

STATE AGRICULTURE DEVELOPMENT COMMITTEE

POLICY

VALUATION OF PERMITTED EXCEPTIONS

I. Purpose:

To provide a method of valuing permitted severable and nonseverable exceptions from the premises of pending applications.

II. Authority:

N.J.A.C. 2:76-6.8 (b)

III. Supersedes:

Policy P-23 dated 12/15/88

IV. Policy:

Exceptions are portions of the applicant's land holdings which are not to be encumbered by the deed restrictions. Typically, a formal subdivision is not needed to except a portion of property; however, a specific description is needed. It is recognized that certain portions of the property can be excluded from the deed of easement, but the excluded portion must be considered in the value of the property that will be subject to the easement. Appraising a portion of a property without considering the ENTIRE property may not represent the property's true valuation condition, thus skewing value.

Therefore, when appraising properties from which exceptions are to be withheld, the appraiser is directed to appraise the entire land parcel first, INCLUDING the area to be excepted. The appraiser shall then allocate value to the respective areas of the property (excepted area and area to be encumbered.) Finally, the value allocated to the excepted portion, as it contributes to the whole property, shall be deducted from the total value estimate thus yielding the value for the portion to be restricted.

This methodology shall be followed to estimate both the market value (before) and the market value restricted (after) for the lands to be encumbered by the development easement.

In situations where a minor tax parcel (such as a house lot) is under the same ownership as the property to be encumbered but is not to be deed restricted, the appraiser shall identify the minor parcel in his/her appraisal. The value attributed to the minor parcel in the appraisal is a judgment made by the appraiser based on whether or not the minor parcel would typically be sold together with the parcel to be encumbered and if so, whether or not the minor parcel would enhance the

value of the encumbered parcel.

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