



## State of New Jersey

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FOR IMMEDIATE RELEASE  
February 2, 2009

# HDC Bank Takes First Steps

## Bank will oversee Highlands Transfer of Development Rights Program

CHESTER, N.J. – The Highlands Development Credit Bank (HDC Bank) held its first meeting today. Scott Whitenack of Morristown serves as Chairman of the HDC Bank’s nine-member Board of Directors.

The first meeting was largely organizational, but in its first year the HDC Bank intends to begin purchasing Highlands Development Credits from property owners.

The HDC Bank can get to work immediately because Governor Jon S. Corzine, in Executive Order 114, provided it with \$10 million in seed money from the State TDR Bank.

“Thanks to the leadership of Governor Corzine, we can hit the ground running,” Chairman Whitenack said.

The HDC Bank, created by the Highlands Council to administer the Highlands Transfer of Development Rights (TDR) Program, has three primary responsibilities under the Highlands Regional Master Plan: to serve as an information clearinghouse; to serve as the administrator of and a recording agency for the TDR Program; and as the buyer and seller of Highlands Development Credits (HDCs). The Highlands Council will be responsible for making HDC allocation determinations and working with municipalities to designate voluntary Receiving Zones; it also will have the responsibility of assessing the TDR Program over time and making any necessary changes to achieve the goals of the RMP.

The HDC Bank will buy HDCs from property owners who have lost the ability to develop on their lands as a result of the Highlands Act where purchase of those HDCs advances the goals and objectives of the Regional Master Plan. The landowner retains title to the property, while selling the right to further develop on that property.

These credits will then be sold to developers, to be used in Highlands Region municipalities that have set up voluntary TDR receiving zones. The funds from the sale will be used to purchase more HDCs from other land owners in the Highlands. Developers can use the HDCs for constructing higher density projects or other considerations in the voluntary TDR receiving zones.

Five municipalities have received TDR Receiving Zone Feasibility Grants from the Highlands Council: Chester Borough, Morris County; the City of Clifton, Passaic County; the Town of Clinton, Hunterdon County; Lopatcong Township, Warren County; and Washington Borough, Warren County. The \$25,000 grants can be used to assess potential receiving zones based on zoning, environmental conditions, infrastructure needs and development potential.

Municipalities that set up voluntary TDR receiving zones receive financial incentives such as enhanced planning grants (up to \$250,000), impact fees (up to \$15,000 per unit) and priority status for state infrastructure spending.

The Highlands Act required the Highlands Council to establish an initial price for Highlands Development Credits. The initial price was set at \$16,000, based on an analysis of what developers may be willing to pay to build an additional unit of density. However, this price is likely to fluctuate with the real estate market. For example, the Pinelands Commission set a value of \$2,500 per right in 1981 for its regional TDR program. Credit values rose as high as \$40,000 per right at the height of the real estate boom, but are currently transacting around \$18,000 per right. Under the Pinelands Commission TDR Program, more than 50,000 acres in the Pinelands have been preserved.

More information about the HDC Bank and TDR Program can be found on the HDC Bank website, <http://www.highlands.state.nj.us/njhighlands/hdcbank/>.

## Profiles of HDC Bank Directors

**Scott Whitenack** (Chair of the HDC Bank, Highlands Council Member): Mr. Whitenack has been a member of the Morristown Planning Board for the last 17 years and served as its Chairman for 10 years. Mr. Whitenack has been employed by Star-Lo Electric in Whippany since 1993 as a Field Supervisor/Project Manager. He is a licensed electrical contractor and a 24-year member of the International Brotherhood of Electrical Workers, Journeyman Electrician, Local 102.

**Susan E. Craft** (State TDR Bank Board Member): Ms. Craft has served as Executive Director of the State Agriculture Development Committee (SADC) and the State Transfer of Development Rights Bank Board (TDR Bank Board) since January 2005. Prior to SADC, she was coordinator of Burlington County's nationally recognized farmland preservation and transfer of development rights programs since 1993. Under Craft's direction, Burlington County preserved over 21,000 acres and established the state's first municipal transfer of development rights (TDR) program, which led to New Jersey's statewide Transfer of Development Rights law in 2004. She also was director of Burlington County's Land Use Planning office for eight years.

**Dale Davis** (Public Member – Farmer in the Highlands Region): Mr. Davis and his wife Carol are the proprietors of Stony Hill Gardens & Farm Market in Chester, which opened in 1988. It now has five greenhouses and 40 acres of land, growing orchids, hay, grain, corn, apples and pumpkins and raising cattle. He serves as President of the Morris County Board of Agriculture and is a member of the New Jersey Farm Bureau.

**Michael Halpin** (Public Member – Banking/Finance/Land Economics): Mr. Halpin is Chairman and Director of the Hackettstown-based Skylands Community Bank, a \$1.2 billion institution covering Warren, Morris, Hunterdon, Sussex, Somerset and Middlesex Counties. He also serves on the Board of Trustees of Hackettstown Community Hospital and Centenary College. He is also past president of the Community Bankers Association and the Morris County Bankers Association.

**Kenneth H. Klipstein** (Public Member – Conservation/Land Stewardship): Mr. Klipstein is Director of Watershed Protection Programs for the New Jersey Water Supply Authority, having managed that program since March 2008. He manages the Authority's activities in source water and watershed protection in the Raritan River Basin and Manasquan River watershed, and also represents the Authority on various watershed and statewide public advisory committees of the New Jersey Department of Environmental Protection. He also has served on many municipal boards, including as a commissioner of both the Lake Hopatcong Commission and the Greenwood Lake Commission, and is on the board of the Pocono Environmental Education Center and is President of the Tewksbury Land Trust.

**Theodore J. Maglione** (Public Member – Developer/Redeveloper): Mr. Maglione is the sole proprietor of The TM Group, Inc. a real estate and development company based in Mendham. The company has completed numerous residential development projects throughout northern New Jersey, including clustered development projects. Mr. Maglione also serves on the Board of Directors of the Community Builders Association and as a Builder Representative on the Morris County Construction Board of Appeals.

**Erik Peterson** (Highlands Council Member): Mr. Peterson, an attorney with a law practice in Flemington, is a Freeholder in Hunterdon County. He serves as a liaison to a number of different boards, including parks and recreation, advisor to the Rutgers cooperative extension of Hunterdon, and is a member of the Shade Tree Commission.

**Ralph Siegel** (Executive Director of the Garden State Preservation Trust): Mr. Siegel has served as executive director of the Garden State Preservation Trust since 2004. Prior to that, he worked in the Department of Treasury and the State Agriculture Development Committee; before entering government service, he worked as a journalist. He also serves as a licensed battlefield guide at Gettysburg National Military Park.

**John Weingart** (Highlands Council Chairman): Mr. Weingart is the Associate Director of the Eagleton Institute of Politics at Rutgers University. Previously, he worked on environmental and land use issues in New Jersey state government in the administrations of two Democratic and two Republican governors. He served as both the NJDEP's Assistant Commissioner for Environmental Regulation and as Executive Director of the New Jersey Low Level Radioactive Waste Siting Board.