SADC Appraiser Conference - Housekeeping

• Please Turn off or silence your Cell Phones
• Please make sure we have your correct e-mail, address and phone numbers before you leave.
• Appraisals can be delivered electronically through www.datamotion.com
• Do not forget your credit sheets when you leave. Be sure to sign the sign in sheet. One for the State Board of Realtors and one for Tax Assessor Continuing Education Credit if you are a Tax Assessor
State Agriculture Development Committee Appraisal Conference 2015

Susan E. Payne Executive Director
Program Overview
Susan Payne – Executive Director SADC

• Total Acreage Preserved over the history of the program - 2,341 farms comprising 215,991 Acres in 18 Counties as of May 20, 2015
• Expenditures - $1,663,957,892
• State cost share has been about 65% or $1,076,228,310
• County, Municipal and Federal Fund Costs represent 35% or $587,729,581
# New Jersey Farmland Preservation Program

## SUMMARY of PRESERVED FARMLAND

<table>
<thead>
<tr>
<th>Participating Counties</th>
<th>Number of Farms</th>
<th>Percent of Total State Farms</th>
<th>Number of Municipalities</th>
<th>Average Farm Size</th>
<th>Percent of Total State Acres</th>
<th>Acres</th>
<th>Percent of Total State</th>
<th>Total Cost</th>
<th>Percent of Total Cost for State</th>
<th>Per Acre Total Cost</th>
<th>State Cost</th>
<th>Percent of State Cost for State</th>
<th>Per Acre State Cost</th>
<th>State Cost Share Percent</th>
<th>County/ Municipality Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlantic</td>
<td>48</td>
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<td>8</td>
<td>5,105</td>
<td>104</td>
<td>2.4%</td>
<td>17,477,982</td>
<td>1.1%</td>
<td>3,423</td>
<td>13,323,505</td>
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<td>2,610</td>
<td>76%</td>
<td>4,156,477</td>
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<tr>
<td>Bergen</td>
<td>8</td>
<td>0.3%</td>
<td>5</td>
<td>335</td>
<td>42</td>
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<td>19,752,344</td>
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<td>58,927</td>
<td>10,866,840</td>
<td>1.0%</td>
<td>32,418</td>
<td>55%</td>
<td>8,886,163</td>
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<tr>
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<td>20</td>
<td>27,267</td>
<td>127</td>
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<td>5,803</td>
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<td>14,839</td>
<td>8,463,046</td>
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<td>58%</td>
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<tr>
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<td>2,649</td>
<td>50</td>
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<td>6,454</td>
<td>10,310,831</td>
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<td>18,933</td>
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<td>52,130,465</td>
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<td>2,753</td>
<td>38,166,836</td>
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<td>73%</td>
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<td>7,696</td>
<td>66,593,426</td>
<td>6.2%</td>
<td>4,934</td>
<td>64%</td>
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<td>75</td>
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<td>230,798,473</td>
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<td>15,618</td>
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<td>14</td>
<td>7,545</td>
<td>62</td>
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<td>150,844,027</td>
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<td>19,392</td>
<td>80,519,751</td>
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<td>53%</td>
<td>70,324,276</td>
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<td>68</td>
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<td>27,060,259</td>
<td>1.6%</td>
<td>8,333</td>
<td>18,557,528</td>
<td>1.7%</td>
<td>5,715</td>
<td>63%</td>
<td>8,502,330</td>
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<td>56</td>
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<td>0.0%</td>
<td>3,553,345</td>
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<td>63,359</td>
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<td>0.1%</td>
<td>27,318</td>
<td>43%</td>
<td>2,013,519</td>
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<tr>
<td>Salem</td>
<td>273</td>
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<td>10</td>
<td>32,924</td>
<td>121</td>
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<td>137,953,840</td>
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<td>107,566,804</td>
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<td>78%</td>
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<td>77</td>
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<td>127,281,044</td>
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<td>58%</td>
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<tr>
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<td>15,291</td>
<td>103</td>
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<td>50,936,318</td>
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<td>3,331</td>
<td>34,297,576</td>
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<td>2,243</td>
<td>67%</td>
<td>16,538,342</td>
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<tr>
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<td>235</td>
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<td>5,536</td>
<td>79,340,800</td>
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<td>3,615</td>
<td>65%</td>
<td>42,177,363</td>
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<tr>
<td><strong>Total State</strong></td>
<td>2,341</td>
<td>100.0%</td>
<td>181</td>
<td>215,591</td>
<td>7,764</td>
<td>10.2%</td>
<td>1,663,557,852</td>
<td>7.7%</td>
<td>4,983</td>
<td>1,076,228,310</td>
<td>65%</td>
<td>587,729,581</td>
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</tbody>
</table>

