

Transfer of Development Rights TAC Charrette Summary

Vision Statement

Allocate TDR credits and plan receiving areas with an eye towards protecting sending area landowner equity while making sure that TDR credits are only used in well planned and well prepared receiving areas that, when built, will meet the goals of the Regional Master Plan

Final Recommendations to Highlands Council

- Keep allocation of credits simple, regional and uniform
- Use an active Highlands TDR credit bank to serve as an “exchange” to account for regional valuation differences in both sending and receiving areas
- Allocated TDR credits to undevelopable resource lands as well because these lands have a unique value not reflected in traditional valuations of development rights
- The Highlands Council needs to establish other means for credit demand, including:
 - Settlement of natural resource damages (NRD) claims
 - Variances
 - Allow private land trusts to buy TDR credits for retirement
- The Highlands Council needs to make a long-term commitment to balance supply and demand of credits to maintain their value over time
- Ensure appropriately designated and designed receiving areas that do not exceed the carrying capacity (both ecological and infrastructure-related).

TDR Implementation Strategies Per Problem Statement:

Methods of allocating TDR credits to designated preservation areas:

1. Keep the allocation formula simple and regional. One way to do this is to allocate credits regionally based upon land capability as is done in both the Pinelands and Chesterfield Twp. TDR programs. (By way of example, the Chesterfield program allocates credits in a way that is tied to “suitability for septic” 1 credit for every 3 acres of prime land, 1 credit for every 10 acres of secondary soils and 1 credit for every 50 acres of highly constrained soils.)
2. The method of allocation of credits should reflect the differences that exist in the real estate markets throughout the 7-county region.
3. The allocation of credits should be based upon the value of net loss of development potential.
4. The allocation of credits should reflect the county-wide value of real estate as determined by the compilation and analysis of updated real estate data.

5. Important resource lands, such as wetlands and woodlands, should be given a bonus award of some sort to promote their enrollment in a TDR program.

Method for Credit Valuation:

1. Credits are valued like any other commodity. Their value rises and falls with the demand for them in the marketplace.
2. Method of valuation should reflect the different real estate markets that exist across the 7 counties.

Incentives for Receiving Area Municipalities:

1. For every dollar in receiving area funds a receiving area municipality generates, the municipality receives a dollar from the state for open lands acquisition or infrastructure improvements.
2. The designation of smart growth zones as is done in MA where the state pays for costs of educating school children within that zone.
3. Highlands Council should provide grants for improvements to public infrastructure like municipal buildings...as opposed to water and sewer improvements.

Incentives for Developers:

1. The Highlands Region TDR Program must ensure predictability and certainty for developers building in designated voluntary TDR receiving zones.
2. Hamlet development should be permitted in the Preservation Area utilizing TDR, clustering and other land use tools for smart growth (this would be new development on greenfields, similar to Chesterfield).
3. With respect to development with TDR credits, the focus should be on redevelopment opportunities within the Highlands Region first, and then look outside the Region.

Incentives for Farmers:

1. TDR credits must have real value and the market must be readily observable.
2. Farmers who sell their TDR credits should only be selling their development rights and not additional restrictions.
3. The Highlands Region TDR Program must not be more restrictive than the Farmland Preservation Program or Green Acres. In fact, it should be less restrictive than those programs to encourage participation.
4. Farmers must have options as to when they may sell their TDR credits, and how many they sell at one time.
5. Educate farmers on the process of applying for TDR credit certification.
6. Provide farmers with an appeal process where they believe they are entitled to more TDR credits than what has been assigned by the Highlands Council TDR Program.

Next Steps for TAC

- Need to convene the TDR TAC at regular intervals between now and adoption of the Regional Master Plan to get input and reaction on various aspects of the TDR program.