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## Highlands TDR Receiving Zone Feasibility Grant Program

### Overview

The Highlands Water Protection and Planning Council is offering funding opportunities to help municipalities assess the feasibility of establishing voluntary Transfer of Development Rights (TDR) Receiving Zones in their communities.

TDR is a land-use tool that encourages transfer of development potential from areas a community wants to preserve (Sending Zones) to areas where growth is desired (Receiving Zones). The Highlands Act mandated the creation of a TDR program as an effective means of addressing landowner equity while advancing the regional planning goals of the Act.

### Eligibility

Any municipality in New Jersey can apply for this funding. The grant program includes four phases and allows for awards up to \$40,000 to be used to fully evaluate the possibility and desirability of designating a Receiving Zone (see sample scope of work on the next page). Municipalities that are funded through this program are not required to establish a Receiving Zone.

### Benefits of Designating Receiving Zones

Municipalities that ultimately decide to designate a Receiving Zone are afforded a number of benefits by the Highlands Act:

- Charge up to \$15,000 per unit impact fee for all new development within the voluntary Receiving Zone;
- Receive up to \$250,000 in an enhanced planning grant to offset the planning and other related costs of designating and accommodating a voluntary Receiving Zone; and
- Receive a grant to reimburse the reasonable costs of amending local master plan and municipal development regulations to accommodate a voluntary Receiving Zone.

In addition, through the New Jersey Economic Opportunity Act of 2013, special incentives and priority funding are available to developers that choose to locate projects in Highlands TDR Receiving Zones.

### More Information

More information about Highlands Council TDR Receiving Zone Feasibility Grants is available from Margaret Nordstrom, Highlands Council Executive Director (ext. 101).

# Grant Scope of Work Overview

The following is an overview of a sample scope of work for the municipal preparation of a TDR Feasibility Study. Grant award amounts and tasks are adjusted based on the individual needs of the municipal applicants. The preparation of the TDR Feasibility Study is a collaborative process involving the municipality, the municipal's professional preparing Phases I, II and IV, the professional preparing the Phase III fiscal impact analysis, and the Highlands Council and its staff.

## **Phase I – Information Gathering and Infrastructure/Capacity Evaluation**

The purpose of Phase I is to review existing information to determine if capacity is available to serve an increase in density in a TDR Receiving Area. This may include the potential to construct additional infrastructure to support that increased density. If it is determined at the end of Phase I that there is not sufficient infrastructure available, and the ability (or willingness) to develop additional infrastructure is not present, then the feasibility study would be ended at Phase I. If the findings are positive, then the study would proceed to Phase II.

- Task 1. Assemble Project Team.
- Task 2. Gather Existing Data and Information.
- Task 3. Assess Infrastructure.
- Task 4. Decision to Proceed to Phase II.

## **Phase II – Site Evaluation**

The purpose of Phase II is to identify and evaluate potential receiving zones within the municipality using local knowledge and any available previously conducted planning work. Receiving Zones may be individual sites, multiple sites, existing redevelopment areas, or even entire zoning districts or sections of the municipality. Identification of potential sites must take into account those limiting factors established under Phase I.

- Task 1. Potential Receiving Zone Identification
- Task 2. Selection of Area(s) for more Detailed Evaluation.
- Task 3. Potential Receiving Zone Evaluation.
- Task 4. Evaluation of Existing Development Potential.
- Task 5. Evaluation of Infrastructure Needs.
- Task 6. Estimate Additional Densities.
- Task 7. Summarize Findings.

## **Phase III – Fiscal Analysis** *(to be conducted by consultant selected by municipality from list pre-qualified by the Highlands Council.)*

The fiscal analysis will provide the municipality with a local understanding of the fiscal and local economic impacts of any potential receiving zone.

- Task 1. Real Estate Market Analysis.
- Task 2. Fiscal Impact Analysis.
- Task 3. TDR Credit Demand, Supply and Transfer Ratio.

## **Phase IV – Final Report**

The preparation of the final report includes the summarization of the overall findings, the submission of the report to the Highlands Council and the municipality, and the presentation of the findings to the municipality.