Source: New Jersey State Agriculture Development Committee

As of May 20, 2015
## New Jersey Farmland Preservation Program

### SUMMARY of PRESERVED FARMLAND IN THE PINELANDS

<table>
<thead>
<tr>
<th>Participating Counties</th>
<th>Number of Farms</th>
<th>Percent of Total State Farms</th>
<th>Number of Municipalities</th>
<th>Number of Farms</th>
<th>Percent of Total State Farms</th>
<th>Acres</th>
<th>Percent of Total State Acres</th>
<th>Total Cost</th>
<th>Percent of Total Cost for State</th>
<th>Per Acre Total Cost</th>
<th>SADC Cost</th>
<th>Percent of SADC Cost for State</th>
<th>Per Acre SADC Cost</th>
<th>SADC Cost Share Percent</th>
<th>County/ Municipality Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlantic</td>
<td>44</td>
<td>41.1%</td>
<td>7</td>
<td>4,032</td>
<td>34.2%</td>
<td>620,525</td>
<td>38.2%</td>
<td>12,498,046</td>
<td>38.2%</td>
<td>2,529</td>
<td>75%</td>
<td>2,936,477</td>
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<td></td>
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</tr>
<tr>
<td>Burlington</td>
<td>33</td>
<td>30.8%</td>
<td>7</td>
<td>5,888</td>
<td>41.5%</td>
<td>20,665,183</td>
<td>45.1%</td>
<td>14,236,094</td>
<td>43.6%</td>
<td>2,378</td>
<td>60%</td>
<td>4,859,851</td>
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</tr>
<tr>
<td>Camden</td>
<td>11</td>
<td>10.3%</td>
<td>2</td>
<td>887</td>
<td>6.1%</td>
<td>3,550,016</td>
<td>7.7%</td>
<td>2,577,830</td>
<td>7.9%</td>
<td>2,907</td>
<td>73%</td>
<td>663,988</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Cape May</td>
<td>5</td>
<td>4.7%</td>
<td>2</td>
<td>384</td>
<td>2.7%</td>
<td>662,244</td>
<td>1.4%</td>
<td>383,012</td>
<td>1.2%</td>
<td>997</td>
<td>59%</td>
<td>269,231</td>
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<tr>
<td>Cumberland</td>
<td>1</td>
<td>0.9%</td>
<td>1</td>
<td>1,083</td>
<td>7.5%</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gloucester</td>
<td>9</td>
<td>8.4%</td>
<td>2</td>
<td>1,005</td>
<td>7.0%</td>
<td>1,894,520</td>
<td>4.1%</td>
<td>1,452,314</td>
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<td>77%</td>
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<td>3</td>
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<td>7.0%</td>
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<td>5.4%</td>
<td>1,545,028</td>
<td>4.7%</td>
<td>10,033</td>
<td>62%</td>
<td>929,445</td>
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<td><strong>Total State Pinelands</strong></td>
<td><strong>107</strong></td>
<td><strong>24</strong></td>
<td><strong>24</strong></td>
<td><strong>14,432</strong></td>
<td><strong>14.1%</strong></td>
<td><strong>45,856,361</strong></td>
<td><strong>31.7%</strong></td>
<td><strong>32,660,937</strong></td>
<td><strong>22.6%</strong></td>
<td><strong>2,263</strong></td>
<td><strong>71%</strong></td>
<td><strong>9,581,196</strong></td>
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<tr>
<td>% State</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total State</strong></td>
<td><strong>2,341</strong></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td><strong>587,729,581</strong></td>
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Source: New Jersey State Agriculture Development Committee

