



## State of New Jersey

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# A Great Start for Highlands TDR

*Highlands Development Credit Bank authorizes first offers and Governor Christie signs  
Highlands TDR Expansion Bill*

CHESTER, N.J. – The New Jersey Highlands Development Credit Bank (HDC Bank) today authorized the first offers under its Initial Purchase Program to Highlands Preservation Area property owners experiencing financial hardship, a day after Governor Chris Christie signed legislation allowing any municipality in the State to create a voluntary receiving zone under the Highlands Transfer of Development Rights (TDR) Program.

At today's meeting, the HDC Bank approved five applications under its Initial Purchase Program to authorize offers for the purchase of Highlands Development Credits for a total of \$1,724,000 of the existing \$10 million in Bank funds presently available. The total amount of land involved in these applications is over 220 acres and would result in the reduction of 38 residential development opportunities that existed before the passage of the Highlands Act.

The number of credits awarded for a piece of property is based on a formula taking into account the property's size, location and zoning in place before the Highlands Act. Landowners of residentially zoned property in the Preservation Area of the Highlands Region can use the HDC Estimator application on the Highlands Council website (<http://maps.njhighlands.us/hgis/hdc/>) to get an estimate of how many credits their property might be entitled to under TDR; they may then apply to the Highlands Council for confirmation of credits. Owners of commercially zoned parcels may apply directly to the Highlands Council.

The priority under the Initial Purchase Program is to acquire credits from landowners who face extenuating financial difficulties or whose properties just missed qualifying for Highlands Act Exemption #3. 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.

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“This is an important day for the HDC Bank Board and we are pleased that we are taking initial action to use the Highlands TDR program to address hardship cases,” HDC Bank Acting Chairman Theodore J. Maglione said. “The Bank looks forward to continued expansion of the program to address landowner equity and protect the Highlands Region.”

Also at today’s meeting, the HDC Bank authorized a second round of the Initial Purchase Program for hardship consideration. The HDC Bank will make these determinations at its meeting scheduled for September 2, 2010. More information is available on the HDC Bank website, <http://www.highlands.state.nj.us/njhighlands/hdcbank/>.

The Highlands TDR Program also took another step forward yesterday with Governor Christie’s signing of A-602/S-80, the Highlands TDR expansion bill. Now, any municipality in the State may establish a voluntary TDR receiving zone for participation in the Highlands TDR Program.

As originally enacted, the Highlands Act only allowed the municipalities in the seven Highlands Region counties to be eligible to serve as voluntary receiving zones for Highlands credits. To date, 11 municipalities have received TDR Receiving Zone Feasibility Grants from the Highlands Council to consider the feasibility of establishing Receiving Zones. The bill signed by Governor Christie now allows any municipality in the State to create a voluntary Receiving Zone for Highlands credits, which confers certain benefits – such as the ability to charge impact fees and qualify for Highlands planning grants.

The Highlands Region makes up just 17 percent of the State’s land base, yet it supplies 64 percent of the State’s drinking water supply. More than 5.4 million residents draw their water from the Highlands Region, including the state’s six largest municipalities (Newark, Jersey City, Paterson, Elizabeth, Edison, and Woodbridge). Bayonne, Clifton, Hoboken, Lyndhurst, Montclair, and Wayne all draw more than half their water from Highlands reservoirs. The expansion of the Highlands TDR Program encourages appropriate development in these urban and suburban areas while protecting the natural resources and farmland of the Highlands Region.

“Thanks to Governor Christie, we now have the potential for a statewide market for Highlands Development Credits,” Highlands Council Executive Director Eileen Swan said. “The TDR program is a method for addressing two important goals of the Highlands Act: it provides equity for the loss of development opportunities, and it shifts development away from natural resource areas and into municipalities that will have the infrastructure, transportation and capacity to support it.”