

Pinelands Valuation Formula



Why It's Needed

The traditional method for determining easement value relies on two independent appraisals. In the Pinelands, appraisals generally reflect the value of the Pinelands Development Credits (PDCs) that have been assigned to the land. Because easements historically have had a low market value, landowners have been discouraged from pursuing preservation. Of the approximately 750 farms preserved or approved for preservation to date, only one is in an area covered by this proposed formula. Under the Garden State Preservation Trust Act, the Legislature directed the SADC to develop an alternative method of determining easement value that considers a variety of factors relevant to this unique area. The formula was designed to meet that directive.

What It Does

The formula takes into account not only Pinelands Development Credit (PDC) values and current development potential, but also the presence of important agricultural and environmental features. It applies to the agricultural production, special agricultural production and preservation areas. The vast majority of farmland -- 72,000 acres -- is in the first two areas.

How It Works

The formula starts by establishing base values for development easements. Base values vary depending on PDC allocation, the presence of wetlands and whether a landowner opts for impervious coverage limits. The formula provides for base values to be adjusted upward in varying percentages depending on the following factors:

Regional Environmental Quality Areas -- The formula establishes six of these areas. Higher adjustments are made for farmland in areas adjacent to highly developed, non-Pinelands areas, and for farmland subject to creeping development patterns under existing zoning.

Site-Specific Environmental Quality -- Adjustments are made based on a property's proximity to towns, regional growth areas, Pinelands area boundaries and villages, recognizing the increased value of land near these areas.

Scenic Corridors and Access to Markets -- This factor provides higher adjustments for land with better access to scenic corridors and markets where agricultural products may be sold or purchased, and with greater road frontage that contributes to scenic corridors.

Septic Suitability -- This adjustment factor places a higher value on properties that are more suitable for development based on current development potential.

Agricultural Viability -- Higher adjustments are made for farmland that has better quality soils and is contiguous to preserved lands.

Special Importance Environmental Resource Factors -- Land that contains streams and environmentally significant lakes and reservoirs is eligible for an increase in base value. This is available only if a landowner opts for deed restrictions that are more stringent than standard Farmland Preservation Program restrictions regarding agricultural use of wetlands and wetlands transition areas.

Easement Values

The formula is designed to result in easement values averaging approximately 65 percent of those just outside the Pinelands area. The development easement value may not exceed 80 percent of the fee simple value of the farm.