As of May 20, 2015
### Summary of State, County, and Municipally Preserved Farmland - Highlands

#### Preservation Area

<table>
<thead>
<tr>
<th>County</th>
<th>Farms</th>
<th>Acres</th>
<th>Total Cost</th>
<th>State Cost</th>
<th>Per Acre Total Cost</th>
<th>Per Acre State Cost</th>
<th>State Cost Share Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bergen</td>
<td>3</td>
<td>244</td>
<td>5,263,844</td>
<td>3,468,386</td>
<td>21,609</td>
<td>14,238</td>
<td>66%</td>
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<td>45</td>
<td>3,704</td>
<td>47,474,360</td>
<td>37,585,510</td>
<td>12,816</td>
<td>10,146</td>
<td>79%</td>
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<tr>
<td>Morris</td>
<td>86</td>
<td>5,635</td>
<td>89,583,570</td>
<td>50,202,747</td>
<td>15,898</td>
<td>8,909</td>
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</tr>
<tr>
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<td>41</td>
<td>986,695</td>
<td>592,017</td>
<td>24,000</td>
<td>14,400</td>
<td>60%</td>
</tr>
<tr>
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<td>1</td>
<td>77</td>
<td>1,422,545</td>
<td>1,061,242</td>
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<td>13,792</td>
<td>75%</td>
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<td>7</td>
<td>997</td>
<td>3,236,561</td>
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<td>3,245</td>
<td>2,495</td>
<td>77%</td>
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<td>64</td>
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<td>33,983,894</td>
<td>23,047,458</td>
<td>6,274</td>
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<td><strong>Total</strong></td>
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<td><strong>181,951,470</strong></td>
<td><strong>118,445,835</strong></td>
<td><strong>11,291</strong></td>
<td><strong>7,350</strong></td>
<td><strong>65%</strong></td>
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#### Planning Area

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<th>Acres</th>
<th>Total Cost</th>
<th>State Cost</th>
<th>Per Acre Total Cost</th>
<th>Per Acre State Cost</th>
<th>State Cost Share Percent</th>
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<td>31,912,542</td>
<td>7,044</td>
<td>5,033</td>
<td>71%</td>
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<tr>
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<td>1,718</td>
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<td>26,677,997</td>
<td>30,406</td>
<td>15,526</td>
<td>51%</td>
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<td></td>
<td></td>
</tr>
<tr>
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<td>123</td>
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<td><strong>133,987,094</strong></td>
<td><strong>9,112</strong></td>
<td><strong>5,676</strong></td>
<td><strong>62%</strong></td>
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</table>

Source: New Jersey State Agriculture Development Committee

As of May 20, 2015
## New Jersey Farmland Preservation Program

**SUMMARY OF STATE, COUNTY and MUNICIPALLY PRESERVED FARMLAND - HIGHLANDS**

<table>
<thead>
<tr>
<th>County</th>
<th>Farms</th>
<th>Acres</th>
<th>Total Cost</th>
<th>State Cost</th>
<th>Per Acre Total Cost</th>
<th>Per Acre State Cost</th>
<th>State Cost Share Percent</th>
</tr>
</thead>
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<td>291</td>
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<td>1,965</td>
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<td>Warren</td>
<td>187</td>
<td>17,976</td>
<td>103,600,072</td>
<td>68,608,347</td>
<td>5,763</td>
<td>3,817</td>
<td>66%</td>
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| Total    | 486   | 39,721| 397,044,046| 252,432,929| 9,996              | 6,355              | 64%                    |
| % State  | 21%   | 18%   | 24%        | 23%        |                     |                     |                        |
| State Total | 2,341 | 215,991| 1,663,957,892| 1,076,228,310| 7,704              | 4,983               | 56%                    |

Source: New Jersey State Agriculture Development Committee

As of May 20, 2015
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Farms</th>
<th>Acres</th>
<th>Yearly Cumulative</th>
<th>Cumulative</th>
<th>Total Purchase Cost</th>
<th>SADC Purchase Cost</th>
<th>County (Municipality) Cost</th>
<th>SADC Federal Funds</th>
<th>Non Profit Funds</th>
<th>Other Federal Funds</th>
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New Jersey Farmland Preservation Program
PERMANENTLY RESERVED FARMLAND BY FISCAL YEAR

