

HIGHLANDS REGIONAL



MASTER PLAN  
2008

# Highlands Development Credit Bank

June 4, 2009



# Overview

- ❑ Highlands TDR Program Timeline
- ❑ HDC Bank Operating Procedures
- ❑ Long-term TDR Program Timeline

# Highlands TDR Program Timeline

- ❑ Conservation Restrictions (Highlands Council) – July 2009.
- ❑ HDC Allocation Determinations (Highlands Council)
  - Request for Qualifications – July 2009
  - Web-based HDC Allocation Tool – August 2009.
- ❑ Bank Operating Procedures (HDC Bank) – August 2009.

# TDR Program Conservation Restrictions

- ❑ Draft conservation restriction initially released for informal public comment on April 17, 2009.
- ❑ Based on comments, Highlands Council revised the conservation restriction and separated agricultural and non-ag uses; posted revised draft conservation restrictions on June 3, 2009.
- ❑ Public comment on revised drafts is due July 3, 2009 and Council may consider the conservation restrictions at its July 16, 2009 meeting.

# Request for Qualifications

## □ RFQ posted on May 29, 2009

- Highlands Council is soliciting qualifications and supporting information from firms with expertise in all aspects of land use planning, including site development, site design and securing local approval.
- Purposes of the RFQ will be to find a firm that can assist the Council with HDC allocations, receiving zone credit determinations and redevelopment area planning.

# Status of TDR Feasibility Grants

- ❑ Highlands Council has approved 5 TDR Feasibility Grants.
- ❑ Hopatcong Borough submitted a grant application that may be considered by the Highlands Council at its June 25, 2009 meeting.
- ❑ Highlands Council staff will be giving a presentation to Long Hill Township on June 9, 2009.

# Discussion of HDC Bank Operating Procedures

# HDC Bank Operating Procedures

- ❑ Draft HDC Operating Procedures (drafted based upon similar procedures of the State TDR Bank and the PDC Bank) were released for informal public comment on May 26, 2009.
- ❑ Public comment on the draft Operating Procedures is due on or before June 26, 2009.
- ❑ HDC Bank staff will revise the draft Operating Procedures and provide a summary of comments and responses to the HDC Bank.

# HDC Bank Operating Procedures

## □ Section I – Purposes

- Establish an efficient and effective method for documenting the sale, transfer, conveyance, encumbrance, and use of Highlands Development Credits (HDCs) which are allocated pursuant to the policies of the Highlands RMP; and
- Facilitate the effective operation of the Highlands TDR Program through the Bank's participation in the purchase and sale of HDCs where and when appropriate.

## □ Section II – Definitions

# HDC Bank Operating Procedures

## □ Section III – Board and Executive Director

- Board of Directors (Board) is the governing body of the HDC Bank and bears the ultimate responsibility for implementing and enforcing the provision of the operating procedures.
- Board shall adopt and revise, as appropriate, the form and content of the HDC Certificate.
- The Executive Director shall be the administrative officer of the Board, establish administrative procedures and forms as necessary for Bank operations, issue HDC Certificates and maintain all records of Bank (including an HDC Registry).

# HDC Bank Operating Procedures

## □ Section IV – HDC Certificates

- No person shall sell, transfer, convey or encumber any HDCs or any interest therein without first obtaining a HDC Certificate from the Bank.
- Application for a HDC Certificate must be submitted to the Bank and includes information about the property owner, the parcel, and the HDC allocation received from the Highlands Council. A copy of the deed and a draft conservation restriction must also be filed with the application.
- HDC Certificate may only be issued if property owner has marketable title, is legally empowered to restrict the use of her property, and the draft conservation restriction filed with the application prohibits the future development of the property in perpetuity.
- Once issued, a HDC Certificate may be sold, transferred, encumbered and ultimately redeemed for use in a Receiving Zone.

**State of New Jersey**  
**Highlands Development Credit Bank**  
100 North Road (Route 513)  
Chester, New Jersey 07930

HDC Certificate Serial No. \_\_\_\_\_  
Date Issued \_\_\_\_\_  
Alloc. Determ. No. \_\_\_\_\_

## Highlands Development Credit Certificate

Pursuant to the Highlands Water Protection and Planning Act, N.J.S.A. 13:20-1 et seq., and the Highlands Regional Master Plan, this Certificate certifies that \_\_\_\_\_ hereby owns \_\_\_\_\_ **Highlands Development Credits.**  
(Name of Property Owner) (Number of HDCs)

A conservation restriction limiting future development of the property is recorded in the Deed to the following \_\_\_\_\_, situated in the  
(Block(s) and Lot(s))  
Municipality of \_\_\_\_\_, County of \_\_\_\_\_ and is recorded in Book \_\_\_\_\_,  
Page \_\_\_\_\_, at the County Clerk's Office.

