

i. A discussion of the topography, soil characteristics, hydrologically limited areas, state owned or privately held riparian lands, frontage, configuration, dwellings, outbuildings and other appropriate characteristics;

ii. Any rejected, approved, or pending subdivision plans;

iii. Any residual dwelling site opportunities allocated to the subject property pursuant to N.J.A.C. 2:76-6.17. (The appraiser shall not incorporate the effect of the value of residual dwelling site opportunities into the valuation);

iv. Any exceptions to the subject property. (The appraiser shall incorporate the effect of the value of exceptions into the valuation); and

v. The estimated acreage of hydrologically limited areas.

(b) A detailed discussion of the subject property's highest and best use based upon its characteristics as set forth in this section.

(c) A determination of the subject property's market value unrestricted. The appraiser shall consider the effect of building and improvements when conducting the valuation, but only the market value of the land is required to be identified.

1. The appraiser shall consider the direct sales comparison method of valuation which shall be based on a comparison of the relevant vacant acreage sales to the subject property. At a minimum, the report shall address the following:

- i. Grantor/grantee;
- ii. Deed date/recording date;
- iii. Deed book and page;
- iv. Sale price;
- v. Property size;
- vi. Location, block and lot;
- vii. Soil types/percent tillable soils;
- viii. Frontage/access;
- ix. Conditions of sale;
- x. Color photograph(s);
- xi. Improvements;
- xii. Utilities;
- xiii. Easements;
- xiv. Verification; and
- xv. Legible copy of subject tax map.

2. The appraiser shall adjust the comparable sales to include salient characteristics in the market which may include, but not be limited to the following: soil characteristics, zoning, topography, hydrologically limited areas, riparian lands (state owned or privately held), date of sale and financing.

i. The appraiser shall provide a land sale comparative rating grid in conformance with the sample, Appendix C of this subchapter, incorporated herein by reference.

ii. The final estimate of value shall be expressed as a per acre figure and a total value for the property.

3. In addition, the appraiser may consider the following methods of valuation:

- i. Subdivision method;
- ii. Income capitalization method; and
- iii. Cost method.

4. The appraiser shall provide a value conclusion which identifies the final market value unrestricted for the subject property and discuss how the conclusion was determined.

2:76-10.7 Property valuation after development easement acquisition (market value restricted)

(a) The property valuation after development easement acquisition (market value restricted) section of the appraisal report shall contain the following:

1. A description of the subject property in conformance with N.J.A.C. 2:76-10.6(a)1. In addition, an evaluation of the deed restrictions contained in N.J.A.C. 2:76-6.15 and their effect on the subject property, the subject property's adaptability for agricultural use or other uses which are not in conflict with the deed restrictions, soils and their productivity and other items which are significant to the valuation of the subject property;

2. A detailed description of the subject property's highest and best use as encumbered by the deed restrictions. The highest and best use analysis shall consider the following:

- i. The legality of possible use;
- ii. The physical possibility of use;
- iii. The probability or likelihood of use; and
- iv. The economic feasibility of use.

3. A determination of the subject property's market value restricted. The appraiser shall consider the effect of buildings and improvements when conducting the valuation, but only the market value of the land is required to be identified.

i. The appraiser shall consider the direct sales comparison method of valuation which shall be based on a

comparison of the relevant vacant acreage sales to the subject property as encumbered by the deed restrictions. The appraiser shall consider the following types of land sales;

- (1) Deed restricted properties;
- (2) Physically limited properties;
- (3) Flood plain;
- (4) Low development pressure; and
- (5) Development easements.

ii. The appraiser shall adjust the comparable sales to include, but not be limited to, the following: soil characteristics, zoning, hydrologically limited areas, date of sale and financing.

(1) The appraiser shall provide a land sale comparative rating grid in conformance with the sample in Appendix C.