All Programs

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<tr>
<th>Fiscal Year</th>
<th>Farms</th>
<th>Acres</th>
<th>Yearly Cumulative</th>
<th>Cumulative</th>
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New Jersey State Agriculture Development Committee

528/2015
Appraisal Handbook Amendments
Paul A. Burns Chief Review Appraiser SADC

• Appraisal Order Checklist
• Page 3 - Removal of Appraiser’s Certification of Report Genuineness
• Pages 3 and 4 – Overview Section edit of Funding Rules
• Pages 9 and 10 - Zoning as a Valuation Factor – latest law
• Pages 10 through 12 – Confirmation of Ownership Changes
• Page 20 – Scope of Work
• Website- www.state.nj.us/agriculture/sadc/index.shtml
• Click Farmland Preservation, click Appraisals, click farm appraisal resources
Appraisal Order Checklist Changes

- Elimination of Definition of Farmer as a qualification for the dual appraisal provision in the Highlands.

- Applicant meets the Definition of a Farmer (N.J.A.C. 2:76-10.5(b) 3.):

- Farmer means an owner or operator of a farming operation who during the calendar year immediately preceding submittal of a farmland preservation application, realized gross sales of at least $2,500 of agricultural or horticultural products produced on the farming operation exclusive of an income received for rental of lands.
Definition of a Farmer

• Was used to qualify farmers who did not own lands as of 8/10/04 for the dual appraisal provision. Anyone who could prove they made $2,500 in gross sales of agricultural or horticultural products produced on the farming operation exclusive of rent qualified.

• This was included in both the Highlands Act and the law extending the dual appraisal provision P.L. 2010 c. 70 in 2010.

• It is now eliminated by P.L. 2015 c. 5
Appraisal Submission Procedure

• Still Applicable
• The appraisal must be submitted to the Contracting Party in Portable Document Format (PDF) or a similar format as approved by the SADC.
• Certificate of Genuineness has been removed
• The Contracting Party will submit the appraisal to the SADC for review via the State of New Jersey’s approved secure data exchange site. Instructions will be provided by the SADC. Each appraisal must be identified with a specific file name coded with a unique identifier for tracking and permanent retention purposes. SADC staff will provide appraisers and Contracting Parties with specific instructions and details for file names.
• Any required or requested Alterations, Corrections or other Changes to the appraisal must be made to the entire document and the appraisal resubmitted using the above procedure. Single pages with changes may not be submitted electronically. The original document will be deleted and replaced with the revised document.
Overview

• In November 2014, voters approved a constitutional amendment that would dedicate funding from the corporate business tax (CBT) to New Jersey’s conservation programs. The measure creates a permanent source of state funding for the preservation and stewardship of farmland, open space and historic sites. The measure will dedicate 4% of the corporate business tax to the funding of these programs. The amount of funding available to the Farmland Preservation Program will be determined upon appropriation of the funds by the legislature in the annual appropriations act. The SADC may utilize these funds for purposes including:
Overview Continued

- Provide grants to local government units for up to 80% of the cost of acquisition of development easements on farmland, and to qualifying tax-exempt nonprofit organizations for up to 50% of the cost of acquisition of development easements on farmland;

- Provide grants to local government units for up to 80% of the cost of acquisition of fee simple titles to farmland from willing sellers only, and to qualifying tax-exempt nonprofit organizations for up to 50% of the cost of acquisition of fee simple titles to farmland from willing sellers;

- Pay the cost of acquisition by the SADC of development easements on farmland; and

- Pay the cost of acquisition by the SADC of fee simple titles to farmland from willing sellers only, which shall be offered for resale or lease with agricultural deed restrictions.
Zoning as a Valuation Factor

P.L. 2010 c. 70 sunset on June 30, 2014

It has been replaced by P.L. 2015, c. 5 effective February 5, 2015 through June 30, 2019.

Provides for use of the Dual Appraisal provision in the Highlands region for:

a) owners as of 8/10/04
b) immediate family members of that person
c) governmental entities and non-profits that purchased the farm or easement from one of the above
What is Dual Appraisal?

