

**AGRICULTURE
TECHNICAL ADVISORY COMMITTEE**

**REPORT ON THE
DRAFT PRELIMINARY STATE DEVELOPMENT AND REDEVELOPMENT PLAN**

SUBMITTED TO THE OFFICE OF STATE PLANNING

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Committee Members

Robert H. Bruch *
New Jersey Department of Agriculture

Chuck Gallagher
Burlington County Office of Land Use

John C. Keene
University of Pennsylvania

Dr. George Nieswand
Rutgers University

Herman Panacek, Jr.
Quakertown, New Jersey

G. Erwin Sheppard
Bridgeton, New Jersey

Facilitator

Michael Neuman
Office of State Planning

The Agriculture Technical Advisory committee was convened by the Office of State Planning to assist its review of the draft Preliminary State Development and Redevelopment Plan. The committee met on April 11, April 26, and May 5, 1988. This report summarizes the deliberation.

This committee, like many of its predecessors, understands that farming is more than an important contributor to New Jersey's economy. Farmers are stewards of rural land, and thus add to the Garden State's quality of life. The legislature has recognized that value of agriculture through public policy actions that have included various farmland preservation and soil conservation programs. Nonetheless, the industry remains under stress from a variety of sources. One of these sources is the fact that the market value of farmland for development purposes often exceeds substantially its market value solely for agricultural purposes. A result of this disparity is sprawling land development which makes incursions into farmland. Farmland retention in the face of development pressure is the focus of this report.

Current public policy directed towards farmland retention is inadequate. One of the shortcomings of existing policy is that it does not require that development, which creates some of the need for farmland protection policy, contribute dedicated revenues to fund farmland retention programs. Furthermore, non-farm uses in farm areas conflict with agricultural operations. Another effect of sprawling development is the bidding up of land value. This causes, in part, farmers to increase their reliance on the capital value of their land as collateral for loans. This reliance induces some farm owners to develop their land which only increases farm conflicts and erodes agricultural profitability. This in turn causes farmers to borrow against capital assets for operating loans even more, creating a spiral. Public policy must strive to end this spiral.

This report does not necessarily represent the official position of the New Jersey Department of Agriculture.

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The Agriculture Technical Advisory Committee recognizes the intent of the State Planning Commission to rely upon existing legislative authority to implement the State Plan. There exist, however, factors that warrant amending this position. Existing legislation and programs do not adequately distribute the benefits and the costs of future growth. They also do not provide the full range of options necessary to implement the broad vision of the State Plan. Specifically, this committee recommends that the Preliminary State Plan incorporate an affirmative position regarding the economic mitigation of real decreases in farm property value.

2. THAT THE STATE HAN HWVUE A RANC[^] **OF** MITIGATICK CETICKS TO ALIDW
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The committee recommends that a range of mitigation options be included to provide maximum flexibility during implementation. The options range from increased funding for easement purchases and a statewide transferable development rights (TER) program accompanied by a TER bank to fee simple purchase. Each option should be based on fair market value due to the variability of farmland value throughout the state. Easement and fee simple purchases should follow the established guidelines of the State Agriculture Development Committee. A statewide TER program should be based on the equitable distribution of the benefits of growth among landowners in growth and limited growth areas. These mitigation options, listed below, must accompany development controls designed to retain farmland for both to move forward effectively. The options require new legislative authority and new appropriations. Enacting them allows for the full realization of the Plan's vision. All economic mitigation programs should provide that a structured review of program effectiveness be conducted.

A. Purchase of Development Rights (HK)

The existing easement purchase programs should be continued, supported by a bond issue of a minimum of 250 million dollars. Two valuation options should be incorporated into the PER program. The first is based on fair market value, requiring appraisals. The second is based on a standard purchase price, with a regional minimum, not requiring appraisals. The State Agriculture Development Committee, in conjunction with the County Agriculture Development Boards, should continue to administer and monitor the easement purchase programs. The programs should incorporate methods which leverage state funding to make the program more effective. PER's should become compatible with TER's once that program becomes fully operational.

purchase of fee simple absolute title to farmland for resale with agricultural deed restrictions for agriculture retention purposes is another option that has been authorized as part of the existing easement purchase program. A fee simple farmland purchase program has several benefits. Deed restrictions may be designed to also protect natural resources on the parcel and enable farmland purchase to proceed in a timely manner. Conservation and scenic easement deed restrictions may also be incorporated into a fee simple purchase program*

B. Transfer of Development Rights (TCR)

A statewide TIB program should be established in order to help implement the State Plan, in concert with increased funding for purchased development rights. In addition to providing another option to protect farmland, a statewide TCR program has other benefits. First, a statewide program takes advantage of a broad market in which to buy and sell development rights. Second, by integrating it with the State Plan, a statewide program can further the Plan's intent by designating cities, corridor centers, towns and villages as receiver sites. Third, a statewide program backed by a state TCR bank would provide the liquidity necessary to establish and maintain the market. The bank must be funded by a dedicated long term revenue source (e.g. a one percent fee on the construction value of new development, or a realty transfer tax). Additionally, while a TDR program for agricultural land is paramount, it also can be used to protect historic, environmental, and other critical lands. Finally, a statewide TDR program provides a strong framework which can support municipal, county, or regional TCR programs.

During the deliberations, the committee considered allocating development rights at a specific density or a range of densities. The range varied from one dwelling unit to three acres to one dwelling unit per five acres. The consideration reflected strong sentiments for ensuring farmland owners retain value which has accrued to their land holdings. As the discussion regarding the allocation of development rights evolved, an important fact became apparent. Because no statewide TDR program has ever been implemented, and because any TCR program requires extensive market, legal and planning studies to be conducted beforehand, it is premature to advocate the allocation of rights on such a specific basis.