Owner's Signature: \_\_\_\_\_, Date \_\_\_\_\_

*This Certificate entitles the owner to a density or intensity bonus as provided in the Transfer of Development Rights ordinance for the municipality in which the Highlands Development Credits will be utilized.*



\_\_\_\_\_  
Executive Director  
Highlands Development Credit Bank

# HDC Bank Operating Procedures

## □ Section V – HDC Registry

- HDC Registry tracks the issuance, sale, transfer, use and redemption of HDCs.
- HDC Registry must list the name and address of every HDC Certificate owner, the date of its issuance, property information, number of HDCs allocated to property and total acreage of property.
- HDC Registry shall be available for public inspection.
- The Executive Director shall prepare an Annual Report by March 30 of each calendar year detailing the Bank's activities for the preceding calendar year. Annual report shall be provided to Governor, Highlands Council, the Legislature and every county and municipality in Highlands Region.

# HDC Bank Operating Procedures

## □ Section VI – Purchase of HDCs

- A property owner wishing to sell HDCs to Bank must complete an application:
  - Application includes sellers name, property information, HDC allocation , HDC Certificate serial number, number of HDCs offered for sale, and price offered per HDC.
- Board may purchase HDCs where the purchase will:
  - Further the objectives of the Highlands Act and the Highlands RMP; or
  - Alleviate a demonstrated unique and extenuating financial circumstance.
- Where purchase is to alleviate a hardship, the owner must demonstrate (1) that investment in the land to which the HDCs are allocated is substantial in relation to net worth, and (2) that the owner is experiencing an extraordinary financial hardship which may only be ameliorated through an expedient sale of HDCs.

# HDC Bank Operating Procedures

## □ Section VI – Purchase of HDCs (continued)

- Operating Procedures give priority consideration for purchase to those properties where the HDCs are offered at less than the price established by the Bank.
- Priority is also given to those properties that just missed qualifying for Exemption 3 under the Highlands Act because they did not receive a necessary State land use permit, but had an administratively complete application pending before NJDEP for such permit.
- Price established for HDCs acquired by the Bank is \$16,000; however, the Board may adjust the purchase price if it determines that the adjusted purchase price will not substantially impair the private market.

# HDC Bank Operating Procedures

## □ Section VII – Sale of HDCs

- The Board may from time to time authorize the Executive Director to sell all or a portion of those HDCs owned by the Bank, provided that there is sufficient interest in the purchase of HDCs to warrant a sale and the timing of the sale and number of HDCs to be sold will not substantially impair the private sale of HDCs.
- All sales authorized by the Board will be conducted by open bidding through a public auction or by closed bidding through the receipt of sealed, written bids.
- Notice of the pending sale must be published in the Bank's newspapers of record and notices must be provided to every person who submitted a written request to be informed of upcoming sales.
- HDCs will be sold to the highest bidder or bidders, and generally purchase of HDCs must be completed within 30 days of award.

# HDC Bank Operating Procedures

## □ Section VII – Sale of HDCs (continued)

- The Board may authorize the Executive Director to convey at no cost HDCs when it determines that:
  - The proposed development will serve a compelling public purpose;
  - The proposed development could not proceed without the conveyance of HDCs at no cost;
  - The benefit of the conveyance of HDCs at no cost will inure to the public and will be made to a governmental agency or incorporated, not for profit organization;
  - The conveyances of HDCs at no cost will not substantially impair the sale of HDCs in the private market; and
  - The HDCs being conveyed will be redeemed within one year of the Board's authorization.

# Highlands TDR Program Timeline

- ❑ HDC Allocation Determinations (Highlands Council) – August 2009.
- ❑ HDC Certificate and Application (HDC Bank) – August 2009.
- ❑ Open Period for Hardship Sale of HDCs (HDC Bank) – September 15 – December 15, 2009.
- ❑ Consideration of Hardship Sale of HDCs (HDC Bank) – January – March 2010.

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