• Appraisal 1 - Hypothetical Valuation as though:
  – a) the property’s land use zoning on 1/1/04 is the effective zoning on your current date of value
  – b) subject to State environmental laws and DEP regulations in place as of 1/1/04.

• Significantly, Highlands regulations and the Stormwater Management Regulations of February 2004 are considered to not be in effect. N.J.A.C. 7:8
Dual Appraisal

• Appraisal 2 – Not Hypothetical
• The land is subject to all zoning and regulations in place as of the date of the appraisal.
Important Differences in Dual Appraisal

- The Preservation and Planning Areas are significantly different in most cases.
- The Preservation area is subject to DEP regulations concerning density and impervious cover whereas the Planning area is not.
- DEP regulations for density are one unit per 88 acres for woodland and one unit per 25 acres for cleared land.
- Preservation area wetlands are buffered at 300’ from the edge of the wetland. Planning Area is not subject to the 300’ buffer.
- Preservation Area limits disturbance to 1 acre, impervious cover to ¼ acre and 3% for commercial development. Farm structures are not regulated.
- Planning area is protected in your appraisal from zoning changes even though it is not impacted by the Highlands density regulations of one unit per 88 or 25 acres or land disturbance/impervious cover restrictions.
Dual Zoning continued

• After Value Considerations
  – Farm structures are not subject to Highlands regulations for disturbance and impervious cover and can be placed on the farm with local approval
  – SADC exception areas and preservation easements do not protect the subject from Highlands/DEP Regulations regarding the construction of non-agricultural structures. Therefore, the appraiser may, depending on circumstances, need to consider that the After Value under 1/1/04 conditions could be different than current conditions.
Eminent Domain Section

• Made part of the appendix for informational purposes only, but is not part of a typical farmland appraisal assignment.

• The SADC or Easement Holder may ask appraisers to perform eminent domain assignments when preserved farms are subjected to eminent domain takings if we disagree with the Condemning Authority’s appraisal.
Eminent Domain on Preserved Farms

• All appraisals of preserved farms must be conducted under the hypothetical condition that the farm is unencumbered by the agricultural easement.

• The Highest and Best Use is still as of the date of the eminent domain appraisal but subject to the hypothetical condition.
Eminent Domain Continued

• Hypothetical H & B Use (unencumbered by deed of easement) as of the date of the eminent domain appraisal determines the appraiser’s analysis.
Eminent Domain on Preserved Farm

- Appraiser determines subject unrestricted land as of 2015 in Highlands = $10,000 per acre
- Same subject deed restricted land in 2015 = $5,000 per acre
- Which value does the appraiser use?
Answer

• $10,000 per acre is correct. This represents the value of the subject property as subject to current regulations in place as of the date of the appraisal.

• $5,000 per acre represents the Deed Restricted Value. The condemning authority cannot pay this without being in violation of the Deed of Easement. This is incorrect.
Eminent Domain of Preserved Farm Appraisal

• Before Value
  – 100 Acres x $10,000 per acre = $1,000,000
  – Taking is 2 Acres in Fee Simple

• After Value
  – 98 Acres x $10,000* per acre = $980,000
  – Value of the Taking is $20,000

• *Assumes no further damages to the remainder
Eminent Domain

• All takings must be appraised based on the hypothetical condition of the land as unencumbered by the agricultural easement. This includes fee takings, easements, temporary easements or temporary work space areas as well as damages to the remainder.

• When new roads, easements, utilities etc. are introduced you should consider not just the physical area of the taking for compensation but the effect of the taking on the market value of the entire property.
Example

• Partial taking to expand existing easement

If the proposed widening is in addition to an already existing easement, damage to the remainder may be negligible
Valuation

- Valuation of the taking may look like this if the appraiser determines no further damage to the remainder beyond the area of the taking:
- Proposed easement widening area = 2 acres
- Before Value is $10,000 per acre on a 100 acre property = $1,000,000
- Less Taking
  - 2 acres x $5,000 per acre (50% of Fee) = $10,000
- Indicated Value of the property after the taking is $990,000 ($1,000,000 - $10,000)
- The Property Owner is compensated the $10,000 difference from the Before and After values
Example

• Easement/Taking being introduced in rear of the property

ROAD

When an easement or taking is being introduced to a property the appraiser needs to consider any impacts to the market value of the property as a whole.

