



**TOWNSHIP OF WOOLWICH
120 VILLAGE GREEN DRIVE
WOOLWICH TOWNSHIP, NEW JERSEY 08085
856-467-2666 FAX: 856-467-9775**

December 22, 2015

All Sending Area landowners should have received the enclosed letter by certified mail, which included several enclosures that are also available upon request and posted on the Township's website.

Please be aware that the previous letter mistakenly advertised the date of the first public information session, which will occur on Tuesday, January 26th.

In addition, enclosed is a list generated by the State Agricultural Development Committee (SADC) that reflects Farmland Preservation Program easement values paid at closing for local and area farms. The data in this list was used as part of the market analysis undertaken by the SADC to determine the auction ceiling value – that is, the maximum purchase price per credit that the Woolwich and State TDR Bank are able to pay as outlined in the below letter and other materials provided. The ceiling value will not be disclosed until after the auction.

The list only shows the raw data used by the SADC and does not include analysis undertaken. A ceiling value determination was necessary to ensure, absent a currently viable credit market, that the State and Township are not paying more than the market would substantiate. Questions regarding the generation of Farmland Preservation Program easement values and TDR credit allocation will be addressed during the upcoming public information sessions in January and February.

Finally, when considering a bid submission sellers should be mindful that the greater the number of bids near the ceiling value will influence the maximum amount ultimately paid. This is because credits will be purchased beginning with those offered at the lowest amount, and continuing with the next highest until the full amount of money is either committed or all remaining bids exceed the maximum purchase price. Therefore, competition could likely result in a maximum amount that is less than the pre-determined ceiling.

You are receiving this notice as an owner of property within the Township's Sending Zone for Transfer of Development Rights ("TDR"). We are pleased to inform you that the Township will hold a reverse auction ("auction") for the municipal purchase of TDR credits from interested Sending Area landowners ("sellers") on March 29th, 2016, at 7 p.m. The auction will be held in the courtroom of the Woolwich Township Municipal Complex, located at 120 Village Green Drive. There will be two public information sessions which will occur on Tuesday, January 26th, and Wednesday, February 17th at 7 p.m. at the same location. The deadline for submission of bid proposals from interested sellers is 10:00 a.m., Tuesday, March 15. In order to ensure you are eligible and qualified to participate in the auction, interested sellers should carefully review the enclosed Credit Auction Procedure, Deed of Easement and Bid Proposal Form. In addition, complete application packages will be available upon request and posted on the Township's website, beginning on Monday, December 21. In order to reach as many Sending Area landowners as possible, the Township TDR Bank will also publish public notice of the auction at least 60 days prior to March 15 with a second public notice being published not earlier than 14 days prior to March 15.

The auction is being held to provide all Sending Area landowners with an opportunity to sell credits to the Woolwich TDR Bank. The decision to hold an auction was made by the Township with the full support of the State Agriculture Development Committee (SADC) and State TDR Bank, because it was felt to be the fairest and most objective means with providing every landowner within the Sending Area, the option to participate and potentially sell credits. It also enabled the Township to secure a \$5 million grant from the State TDR Bank, which was conditioned for use in the auction. Under the agreement, Woolwich will contribute \$2 million in matching funds which together, will provide \$7 million to purchase TDR credits from willing sellers to preserve farmland and open space.

For the auction, an auctioneering service will be utilized to insure greater transparency and objectivity. It will be their responsibility to administer the entire auction process with oversight from both the SADC staff and Woolwich TDR Bank. During the auction, as each sealed bid is opened, the sale proposal or offer amount will be read out loud and recorded. Each bid will be reviewed to ensure that the seller submitted a complete application package along with all necessary qualification materials as outlined in the enclosed Bid Proposal Form and Credit Procedure document. Once proposals are qualified by the auctioneering service, it shall announce the Woolwich TDR Bank's intention to purchase credits beginning with the lowest bid proposal and continuing with the next highest until it has either committed the full amount of money available or all remaining bids exceed the maximum purchase price.