(2) The final estimate of value shall be expressed as a per acre value and a total value for the property.

iii. In addition, the appraiser may consider the following methods of valuation:

- (1) Income capitalization; and
- (2) Cost approach.

2:76-10.8 Final estimate of development easement value

(a) The final estimate of development easement value section of the appraisal report shall contain the following:

1. The estimated development easement value which is arrived at by the difference between the market value unrestricted and the market value restricted and reported as a per acre value and total value of the property;
2. A discussion of the rights represented by the value conclusion and resultant changes in the highest and best use of the unrestricted versus the restricted property; and
3. A summary of the major points of the report which support the final estimate of value.

2:76-10.9 Addendum

(a) The addendum section of the appraisal report shall contain the following:

1. A subject property location map;
2. A subject property tax map or survey;
3. Soils/flood/topographic maps;
4. A study of hydrologically limited areas (if appropriate);
5. Subject property photos (color);

6. Reference materials, studies, articles, or other data considered important;
7. Development easement deed restrictions; and
8. The appraiser's qualifications.

SUBCHAPTER 11. COMMITTEE ACQUISITION OF FARMLAND DEVELOPMENT EASEMENTS

Authority

N.J.S.A. 4:1C-5(f); P.L. 1999, c.152, § 42.

Source and Effective Date

R.1999 d.390, effective October 19, 1999.
See: 31 N.J.R. 2646(a), 31 N.J.R. 3625(a).

Subchapter Historical Note

Subchapter 11, Committee Acquisition of Farmland Development Easements, was adopted as Emergency New Rules by R.1999 d.317, effective August 20, 1999, to expire October 19, 1999. See: 31 N.J.R. 2646(a). The provisions of R.1999 d.317 were readopted as R.1999 d.390, effective October 19, 1999. See: Source and Effective Date.

2:76-11.1 Applicability

This subchapter applies to transactions in which the State Agriculture Development Committee purchases development easements on farmland pursuant to the Garden State Preservation Trust Act, P.L. 1999, c.152. In order to receive the priority consideration contained in N.J.A.C. 2:76-8.5, the landowner must be an established farmer as defined in 7 C.F.R. § 1945.154. In order to receive the priority an applicant who conducts the farming operation as an individual must manage the farming operation. If the applicant is another entity, at least one stockholder, member, partner or joint operator must manage the farming operation.

2:76-11.2 Definitions

As used in this subchapter, the following words and terms shall have the following meanings, unless the context clearly indicates otherwise:

"Board" means a county agriculture development board established pursuant to N.J.S.A. 4:1C-14 or a subregional agricultural retention board established pursuant to N.J.S.A. 4:1C-17.

"Committee" means the State Agriculture Development Committee established pursuant to N.J.S.A. 4:1C-4.

"Development easement" means an interest in land, less than fee simple title thereto, which interest represents the right to develop that land for all nonagricultural purposes and which interest may be transferred under laws authorizing the transfer of development potential.

(c) In the event that a landowner chooses to place a deed restriction on his or her property limiting impervious coverage on the property pursuant to N.J.A.C. 2:76-19.13, then the base value for that property shall be:

1. \$1,800 per acre for property that is eligible for a PDC credit allocation of two PDCs per 39 acres;
2. \$180.00 per acre for property that is eligible for a PDC allocation of .2 PDCs per 39 acres; and
3. \$900.00 per acre for property that is eligible for a PDC allocation of one PDC per 39 acres.

2:76-19.5 Adjustments to base value, generally

(a) The base values of a development easement shall be adjusted by the following:

1. Regional Environmental Quality Areas;
2. Site-specific environmental quality factors;
3. Scenic corridors and access to markets;
4. On-site septic suitability;
5. Agriculture viability factors; and
6. Special importance environmental resource factors.

(b) Adjustments to base values shall not be cumulative. Each adjustment shall be made on the original base value.

