



# State of New Jersey

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Lt. Governor

## MEMORANDUM

TO: Erin Perna, Bureau of Legal Service Stewardship

FROM: Susanne M. Curran MAI, AI-GRS, Review Appraiser  
Anine Rusecky, Review Appraiser

RE: Ocean County Diversion Land Swap SHC #2015-003  
Analysis of the "Diversion" and "Replacement/Compensation" appraisal reports submitted to NJDEP Green Acres

DATE: November 16, 2017

## APPRAISAL SUMMARY

| <u>APPRAISER</u>     | <u>EFFECTIVE DATE</u> | <u>DIVERSION PARCEL REPLACEMENT PARCEL</u> |             |
|----------------------|-----------------------|--|-------------|
|                      |                       | <u>VALUE OPINIONS</u>                      |             |
| Hall/Kirwan          | February 11, 2016     | \$972,000                                  | \$1,247,000 |
| IRR/Anthony Graziano | February 1, 2016      | \$1,092,900                                | \$1,165,000 |

In response to your memo of October 17, 2017, the four appraisal reports valuing the "Diversion" site and the "Compensation/Replacement" site were reviewed and an opinion on the values formed as described below in this two-page Memo. The "Diversion" site is a parcel owned by NJ DEP Green Acres that Ocean County wishes to swap with a County-Owned "Compensation/Replacement" parcel in order to expand the Cedar Bridge Tavern site.

### Review Scope of Work:

The appraiser read and reviewed each of the four appraisal reports, two for each of the "Diversion" and "Compensation/Replacement" scenarios for compliance with the Green Acres appraisal Scope of Work and with national Appraisal Policies and Standards (USPAP). Based on an analysis of the selected comparable sales and the reconciliation of Market Value process in each report, **the reviewer gave most weight to the valuation results of the Hall/Kirwan appraisal reports (highlighted above).**

Also considered in this selection is an analysis of the value of the "Forest Area" parcels only for each of the two sites to determine if the valuation results for the lands which contributed the bulk of the value. This approach omits the estimated values of the Pinelands Preservation Area parcels which had minimal to no development utility except for one parcel having a ¼ PDC credit available to it. In looking at the Forest Area parcels only, the Hall/Kirwan appraisal produced a reasonable range of value between the "Diversion" value and the "Replacement" parcel and a more

credible analysis of the comparables presented which were more recent and required smaller adjustments than those presented in the IRR appraisals.

In conclusion, this analysis indicated that the IRR appraisal valued the “Diversion” parcel Forest Area land slightly higher than the “Compensation/Replacement” Forest Area parcel value, and therefore did not meet the replacement value criteria. Please see the chart below for the results of the “Forest Area Only” valuations.

| <b><i>APPRAISER</i></b> | <b><i>EFFECTIVE DATE</i></b> | <b><i>DIVERSION PARCEL REPLACEMENT PARCEL</i></b> |              |
|-------------------------|------------------------------|---|--------------|
|                         |                              | <b><i>VALUE OPINIONS</i></b>                      |              |
| Hall/Kirwan             | February 11, 2016            | \$920,000   | \$1,100,000* |
| IRR/Anthony Graziano    | February 1, 2016             | \$1,050,000                                       | \$1,025,000  |

*\*These values exclude Preservation Area land*

**1. Diversion Parcels: Barnegat Township, 192.86 acres owned by the State of NJ DEP Green Acres**

This site was appraised assuming it was not subject to any permanent development restriction and was available for use under current zoning and NJ Pinelands Commission regulations. This was an acceptable Hypothetical Condition stated in both appraisal reports, per the appraisal instructions. The site includes multiple contiguous vacant land parcels located in Barnegat Township. The parcels include approximately 36 acres in the PA Preservation Zone (19%) with the remainder (81%) in the PF Forest zone which has some development utility. The site has ample paved road frontage and a significant amount of upland. There is moderate to low demand for residential use of the site as of the valuation date.

To value the Forest Area “Diversion” land, the Hall/Kirwan report analyzed five land sales in nearby areas of Ocean County which ranged in size from 17.62 acres to 156.16 acres and closed between June 2010 and February 2017. A Market Conditions adjustment was made for the oldest sale and land size adjustments were also made in addition to other relevant adjustments. The adjusted sales were based on reasonable upward and downward net adjustments, and indicated a tightened value range of \$5,730 to \$6,434 per acre. These adjusted sales were weighted and reconciled to a reasonable and well-supported market value conclusion of \$6,000 per acre or \$920,000 rounded for the Forest Area land only. The overall Market Value Opinion for the entire “Diversion” site of 192.86 acres including the Preservation Area land was \$972,000.

**2. Compensation/Replacement Parcels: 269.49 acres owned by Ocean County, Barnegat Township and Stafford Township**

This site was also appraised assuming it was not subject to any permanent development restriction and was available for use under current zoning and NJ Pinelands Commission regulations. This was an acceptable Hypothetical Condition stated in both appraisal reports, per the appraisal instructions. The site includes multiple contiguous vacant land parcels located in Barnegat and Stafford Townships. The parcels include approximately 106 acres in PA Preservation Zone (39%). This acreage comprises 90% wetlands. The remainder (61%) in the PF Forest zone has some development utility. The site has ample paved road frontage and a significant amount of upland. There is moderate to low demand for residential use of the site as of the valuation date.

To value the Forest Area “Compensation” or “Replacement” land, the Hall/Kirwan report analyzed the same five land sales in nearby areas of Ocean County which ranged in size from 17.62 acres to 156.16 acres and closed between June 2010 and February 2017. A Market Conditions adjustment was made for the oldest sale and land size adjustments were also made in addition to other relevant adjustments. The adjusted sales were based on reasonable upward and downward net adjustments based on the characteristics of the “Compensation/Replacement” Forest Area land, and indicated a tightened value range of \$6,540 to \$7,864 per acre. These adjusted sales were weighted and reconciled to a reasonable and well-supported market value conclusion of \$7,600 per acre or \$1,100,000 rounded for the Forest Area land only. The overall Market Value Opinion for the entire “Compensation/Replacement” site of 269.49 acres including the Preservation Area land was \$1,272,000.

Please let me know if you have any questions on the above.  
Thank you for the opportunity to assist with this Diversion project.