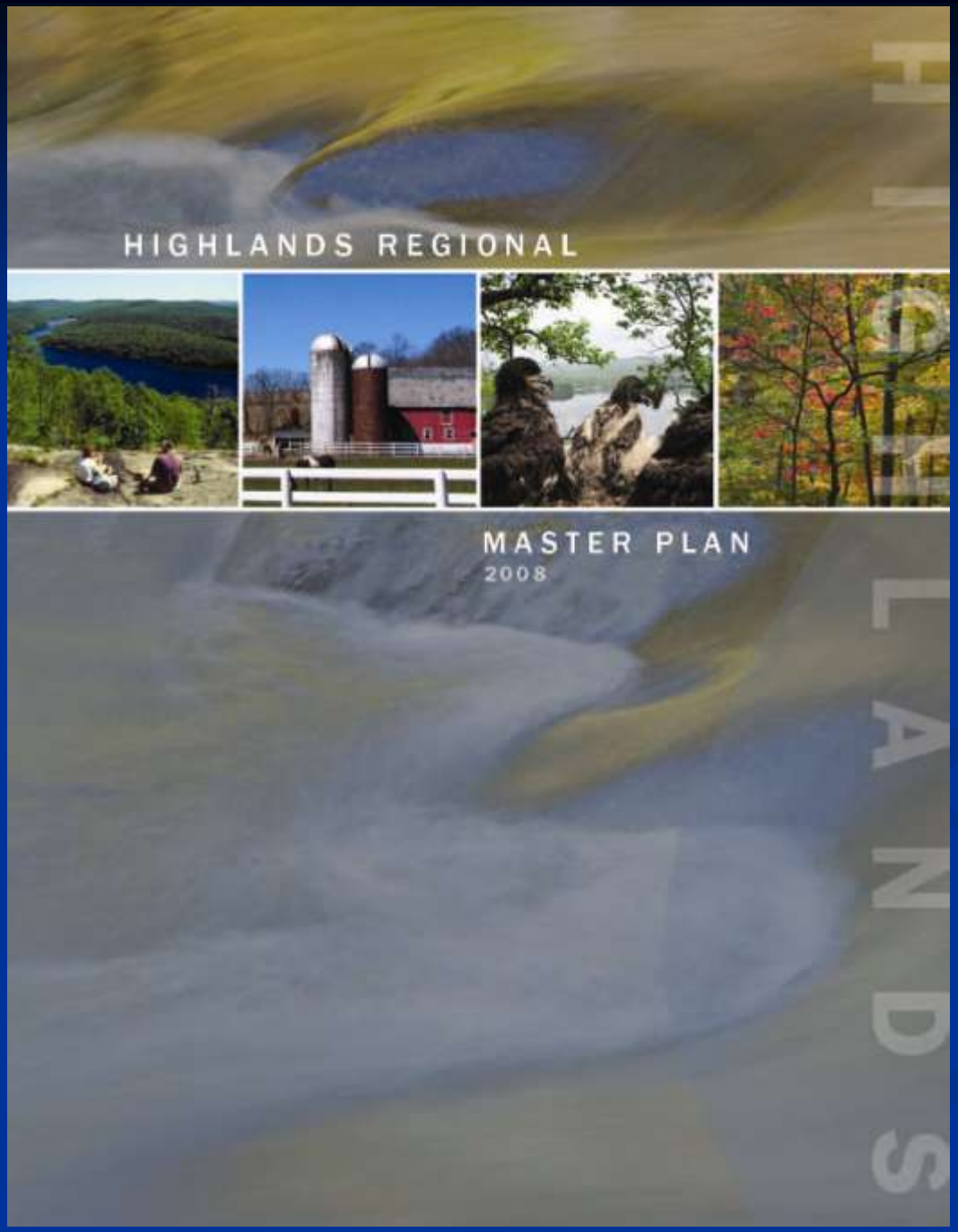

Highlands Development Credit Bank Meeting

November 5, 2009

Highlands Council
New Jersey

Executive Director's Report

- Highlands TDR Program
- HDC Estimator Tool
- HDC Allocation and Hardship Purchase Process

Highlands Council
New Jersey

Highlands TDR Program

Role of Highlands Council

- Establish TDR program, including working with municipalities to establish TDR Receiving Zones; approve model deeds of easement;
- Establish initial Highlands Development (HDC) Credit value (currently $16,000 per HDC);
- Determine HDC allocation for Sending Zone parcels;
- Assess program at specified intervals for improvements;
- Work to pass new TDR legislation providing greater opportunities for use of HDCs (i.e. create more demand).

