

N.J. Farmland Preservation Program Overview

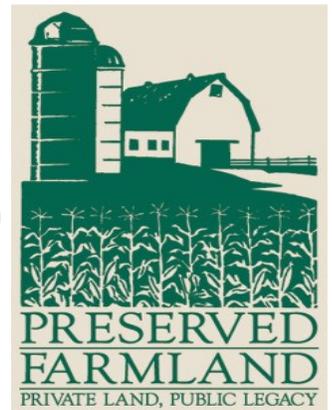
The state Farmland Preservation Program is administered by the State Agriculture Development Committee (SADC), which preserves farmland directly and provides grants to County Agriculture Development Boards (CADBs), municipalities and nonprofit organizations for the preservation of farmland. (www.nj.gov/agriculture/sadc)

How Is Farmland Preserved?

Sale of Development Rights: If you would like to preserve your farm and continue to own it, you can sell the nonagricultural development rights—also known as a development easement—on your land. You can apply to preserve your farm to the SADC, your CADB, your municipality if it participates in the Farmland Preservation Program, or a nonprofit organization. Most counties and many municipalities have developed comprehensive farmland preservation plans that enable them to participate in the program. You can find a listing and copies of the plans at www.nj.gov/agriculture/sadc/home/genpub/comprehensiveplans.html.

Outright Sale of Land: In some limited cases, the SADC, a nonprofit, or your CADB or municipality may be interested in purchasing your farm outright for preservation. In these cases, a farm is purchased at fair-market value and then typically resold at a public auction to a private owner with agricultural deed restrictions in place to ensure the land's permanent preservation. Because this process requires greater financial resources from the preservation agencies, these opportunities are more limited. In most cases, landowners sell their development rights first and then sell the deed-restricted farm afterward to a private owner when the time is right for them.

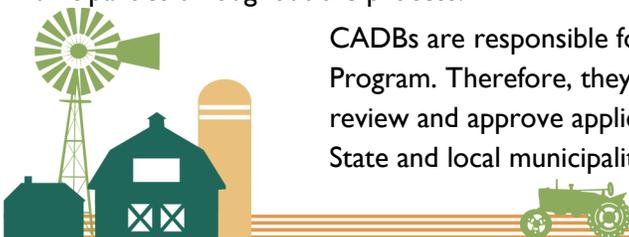
Donation: In certain situations, you may want to consider donating your development rights, or your land, to one of the preservation agencies above, particularly if you could be eligible for significant tax savings. You should contact a tax professional to fully understand the tax implications of a donation as they apply to your personal situation.



How Does the Process Work?

Land is eligible for the Farmland Preservation Program if it meets the SADC's minimum eligibility criteria and is eligible for farmland tax assessment. In most cases, your farm also must be located in an agricultural development area (ADA) an area where the CADB has determined that farming is viable over the long term and be a "targeted" farm in a county or municipal comprehensive farmland preservation plan. with the State and local municipalities throughout the process.

CADBs are responsible for approving most applications to the Farmland Preservation Program. Therefore, they are the starting point for most interested landowners. CADBs review and approve applications and then forward them to the SADC, coordinating with State and local municipalities throughout the process.



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How Is Value Determined?

The value of a farm or development easement is established through two independent appraisals. The price you will be paid for a development easement will be based on the difference between your land's value before preservation and its value after preservation - generally the difference between what someone would pay for the raw land as is, and its value as a deed-restricted farm. For example, if your farm would be worth \$10,000 per acre before preservation, and \$4,000 per acre after it has been preserved, the value of your development easement would be \$6,000 per acre. Once a value has been determined and agreed upon, the process of finalizing approval and the sale can proceed.

What Happens After Preservation?

When your farm is preserved, a Deed of Easement will be recorded with the County Clerk's office that will run with the land and forever protect it for agricultural use. You are allowed to erect barns and other agricultural structures in accordance with the Deed of Easement, however most nonagricultural uses are not permitted unless they were recognized in the Deed of Easement at the time of preservation.

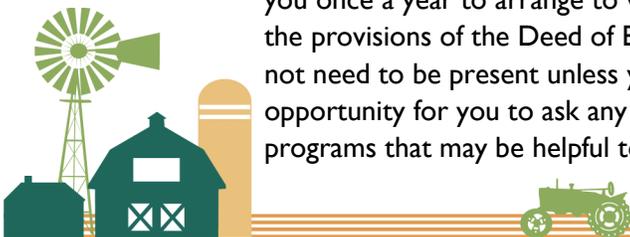
Within one year of preserving your farm, you will need to obtain a farm conservation plan approved by your local soil conservation district. The plan, which will be developed in cooperation with the U.S. Department of Agriculture's Natural Resources Conservation Service, will detail practices that will assist you in managing soil, water and other natural resources on your farm. The preservation of your farm does not make your land public property. The public has no right to access or use your preserved farm without your consent.

A representative of the agency that purchased the development rights on your farm will contact you once a year to arrange to visit your farm to ensure you are maintaining it in accordance with the provisions of the Deed of Easement. The visit typically takes less than an hour, and you do not need to be present unless you choose to do so. You may find the annual visit a good opportunity for you to ask any questions you have about farmland preservation or about related programs that may be helpful to you and your agricultural operation.

Incentives for Farmland Preservation

Farmland preservation can:

- Provide you with capital that you can use to expand your existing operation or meet other financial goals;
- Help you reduce your debt load;
- Further your estate or retirement planning, e.g., by allowing you to leave the land to an heir who is interested in farming and a monetary inheritance to other heirs;
- Allow you to apply for up to 50 percent State cost-sharing grants for eligible soil and water conservation projects on your farm, subject to available funding;
- Help protect your land from government acquisition through eminent domain, or emergency restrictions on the use of water and energy supplies;
- Provide you with the personal satisfaction of knowing your farm will be preserved in perpetuity.



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