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HDC Bank to Consider Third Round Offers

Up to \$7 million could be offered to preserve land in Highlands Region

CHESTER, N.J. – The New Jersey Highlands Development Credit Bank (Bank) at its April 7, 2011 meeting will consider making its third round of offers to acquire Highlands Development Credits (HDCs) from Highlands Preservation Area property owners that qualify for acquisition based upon the Bank's priority categories under its Initial Purchase Program, a component of the Highlands Transfer of Development Rights (TDR) Program.

Through 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 HDCs; currently, those credits may then be sold to the 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 Bank was provided an initial capital fund of \$10 million to start the Highlands TDR Program and purchase HDCs from property owners. As of December 31, 2010, the Bank has conducted two rounds of HDC acquisition consideration having extended offers to purchase a total of \$2,596,000 worth of HDCs from nine property owners. The Bank extended its first round offers to five property owners in June 2010 and has closed on the purchase of 87 HDCs to date. The purchase of these HDCs has resulted in the permanent protection of 109 acres in the Preservation Area. The Bank has recently extended its second round offers to four property owners and is awaiting their response.

Landowners of residentially zoned property in the Preservation Area 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 Highlands Council for confirmation of credits. Landowners of commercially zoned parcels apply directly to the Highlands Council.

The Bank has established several categories of acquisition consideration. The first three priority categories deal with property owners that are experiencing hardship. These categories include property owners that face extenuating financial difficulties, those whose properties just missed qualifying for Highlands Act Exemption #3 and those whose properties received Exemption #3, but that exemption has since expired. The fourth category of consideration is for those whose property is located within the Special Environmental Zone or High Value Agricultural Priority Area designated by the Highlands Council in the RMP, who applied for participation in a preservation program administered by the State or a local government unit no earlier than August 10, 2004, and which application was rejected by the appropriate Public Agency or was deemed ineligible for participation based upon the requisite program's eligibility criteria. Further information on these acquisition consideration categories may be found at:

<http://www.highlands.state.nj.us/njhighlands/hdcbank/>

To be considered for the third round, Preservation Area property owners must submit an HDC Allocation Application to the Highlands Council no later than **Thursday, February 24, 2011**. The Council's HDC Allocation Application is available at:

http://www.highlands.state.nj.us/njhighlands/hdcbank/application_allocation.pdf