2:76-19.6 Regional Environmental Quality Areas

(a) The base value shall be increased by the percentage factor associated with the environmental quality area in which the property is situated. Only one area adjustment factor shall be applied to each development easement. If the property on which a development easement is being valued lies within two environmental quality areas, the area in which the majority of the property lies shall apply.

1. Northern Environmental Quality Area (consisting of those properties in the Protection Area in Ocean County, but which are not in the Pinelands National Reserve)—24 percent;
2. Western Environmental Quality Area (consisting of properties located in the Protection Area in Burlington County and properties that are reasonably contiguous to the Protection Area in Burlington County)—44 percent;
3. Central Environmental Quality Area (consisting of properties located in the Protection Area in Camden and Atlantic Counties)—33 percent;
4. Southern Environmental Quality Area (consisting of properties located in the Protection Area in Gloucester and Cumberland Counties)—15 percent;
5. Pinelands National Reserve Area (consisting of properties located in the Pinelands National Reserve, but not in the Pinelands Area, in Ocean, Atlantic, Cumberland and Cape May Counties)—24 percent; and

6. Preservation Area (consisting of properties located in the Preservation Area which do not fall within any of the other areas)—14 percent.

2:76-19.7 Site-specific environmental quality factors

The base value shall be increased based upon the property's proximity to towns, regional growth areas, Pinelands area boundaries, and villages, pursuant to the following chart. The maximum adjustment for this factor shall be 25 percent.

Management Area Town or Regional Growth Area or Pinelands Area Boundary Village	Distance to Management Area and Pinelands Area Boundary (Miles)				
	<0.5	0.5-2.0	2.0-4.0	4.0-6.0	>6.0
	15%	15%	10%	5%	0%
	10%	5%	0%	0%	0%

2:76-19.8 Scenic corridors and access to markets

(a) The base value shall be increased based upon the property's proximity to roads which provide access to scenic corridors and markets in which agricultural products may be sold or purchased, pursuant to the following chart. No more than two factors may be utilized.

	Distance to Highways and Roads in Miles				
	.5mi.	.5-2 mi.	2-4 mi.	4-6 mi.	6-8 mi.
Limited Access Highway	20%	20%	15%	10%	5%
Federal or State Highway	15%	10%	5%	0%	0%
County Road	10%	5%	0%	0%	0%
Municipal Road	5%	0%	0%	0%	0%
Unpaved	0%	0%	0%	0%	0%

(b) The base value shall be increased based upon the following road frontage ratios. Road frontage shall be the ratio of total road frontage, measured in feet, to total property size, measured in acres.

1. Greater than 30:1—10 percent;
2. 11:1 to 30:1—six percent; and
3. 1:1 to 10:1—two percent.

2:76-19.9 On-site septic suitability

(a) The base value shall be adjusted for the property's on-site septic suitability rating as one indicator of the environmental conditions on the parcel under the provisions of the Pinelands Comprehensive Management Plan. Base values shall be increased based upon the following septic suitability limitations:

1. Seventy-six percent to 100 percent slight limitations—10 percent;
2. Fifty-one percent to 75 percent slight limitations—seven percent;

3. Twenty-six percent to 50 percent slight limitations—five percent; and

4. Five percent to 25 percent slight limitations—two percent.

2:76-19.10 Agriculture viability

(a) The base value shall be increased based upon the type of soil on the property pursuant to the following chart. The maximum adjustment for this factor shall be 20 percent.

	<u>Prime</u>	<u>Statewide Importance</u>	<u>Unique</u>
76% to 100%	20%	18%	12%
51% to 75%	15%	14%	9%
26% to 50%	10%	9%	6%
Less than 26%	5%	4%	3%

(b) If the property is reasonably contiguous to land that has been permanently preserved, the base value shall be increased by 12 percent.

2:76-19.11 Special importance environmental resource factors

(a) If the property contains lakes and reservoirs that significantly impact the recharge of the Cohansey Aquifer, contain water year round, and are greater than two acres, the base value shall be increased by .375 percent per acre pursuant to N.J.A.C. 2:76-19.12. The maximum adjustment for this factor shall be 15 percent pursuant to N.J.A.C. 2:76-19.12.