Role of HDC Bank

- Issue HDC certificates after property owner records appropriate deed of easement;
- Serve as administrator of TDR program by tracking all HDC transactions;
- Serve as an information clearinghouse regarding the TDR program and link potential HDC buyers and sellers; and
- Serve as buyer and seller of HDCs.

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New Jersey

Highlands TDR Program Timeline

- Launch web-based HDC Estimator Tool (Highlands Council) – November 2009
- Begin reviewing HDC allocation applications (Highlands Council) – November 2009
- Open period for processing of HDC allocation applications (Highlands Council) – November 5, 2009 through January 5, 2009
- Begin reviewing HDC Certificate application materials (HDC Bank) – December 2009
- Consideration of HDC hardship purchases (HDC Bank) – January 2010 through March 2010

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New Jersey

Highlands TDR Program

- HDC Bank Resolution, adopted September 3, 2009, sets priorities for HDC acquisition in hardship criteria cases:
  - First priority consideration to any property that satisfies both of the following criteria:
    - comprises a major Highlands development that would have qualified for an Exemption #3 but for the lack of a necessary State permit; and
    - which satisfies the extenuating financial circumstance criteria;
  - Second priority consideration to any parcel of land whose owner only satisfies the extenuating financial circumstance criteria; and
  - Third priority consideration to any parcel of land that only satisfies the missing an exemption criteria above.
- For each priority level, consideration is given for the protection of land with significant ecological or agricultural importance consistent with the RMP.

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Highlands TDR Program

- HDC Bank Resolution, adopted September 3, 2009, was premised on availability of funding HDC acquisition
- HDC Bank staff coordinated with the Department of Treasury, the Attorney General's Office and the State's bond counsel
- HDC Bank has received confirmation that the $10 million appropriated by Executive Order 114 will be made available by March of 2010 for the HDC Bank's Initial HDC Purchase Program

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Highlands TDR Program

- HDC Estimator Tool
  - Provides estimated range of HDCs to a parcel that is:
    - Located in the Preservation Area and situated in Protection and Conservation Zones or environmentally-constrained subzones;
    - Residentially zoned based upon Highlands Council composite zoning;
    - At least five acres in size or, if less than five acres, is at least three times the minimum lot size in effect on 8-10-2004; and
    - After accounting for pre-Highlands Act environmental constraints, had at least one lost development opportunity (i.e. at least one potentially buildable lot).

