

[REDACTED]
Chester, N.J. 07930



September 18, 2014

Mr. Steve Gunnels
Placeworks, Chief Economist
3 MacArthur Place
Suite 1100
Santa Ana, California 92707

Re New Jersey Highlands Fiscal Impact Project

Dear Mr. Gunnels:

I heard your comments before the Highlands Council today and trust your sincerity in letting the numbers speak for themselves.

Some comments regarding those numbers:

1. Real estate values. The environmentalist lobby has recently spun real estate numbers erroneously in a disinformation campaign to discredit harmed landowner property value losses. These groups seek to deny that the regulatory taking of the Highlands Act harmed Highlands open space landowners. It is estimated that the Act resulted in an aggregate \$6 billion of property value losses.¹

The pricing curve dictates that the value of existing houses would be expected to rise in most scenarios where supply has been cut off and demand continues to rise. Affordable housing in high cost NJ has been a political issue for years. Even during the recent economic downturn, the demand for housing did not drop in NJ as dramatically as elsewhere. Please take these facts into consideration as you evaluate fiscal impacts related to the Highlands Act using residential home prices.

Also, residential home prices are distinguished from undeveloped open space land prices.

2. Assessment data. It is easy to misconstrue NJ ratables. New Jersey's constitution provides for special tax assessment of farmland. Farm structures and the land underlying farm residences are taxed as all other structures and homes with no special treatment. However, the open space farm fields are taxed at a farmland assessed rate per acre (less than \$1,000) determined annually by the NJ Farmland Evaluation Advisory Committee. Virtually all open space land in the Highlands qualified (both pre-2004 and today) for farmland assessment; exceptions are few.

¹ In the decade since passage of the Act, no one, including the Highlands Council, has prepared a careful analysis of total property losses. The \$6 billion cited here is an approximate mid-point/median of many estimates ranging from \$2 billion to \$15 billion.

Consequently, real land fair market values (in an open and competitive marketplace) are statistically invisible/non-existent in the overall NJ tax assessment data. While ratables may be useful as a measurement of municipal financial health, tax assessment data is not useful in considering fiscal impacts on the value of open space land. Please take these facts into consideration as you evaluate the fiscal impact of the Highlands Act on open space property values.

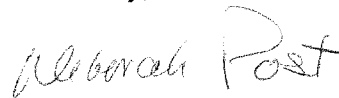
3. Regarding the value of water and its preservation as posed to you by council members Carluccio and Visioli, please consider mentioning how the value of underlying water would be treated in a state such as California where water rights run with property rights. In such a context the losses suffered by landowners are greater than just the loss of their development rights. The water preservation values belong to the landowners!

Your assignment is complicated by the economic downturn that followed shortly after the Highlands Act passage. Much of the harm of the Highlands Act was disguised or not noticed due to other financial stresses. If your analysis was contracted to start in 2006 and not 2004, any conclusions regarding impact will be distorted and not fairly represent. Also, please look carefully at the selected industry sectors that have never “come back”.

Much ado is made over the faux “tourism opportunities” of the Highlands as a replacement for sectors that have died due to the Highlands Act. Please evaluate tourism with your reality hat on.

The Highlands Act has created a public park in which only the rich may live. I look forward to seeing whether the numbers can reflect this truth.

Sincerely,



Deborah Post
Highlands landowner

cc: Highlands Council

enclosures