As a result, it was concluded that the strongest recommendation possible is to design a TCR program which analyses fair market value in sending and receiving areas. This is compatible with the method used in the state's existing easement purchase program.

3. THAT THE GOVERNMENT SHOULD ADOPT THE FOLLOWING STRATEGIES AND POLICIES TO PROTECT AND ENHANCE THE RURAL LANDS OF THE STATE

Efforts to sustain agriculture should address farmland and farming practices, the viability of the rural service sector which supports agriculture, the lending climate of financial institutions which support agriculture, and should also take fuller advantage of the vast market that surrounds the Garden State. Public policy outside the scope of the State

Plan should also be directed towards the long-term sustainability of agriculture. The following factors required to sustain agriculture have been identified:

- A. Sufficient farmland suited for long term agricultural productivity.
 - o Free of conflicting non-farmland uses.
 - o Soil integrity to sustain agriculture.
 - o Adequate water supply.
 - o Public policy to mitigate development pressures on farmland that should be protected.
 - B. A viable rural agricultural service sector.
 - o Full variety of goods and services necessary to support New Jersey agriculture.
 - o Locations of goods and services convenient to all farmers.
 - o Opportunities for farmers to earn supplementary income.
 - C. A climate which supports financial institutions in their lending to farmers and the agriculture community.
 - o To support increasing capital needs of farmers.
 - o To support operating needs of farmers.
 - o To help farmers establish financial portfolios which reduce reliance on land as asset for collateral or retirement.
 - D. Locate or establish strong markets for New Jersey farm products.
 - o Continue/increase support for Jersey fresh and similar programs.
 - o Identify opportunities and establish markets outside of New Jersey.
 - o Recognize international and national agricultural market trends and orient New Jersey production towards opportunities and away from surpluses.
 - E. Ensure continuing ~~blxuij~~ government support of agriculture at levels.
 - o Coordinate planning policies among levels of government which retain and promote agriculture.
 - o Ensure the State maintains a ~~blunj~~ position supporting agriculture, including local extension efforts.
 - o Promote research and education which supports agriculture.
 - o Provide opportunities for public-private partnerships, in concept similar to those used for urban revitalization.
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**County Agriculture Development Boards i=sv*fl|d participate in
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Local knowledge of productive agricultural lands should be incorporated into the State Plan. The County Agriculture Development Boards have this knowledge and should be full participants in the cross-acceptance process, particularly in the refinement of Tier 6 areas.

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system as a Tier 6 criterion**

The Tier 6 criteria should retain their current characteristics. Criterion number 1 evaluates farmland using the XESA system. The use of the IESA system is not clear. The factors of the USA system that the State Plan will use in Tier 6 to evaluate farmland need to be identified. Tier 6 should consist of farmland that has long term agricultural viability.

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- A. Tier 6 farmland should automatically receive right-to-farm benefits which supersede local regulations, in accordance with established agriculture practices.
- B. Tier 6 farmland should automatically be enrolled in the farmland assessment program, eliminating the need to file an annual application.
- C. Construction which supports agriculture in Tier 6 should be exempt from the fees required to file building permits.
- D. An eight year moratorium on tax relief resulting from increases in property value of new farm-related construction in Tier 6 should be established.
- E. Soil Conservation Service approved and implemented soil conservation programs should be acceptable substitutes for State Plan stream corridor buffer policy in Tier 6.
- F. Farmland in active production in Tier 6 should be exempt from emergency water or energy use restrictions, with the exception of those promulgated by Executive Order. Farming should receive highest priority, after health and safety, when emergency water or energy use restrictions are placed into effect.
- G. Farmland in active production in Tier 6 should be exempt from special assessments for infrastructure such as roads and sewerage on a pro-rata basis.
- H. An Agriculture Capital Improvement Program which assists exiting farm operations should be established. It would provide loans or grants for capital facilities used for expansion or transition to alternate crop production.
- I. An Agricultural Credit Program should be provided through the New Jersey Economic Authority to ensure a source of financing for agricultural loans.

J. The New Jersey Department of Agriculture's current Soil and Water Conservation Program, which is part of the Farmland Preservation Program, offers deed restriction incentives. This program should receive additional funds to expand it to all Tier 6 areas.

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A. Target infrastructure to villages, corridor centers and other TER receiving areas. Infrastructure which supports non-agricultural development must be restricted to limited growth areas which are identified in cross-acceptance as villages or corridor centers in order to avoid conflicting uses.

B. In Tier 6 areas, using economic mitigation as indicated in recommendation 2 of this report, average gross densities for non-agricultural development densities should not exceed one dwelling unit or equivalent per twenty acres.

C. Using economic mitigation as indicated in recommendation 2 of this report, non-agricultural development densities in intensively farmed areas within Tier 6 should not exceed one dwelling unit or equivalent per fifty acres.

D. The cluster development provision which permits densities to be allocated at one dwelling unit per five acres must be eliminated in Tier 6 areas. If it were permitted, it would create rural sprawl which consumes farmland, cause right-to-farm conflicts, and promote an inefficient development pattern. Cluster development should be encouraged in and adjacent to villages, towns, and corridor centers. Non-agricultural development which does occur in Tier 6 outside of corridor centers, towns, and villages should follow these design standards:

- o minimize right-to-farm conflicts
- o maintain contiguity of farmland
- o use existing infrastructure or natural carrying capacity