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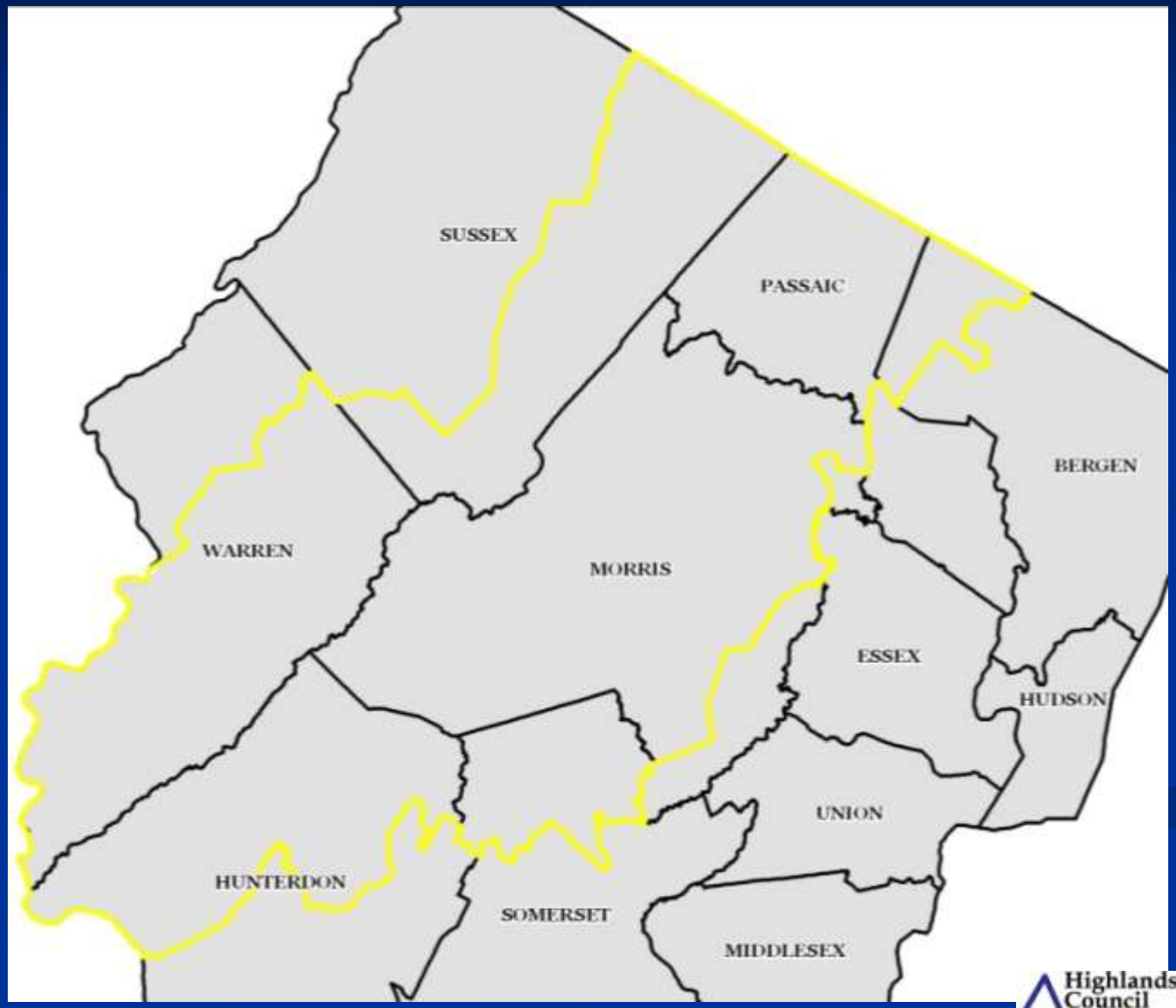
New Jersey Highlands

- The 859,358-acre Highlands Region is roughly divided in half into the Preservation Area (414,965 acres) and Planning Area (444,394 acres).

- The Highlands Region stretches over seven counties and includes 88 municipalities. Five are entirely in the Preservation Area; 36 are entirely in the Planning Area; 47 have lands in each.



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Land Use Capability Zone Map Sequence

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Highlands TDR Program

- HDC Estimator Tool
  - Does not provide an estimated HDC range if non-residentially zoned, presently preserved, or parcel has not lost at least one development opportunity.
  - Although a parcel may receive an allocation, this does not mean that that parcel is entitled to have its HDCs purchased by the HDC Bank or on the private market.
  - http://maps.njhighlands.us/hgis/hdc

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Highlands TDR Program

Steps to HDC Bank Purchase

1. Visit the HDC Estimator Tool.

2. Review results and submit HDC Allocation Application along with supporting information to Highlands Council.

3. Highlands Council will determine HDC allocation and whether property owner satisfies hardship criteria.

4. HDC Allocation Letter states the number of HDCs the property receives and whether the property owner qualified for hardship consideration; where no allocation awarded, letter will explain why. HDC Allocation Letter valid for 3 years.

