apply directly to the Highlands Council.

The HDC Bank was provided an initial capital fund of \$10 million to start the Highlands TDR Program and purchase HDCs from property owners. The Highlands Council determined that the first priority is to purchase credits from landowners who face hardships such as extenuating financial difficulties or whose properties just missed qualifying for a Highlands Act exemption. To qualify for consideration, a property owner must demonstrate that either: (1) the owner is experiencing an extenuating financial circumstance and that the owner's equity in the property to which HDCs will be allocated is substantial in relation to the owner's net worth; or (2) the property would have qualified for Exemption #3 under the Highlands Act, but for not securing a needed State land use or water permit where an application for that permit was pending before the Department of Environmental Protection as of March 29, 2004.

For property owners to be considered for hardship purchase during the HDC Bank's first round, they were required to submit an HDC Certificate Application by April 15, 2010. At the May 6th meeting, the HDC Bank will consider five hardship determinations and, should the Bank Board approve, the HDC Bank would then make offers to these five applicants for a total of \$1,724,000 of the existing \$10 million presently available. The total amount of land involved in these applications is 220.89 acres and would result in the reduction of 38 pre-Highlands Act residential development opportunities.

In addition, the HDC Bank will consider the launching of a second round of the Initial Purchase Program. Should the Bank authorize a second round of hardship consideration, the HDC Bank would make these determinations at its September 2, 2010 meeting, with an application deadline to be announced.