Proposed Easement
Example

- Easement/Taking being introduced in front of the property

An Appraiser may feel differently about the impact on the overall market value of the property as a result of the taking.

Proposed Pipeline Easement

Road
Example

- Easement/Taking being introduced
Valuation

• In cases where the appraiser feels damages extend beyond the area of the taking.
• Before Value = 100 Acres x $10,000 per acre=$1,000,000
• Appraiser feels the market will pay 5% less for land as a result of the presence of the easement. This compensates for both land in the taking and damage to the remainder.
• After Value is $9,500 per acre ($10,000 x .95)
• Property is still 100 acres because the taking is an easement – value is now $950,000.
• Value of taking and damages to the remainder is $50,000 ($1,000,000 - $950,000)
Eminent Domain

• The easement holder is not entitled to compensation for impacts to improvements, crop losses/damages or other damages unrelated to the value of the land. If the appraiser’s assignment is to determine compensation for such items, it will be necessary to break out the value of those improvements or crops from the value of the lands under appraisal. In cases where appraisals are not clear as to the contributory value of land and improvements, the appraiser should discuss the need for a separate land only appraisal with his client.
Eminent Domain

• The appraiser’s client should provide the appraiser with a detailed map and description of the subject property and taking(s). In instances where takings encumber both preserved and unpreserved areas of a farm, it is not the appraiser’s responsibility to determine compensation to all parties concerned, only to value the property as completely unencumbered. It is the condemning authority and easement holder’s responsibility to determine appropriate compensation due the easement holder, landowner etc.
Corrected Sale

- **Address:** N/S Swedes Bridge Road
- **Block/Lot:** 18/2, & 3  
  **Lot 2 has been retired and property is currently classified as lot 3**
- **Township:** Mannington  
  **County:** Salem
- **State:** New Jersey
- **Grantor:** Zoe Sarbanes & Dean Pappas
- **Grantee:** Amos Stoltzfus
- **Deed Date:** August 20, 2013  
  **Book:** 3653  
  **Page:** 174
- **Sale Price:** $1,150,000  
  **Per Acre:** $6,928 /Acre
- **Total Acres:** 166 Acres now known only as Block 18 Lot 3
- **Site Improvements:**
  - Residential Opportunity: Existing Residence on 15 unpreserved acres (former lot 3)
  - Building Improvements: 4,332 SF residence, recently renovated, detached 4 car garage and storage barn
  - Restrictions: Farmland Preservation Easement
  - Expected Future Use: Agricultural
- **Remarks:**
  - Soils: 2% other, 73% prime, 25% statewide. Tillability: 77% cropland harvested, 8% wetlands, 16% woodlands
  - Wetlands: 81% Uplands/non-wetlands, 11% modified Ag, 8% freshwater. Only lot 18/2 was preserved without the ability to reside. Lot 18/3 was unpreserved and contained the residence. **Both lots and improvements transferred in the sale and lots 2 and 3 were merged by the Township and now the entire 166 acre lot is known as 18/3. This sale comparable write up was distributed only as Block 18 Lot 2 by the SADC for $500,000. This was in error and omitted the additional land and buildings.**
efarm

• Heidi Winzinger – Chief of Acquisitions SADC
Farmlink

- Lucas Marxen - Assistant Director of Research Technology for the Rutgers New Jersey Agricultural Experiment Station Office of Research Analytics
- [www.njlandlink.org](http://www.njlandlink.org)
Farmland Assessment

- Patricia Wright – Deputy Director Compliance & Enforcement and Property Administration, New Jersey Division of Taxation
NJ Board of Real Estate Appraisers

• Barry Krauser, MAI – Executive Director, Integra Realty Resources – Northern New Jersey
Wrap Up

• Do not leave without us getting your correct contact information – especially your e-mail.
• Do not leave without getting your continuing education credits
• Make sure that you signed in
• If you are a Tax Assessor, make sure that you signed the separate list for assessors in addition to the regular sign in sheet.
• Thank you all and have a great rest of your day!!