As a condition for use of the \$5 million State TDR Bank cost-share, sellers will not know the maximum purchase price per credit that the Woolwich TDR Bank is willing to pay. The ceiling or amount which the Township cannot pay over was determined by SADC staff and State TDR Bank in consultation with the Township, following a rigorous market analysis carried out by the SADC's real estate professionals and approved by the Township. The maximum purchase price will not be disclosed by the Township, the State TDR Bank, the auctioneering service or anyone else until after the auction.

On the enclosed Bid Proposal Form, each seller will set the minimum purchase price per credit that he or she is willing to accept and the number of credits they are willing to sell. Landowners may offer to sell all of the credits associated with their property or just a portion of those credits. However, if they choose to sell just a portion of those credits, and their bid is selected, their entire property will be subject to the recorded deed restrictions. Landowners should also determine whether they should retain a credit for future housing or other permitted development prior to bid submissions, as outlined in Section 5 ("Subdivision Provisions") of the Deed of Easement document. In addition, as outlined in Section 203-53 ("Credit Allocation Appeal Process") of the TDR Ordinance, any appeal of a credit allocation must occur prior to the recording of the deed restrictions.

All sale proposals must be submitted by 10:00 a.m., Tuesday, March 15. Failure to submit any proposal by the specified deadline will disqualify the seller's proposal from consideration by the Woolwich TDR Bank. If the seller's minimum price per credit is matched or exceeded by the Woolwich TDR Bank ("qualifying credit"), the seller shall enter into the Agreement to execute the Deed of Easement Restriction and Enrollment (the "Agreement") with the Woolwich TDR Bank for the seller's offered price unless the seller withdraws from the auction before the TDR Bank adopts the resolution authorizing it to enter into the Agreement.

Under the Agreement, a “Commitment Period” is entered, whereby the Woolwich TDR Bank has nine months to complete the transaction or extend if the title insurance agent encounters difficulty in confirming the winning bidder’s title to the subject property. The winning bidder shall be responsible for assisting the Woolwich and State TDR Bank, the SADC staff, and title insurance agent in confirming the winning bidder’s title.

These transactional costs will be covered by the Woolwich TDR Bank at its own expense, and involve obtaining title and court searches, including a survey and metes and bounds description, if deemed necessary of the subject property. These materials will then be submitted to the SADC staff for review in order to confirm that the winning bidder’s title is valid, marketable and insurable. Once all the information is confirmed to the satisfaction of the Township and State TDR Bank, closing will take place with the signing of the Deed of Easement Restriction that is recorded on the subject property, and purchase of credits by the Township TDR Bank.

The credits acquired by the Woolwich TDR Bank will be held for later sale to developers for use in the Regional Center Receiving Areas. When that happens, the money granted to the Woolwich TDR Bank will be returned and recycled for TDR projects elsewhere. It is important to note that the Woolwich TDR Bank is not purchasing credits to compete with Sending Area landowners who will still retain credits after the auction. The Township and Woolwich TDR Bank will refer all inquiries for the purchase of credits to an online registry currently available on the Township’s website, which was created earlier this year following outreach to all Sending Area landowners via certified letters seeking voluntary participation. Interested credit holders who would also like to have their contact information added to the registry should contact the Township.

The number of credits assigned to a given Sending Area parcel is based on an allocation plan established in 2008 as part of local adoption of the TDR program, and outlined in Section 203-52 (“Credit Allocation”) of the TDR Ordinance. How many credits a Sending Area landowner has allocated to their property is determined by such factors as acreage, higher zoning densities in place prior to program adoption, and soil septic suitability.

In a TDR program, developers purchase credits, which enable them to build at higher intensities in designated growth areas such as the Rt. 322 Regional Center and associated TDR Receiving Areas, where development makes sense. In the auction, the Woolwich TDR Bank, with State TDR Bank funding support, is stepping in to purchase credits because there is currently not a private demand for credits due to the sluggish real-estate market following the recession. While the housing market is improving, with planning underway to provide public water and sewer for the TDR Receiving Areas within the next few years, the auction is being held to provide the option for landowners to monetize their credits and preserve their land in the interim to a private market emerging.

All questions and comments should be submitted in writing or email to Matt Blake, Woolwich Township Director of Community Development at: mblake@woolwichtwp.org

These questions will be compiled and answered in the form of a Q&A sheet, which will be posted online and made available at the public information sessions.

Very truly yours,

Matt Blake
Director of Community Development