(b) If the property contains any streams, the base value shall be increased by 20 percent pursuant to N.J.A.C. 2:76-19.12.

2:76-19.12 Wetlands and wetlands transition areas

(a) If a property contains lakes and reservoirs as described in N.J.A.C. 2:76-19.11(a) or streams as described in N.J.A.C. 2:76-19.11(b), the owner of the property shall choose between one of the following options:

1. Receiving an increase in base value pursuant to N.J.A.C. 2:76-19.11 and having the following deed restriction placed on the property:

“Agricultural use of wetlands and areas within 300 feet of wetlands (“wetlands transition areas”) shall be consistent with subchapter 6 of the Pinelands Comprehensive Management Plan, N.J.A.C. 7:50-6, as may be amended from time to time. Specifically, except for horticulture of native Pinelands species, berry agriculture, and beekeeping, agriculture shall not be permitted in wetlands and wetlands transition areas, except if such agricultural uses existed prior to the promulgation of the Pinelands Comprehensive Management Plan in 1979 or if the Comprehensive Management Plan is amended to permit such uses.”

2. Not receiving an increase in base value pursuant to N.J.A.C. 2:76-19.11 and not being required to place the deed restriction contained in N.J.A.C. 2:76-19.12(a)1 on the property.

2:76-19.13 Impervious coverage

A landowner may choose to receive a higher base value pursuant to N.J.A.C. 2:76-19.4(c) by placing a deed restriction on his or her property that limits impervious coverage on the property. The impervious coverage limitation shall be 10 percent of the total property acreage, and shall include, but not be limited to, houses, barns, stables, sheds, silos, outhouses, cabanas and other buildings, swimming pools, docks, or decks. Temporary greenhouses and other temporary coverings which do not have impervious floors shall be excluded from the computation of the impervious coverage area. If the landowner chooses to increase the base value pursuant to N.J.A.C. 2:76-19.4(c), he or she shall place such impervious coverage limitations on his or her property.

2:76-19.14 Maximum development easement value

In no instance shall the development easement value calculated pursuant to this subchapter exceed 80 percent of the fee simple market value of the property as determined by the Committee.

APPENDIX A

SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS

PROPERTY LOCATION

PROPERTY TYPE

LAND SIZE

ZONING

HIGHEST AND BEST USE

DATE OF VALUATION

	PER ACRE	TOTAL
ESTIMATE OF PROPERTY VALUE “BEFORE”:	_____	_____

ESTIMATE OF PROPERTY VALUE “AFTER”:	_____	_____
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ESTIMATE OF DEVELOPMENT EASEMENT VALUE:	_____	_____
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APPENDIX B

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APPENDIX C

LAND SALE COMPARATIVE RATING GRID

Sale No.	<u>1</u>	<u>2</u>	<u>3</u>
Sale Price	\$ _____	\$ _____	\$ _____
Reflects in Units	\$ _____/AC	\$ _____/AC	\$ _____/AC
Date of Sale	_____	_____	_____
Conditions of Sale	_____%	_____%	_____%
Financing	_____%	_____%	_____%
Time Adjustment	_____%	_____%	_____%
Total Adjustment	_____%	_____%	_____%
Adjusted Sales Price	\$ _____	\$ _____	\$ _____
Location	_____%	_____%	_____%
Size	_____	_____	_____
Frontage	_____	_____	_____
Topography	_____	_____	_____
Zoning	_____	_____	_____
Easements	_____	_____	_____
Wetlands	_____	_____	_____
(Hydrologically limited areas)	_____	_____	_____
Soils	_____	_____	_____
Other	_____	_____	_____
Net Adjustment	_____	_____%	_____%
Value Indicated to Subject by Unit	\$ _____/AC	\$ _____/AC	\$ _____/AC