5. Property owner may seek reconsideration where owner believes more HDCs should have been awarded; reconsideration of factual issues only, e.g. steep slopes, zoning, etc.

6. Assuming HDC allocation is final, property owner may choose to do nothing further.

7. Property owner may also choose to begin HDC Certificate Process; if so, submit HDC Certificate Application to HDC Bank along with draft deed of easement. Also indicate if owner would like to offer HDCs for sale to HDC Bank.

8. Bank will first process hardship applications and rank them according to HDC Bank's established priorities. Other applications will then be processed.

9. For priority applications, Bank staff will present prioritization list to Bank Board of Directors for review and approval.

10. Letters of offers to purchase HDCs will then be issued. Owners receiving letters will have a certain period in which to accept offers.

11. If accepted, HDC Bank will have deed of easement recorded at appropriate county clerk's office and then issue HDC Certificate.

12. Bank staff will work with property owner to close transactions.

Highlands Council
New Jersey

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

HDC Certificate Serial No. _____
Date Issued _____
Allocation 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.

Highlands Council
New Jersey

_____
Executive Director
Highlands Development Credit Bank

Highlands Council
New Jersey

SALE, CONVEYANCE OR TRANSFER OF HIGHLANDS DEVELOPMENT CREDITS

Within thirty (30) business days the person acquiring a Highlands Development Credit, or any interest therein, shall deliver to the Highlands Development Credit Bank this original certificate, properly completed.

Upon receipt, certificate(s) will be re-issued in the name of the person, or persons, who have secured an interest in the Highlands Development Credits.

1. Grantee (Buyer)

   Name: _____

   Address: _____

   City/State/Zip: _____

   Signature: _____

2. Grantor (Seller)

   Name: _____

   Address: _____

   City/State/Zip: _____

   Signature: _____

3. Number of Highlands Development Credits sold, conveyed or transferred: _____
4. Date of Transaction: _____
5. Interest Secured: _____
6. Consideration: _____
7. Attach written evidence of transaction (e.g. Contract of Sale, Bill of Sale, etc.)

HIGHLANDS DEVELOPMENT CREDITS PLEDGED AS SECURITY

When Highlands Development Credits are pledged as security for loans, the holder shall return this certificate to the Highlands Development Credit Bank properly completed within thirty (30) business days.

1. Owner (Borrower)

   Name: _____

   Address: _____

   City/State/Zip: _____

   Signature: _____

2. Number of Highlands Development Credits pledged as collateral: _____

REDEMPTION OF HIGHLANDS DEVELOPMENT CREDITS

When Highlands Development Credits are redeemed in association with a municipally approved development project in a designated Highlands TDR Receiving Zone, the person redeeming the Highlands Development Credits shall return this Certificate to the Highlands Development Credit Bank properly completed within thirty (30) business days.

1. Owner (Person Redeeming)

   Name: _____

   Address: _____

   City/State/Zip: _____

   Signature: _____

2. Municipality in which Highlands Development Credits are redeemed

   Municipality: _____

   County: _____

3. Municipal Tax Block and Lot Number of property for which Highlands Development Credits were redeemed

   Block #: _____ Lot #: _____

   (Use separate sheet of paper if necessary)

4. Number of Highlands Development Credits redeemed: _____
5. Highlands Council Allocation Determination Letter #: _____
6. Municipal development approval issued on: _____

   (Date)

7. Municipal Official Issuing Development Approval

   Name: _____

   Title: _____

   Signature: _____

THIS DOCUMENT IS FOR INFORMATION AND RECORD-KEEPING PURPOSES ONLY

Highlands Council
New Jersey

Status of TDR Feasibility Grants

- Highlands Council has approved 11 TDR Feasibility Grants – Bogota Borough, Chester Borough, City of Clifton, Town of Clinton, Harmony Township, Hopatcong Borough, Long Hill Township, Lopatcong Township, Oakland Borough, Tewksbury Township and Washington Borough.
- Highlands Council approved a grant to Long Hill Township, Morris County (outside of Highlands Region) at its October 15th meeting; Long Hill is the 3rd municipality outside of the Highlands Region but within the 7 Highlands counties to receive a grant.

