

## Opportunities to Advance TDR in Salem County

### Based on June 15<sup>th</sup> Discussion of the Salem County Task Force

*Prepared for review and comment*

Salem County enjoys an abundance of agricultural and environmentally sensitive lands, and a strong local interest in preserving them. Transfer of Development Rights (TDR) is recognized as a promising tool, given the massive scale of preservation opportunities and TDR's ability to foster sustainable economic development. There are, however, many impediments to establishing a regional TDR program in Salem County, which include:

1. Municipal resistance to creating regional receiving districts because of the impacts of growth, especially related to education, but also traffic and affordable housing.
2. Weak real estate markets in the riverside communities identified for significant growth, which limit developer's ability to profit from construction, and thus prevent their interest in purchasing development credits in exchange for extra density, at least in the short term.
3. Overriding municipal interest in attracting (and not impeding) commercial ratables.
4. The possibility that wastewater capacity could be expanded county-wide, without linking it to a strategic land use plan (such as a regional TDR plan) that facilitates land preservation.

In addition, there is a tension between the "perfect and the good", with the best longer-term solutions being less likely to occur and the practical, short-term solutions being somewhat flawed.

Following below is a menu of options that have the potential to advance TDR in Salem County, derived from the June 15<sup>th</sup> discussion of the Salem County TDR task force. More than one option should be pursued at once. They are divided into short-term and long-term strategies, based on the assumption that short-term solutions are needed now to advance preservation and economic development goals, while longer-term approaches are being explored.

#### Short-term Opportunities to Advance Regional TDR

<b>1</b>	Explore inter-municipal TDR programs based on groups of towns that already share school costs.	Because education costs are a major concern for communities considering creating regional receiving districts, explore opportunities to match inter-municipal TDR programs to groups of municipalities that already share school costs. Conversely, consider greater school regionalization for municipalities that are interested in
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		creating inter-municipal TDR programs.
<b>2</b>	Allow ongoing payments from sending-area towns to receiving-area towns to address costs of growth.	Municipalities that receive extra growth bear associated financial costs that may not be covered by new tax revenues (especially if the growth is primarily residential). Municipalities that send growth realize the benefits of preservation, without having to pay to purchase land. To facilitate sending/receiving, allow sending area towns and receiving area towns to negotiate a mutually acceptable financial agreement whereby sending area towns provide ongoing payments. Sending area towns would have to approve the payments through a voter referendum. Determine whether to authorize an increase in property taxes to fund the payments, analogous to an open space tax. Look to Regional Contribution Agreements for a model.
<b>4</b>	Jumpstart regional TDR by incentivizing creation of small receiving districts in every municipality.	Encourage every municipality to establish small receiving districts. Rural municipalities without wastewater could establish small receiving districts that: 1) rely on package treatment plants employing new technology; and 2) will lead to preservation of land from within the municipality. The transfer of density could be achieved through TDR or non-contiguous clustering. More suburban or urban districts could create receiving districts that received growth from other municipalities, provided a real estate analysis demonstrated that the market was strong enough. Municipalities could be rewarded for creating such receiving districts through planning assistance and prioritization of state and county funds for land preservation, transportation, etc.

**Long-term Opportunities to Advance Regional TDR**

<b>5</b>	Study regional tax-based sharing for Salem County	Analyze how a regional tax based sharing system, like that used in the NJ Meadowlands, could be applied in Salem County. Consider whether it would work, given the projected mix of population and employment growth.
<b>6</b>	Direct extra DuPont wastewater capacity to support a county-wide TDR program	Salem and Gloucester Counties will decide in the next year whether to proceed with a large regional wastewater plant. Some of the plant's capacity will be used to retire existing inadequate treatment plants. The rest will drive additional growth, which could occur based primarily on developer-driven proposals, or based on a county master plan that ensures land preservation through TDR. If such a master plan were in place, the county could give TDR receiving districts top priority for any new wastewater capacity.

7	Create a flexible regional TDR program, based on the Pinelands model	A regional TDR program for Salem County could be created simply, by designating all Agricultural Development Areas as sending areas, and all sewerred areas as potential receiving districts. Note that municipalities would have to be strongly incentivized or required (as in the Pinelands) to allow extra density in the receiving areas. It would be necessary for municipalities in receiving areas to reduce base densities so that developers would have an incentive to purchase TDR credits. Disincentives for developing on farmland could be a component. A real estate market analysis, even a simple one, could identify which receiving districts would be most viable.
8	Model how an impervious cover cap and trade system would work	An impervious cover cap and trade model could be applied on a municipal, county or even statewide basis that required development exceeding a 10% threshold of impervious cover to purchase “impervious cover credits” from other landowners, thus preserving their land, unless the development were in an urban area, redevelopment area, etc. The next step in pursuing this approach would be to model how it would work in a specific location.
9	Levy a state tax on development of prime farmland with proceeds for land preservation	A state tax on development of prime farmland could simultaneously raise funds for land preservation and discourage development (including of solar installations). Possible political opposition to new taxes, and to any impediments to renewable energy, would have to be overcome.
10	Create a regional TDR program with a County Energy Plan component that requires commercial solar installations to purchase TDR credits	Commercial solar installations are being located in Salem County without adequate regard for the impact on prime farmland. Salem could adopt a county energy plan that incentivized solar installations in appropriate locations and required the purchase of development credits for solar installations in bad locations (such as farmland with good soils.)

**Other recommendations that could be integrated into many of the proposals:**

- Provide incentives for LEED-ND development, especially if it meets the “platinum” level.
- Encourage economic development projects that support the agriculture industry.
- Require or encourage more protective deed restrictions that not only prevent development in sending areas, but also protect habitat and other environmental features.
- Prioritize public investments in river communities in order to strengthen their real estate markets over time.