Policy: P-47 Effective Date: March 23, 2006

STATE AGRICULTURE DEVELOPMENT COMMITTEE

POLICY

FY 2006 HIGHLANDS PRESERVATION APPROPRIATION EXPENDITURES

I. PURPOSE

To maximize the consistency between the conservation goals of the Highlands Water Protection and Planning Act and the farmland protection goals of the State Agriculture Development Committee (SADC) by funding the preservation of farms throughout the Highlands Region within all of its four existing funding programs (State Acquisition, County Easement Purchase, Planning Incentive Grant, and Non-Profit). In particular, priority consideration will be given to fund farms located in the Preservation Area from the additional \$30 million allocation from Garden State Preservation Trust (GSPT) funds.

II. AUTHORITY

N.J.S.A. 13:8C-1 et seq. N.J.S.A. 13:20-1 et seq.

III. BACKGROUND

Pursuant to the Highlands Water Protection and Planning Act (Highlands Act), the SADC is responsible for consulting with and soliciting recommendations from the Highlands Water Protection and Planning Council concerning farmland preservation strategies and acquisition plans in the Highlands Region. One of the Council's primary goals through the development of its regional master plan process is the preservation of farmland. There exists an on-going dialogue between the SADC and the Highlands Council to advance the goal of coordinating Highlands and SADC program initiatives.

One of the SADC's primary responsibilities is to encourage the preservation of farmland for purposes of enhancing the agricultural industry throughout the state. The Highlands Region consisting of the "Planning Area" and "Preservation Area" represents over 859,000 acres containing over 129,000 acres of agricultural land. These agricultural acres serve not only as important agricultural resources, but are essential to the residents of New Jersey to ensure a plentiful and pristine water supply. The Highlands Act identifies areas most critically in need of protection in order to advance the conservation goals of the Act, and designates these areas as the "Preservation Area" of the Highlands Region.

Pursuant to Public Question #1 in November of 2003, the SADC received an additional \$30 million allocation of GSPT funds. The SADC has earmarked those funds to be used for the preservation of farmland in the Highlands Region. Of the \$30 million of additional funding allocated for expenditure within the Highlands Region, \$15 million was appropriated under the SADC's FY2006 funding request to the GSPT and the Legislature (hereinafter "Highlands Fund"). An appropriation request for the remaining \$15 million is anticipated in the spring of 2006.

IV. POLICY

Following are the policies of the SADC that will be used in expending these Highlands Fund appropriations:

- 1. The SADC will expend the dedicated "Highlands Fund" in a manner that gives priority consideration to farms located in the Preservation Area of the Highlands.
- 2. The SADC will approve the expenditure from the Highlands Fund on a case-by-case basis, based on the merits of individual applications considering factors such as the property's rank score, consistency with the Highlands Regional Master Plan and/or recommendation of the Highlands Council, consistency with county farmland preservation plans, contribution of the parcel to the overall agricultural integrity of the area, and geographic distribution of funds within the Highlands area.
- 3. The SADC will consider applications for preservation that have been submitted through any one of the SADC's four farmland preservation programs. The Highlands Fund will be used to support <u>additional</u> <u>applications</u> in each program where demand for funding has outstripped otherwise approved SADC funding.
- 4. The Highlands Fund will *not* be used to provide a greater SADC percentage cost share than that typically provided for under SADC regulations. The SADC will provide cost share funding toward any acquisition based on what it is typically entitled to receive through the SADC's four acquisition programs identified above.
- 5. Currently there is no plan for the SADC to create an entirely new funding "round" for farms located within the Highlands Region. Consideration of creating such an independent funding round will occur if available funding is not expended in a timely manner as proposed herein.

6. County and municipal funding partners are reminded that the SADC continues to qualify for Federal Farm and Ranchland Protection Funds that may be used toward the preservation of Highlands farms¹. When such funding is successfully applied to an acquisition, the entire 20% federal cost share can be passed through to the local government entity, thereby decreasing the net local cost share by 20%. Federal funds may be used independent of whether or not proceeds from the SADC's Highlands Fund are utilized.

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¹ Federal Farm and Ranchlands funding may provide a maximum of 20% of the SADC certified fair market value of the development easement subject to not exceeding 50% of the *current* fair market value of the development easement.