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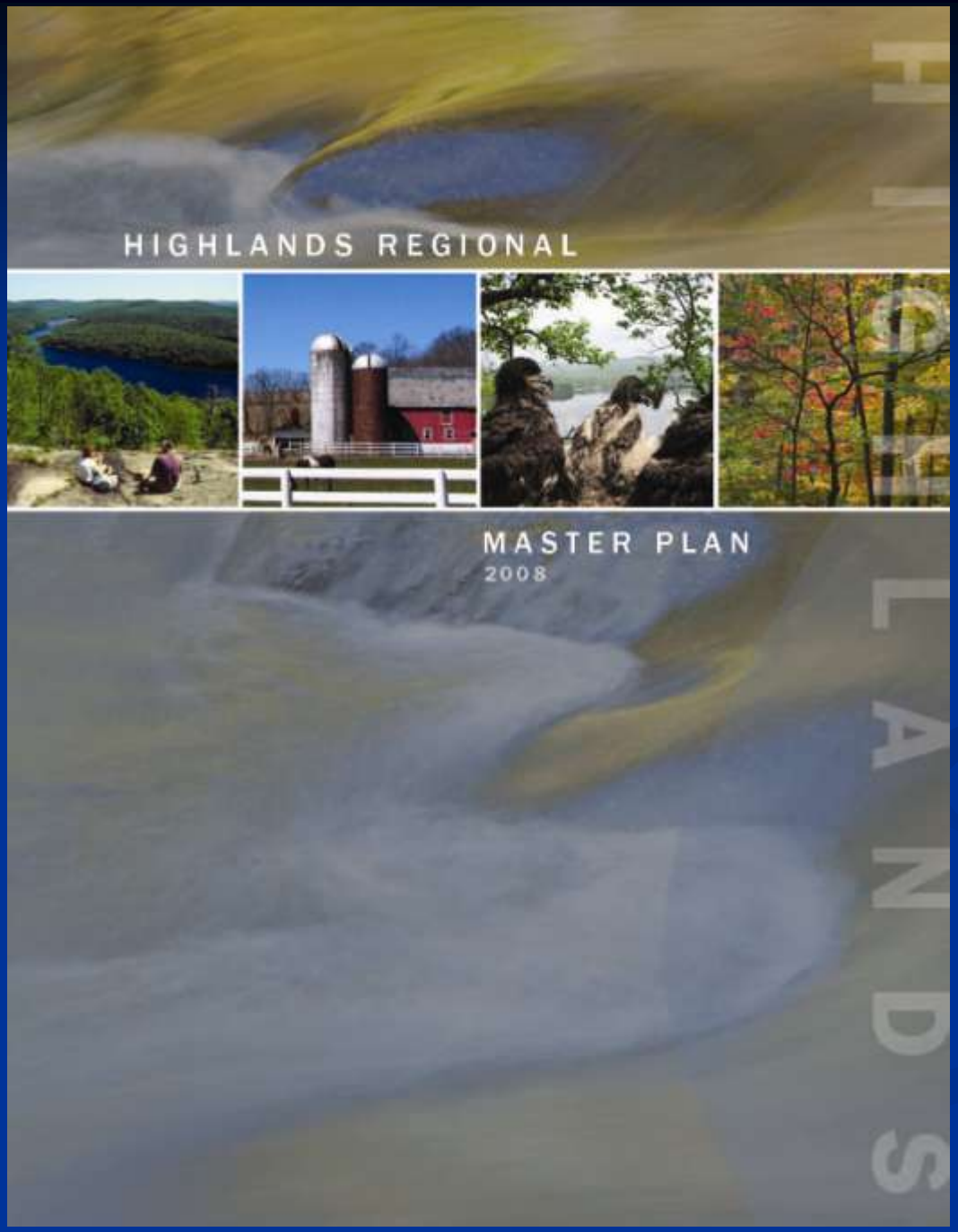

Highlands Development Credit Bank Meeting

November 5, 2009

Highlands Council
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