New Jersey
Farmland Preservation Overview

State Agriculture Development Committee (SADC)

Farmland Preservation

Preserving a farm is accomplished by paying farmland owners in exchange for recording a farmland preservation "development easement". The farmland preservation easement restricts the amount of future non-agricultural activity while **supporting** the continuation and expansion of the **agricultural operation**.

Haring Farm, Hunterdon County

Babinsky Farm , Warren County - photo by Stefanie Miller

Income Benefits

Besides gaining peace of mind from knowing their land will always remain a farm, farmland owners typically use the **capital** from preservation to **invest in the farm operation**, save for retirement, **reduce debt**, or acquire additional land to expand their agricultural operation.

Farmland Preservation can help farmland owners **meet their financial goals** or further estate and retirement planning.

The farm remains **private property** where the owner can continue to farm, rent, sell, and utilize the farm for agricultural purposes.

Preservation is a means to **access** some of the **equity** in the farm without selling it entirely.

What is the "SADC"?

New Jerseys' Farmland Preservation Program is administered by the State Agriculture Development Committee (SADC), which supports and partners with County Agriculture Development Boards, Municipal Agriculture Advisory Committees, and Nonprofit organizations throughout the State on farmland preservation projects. The SADC also purchases development easements directly from landowners, focusing on the largest and highest quality farms across the state.

In addition to land preservation, the SADC administers New Jersey's Right to Farm Program, oversees the Transfer of Development Rights Bank, and operates the Farm Link Program, which helps connect farmland owners with farmers seeking access to farmland and farming opportunities.

Fair Market Value

Blue Moon Acres, Mercer County— photo by Paul Bartholomew

Farmland is preserved by removing non-agricultural development rights and recording an easement on the property. **Two independent appraisers** are hired to determine the land value of the property under current market conditions based on factors including local zoning, state regulations, wetlands, soils and septic suitability. The appraisers evaluate comparable sales based on the use of the property for development and sales of preserved farmland in the geographic region. The value of the easement is the difference between those two values. SADC Appraisal staff review the two appraisals and recommend values to the Committee which approves a value that is utilized as the basis of an offer to purchase the easement. There is **no cost to the landowner or obligation** to accept an offer through the SADC Direct Easement Program and most County, Municipal and Nonprofit Programs.

Specialized appraisal and alternate valuation procedures are available for qualified farms in the Highlands and Pinelands Region. SADC staff can provide information and guidance regarding eligibility for these alternate valuation processes.

Sample Easement Calculations:

Example 1:

$20,000 per acre (unpreserved value "before")

$5,000 per acre (preserved value "after")

$15,000 per acre easement value

Example 2:

$12,000 per acre (unpreserved value "before")

$4,000 per acre (preserved value "after")

$8,000 per acre easement value

Note: Most farmland easement appraisals do not consider the value of improvements (house, barn, etc..)

Planning Ahead

A carefully thought-out application will leave **flexibility** for current and future residential and non-agricultural needs which **support** the overall **agricultural strength** of the farming operation. SADC staff and local preservation partners, working with participating County, Municipal and Nonprofit organizations, can provide assistance in developing an application which **meets the needs of the farming operation** as well as current and future owners.

Cost-Share Grants for Preserved Farms

The SADC provides **grants** to eligible preserved farmland owners to fund up to 50% of the costs of approved **soil and water conservation projects** in coordination with local United States Department of Agriculture (USDA) Natural Resource Conservation Service (NRCS) offices and New Jersey Soil Conservation Districts, which assist farmers in developing their project applications and farm conservation plans. There are many types of eligible projects including **irrigation**; terrace systems; diversions; stream protection; water impoundment reservoirs; sediment retention, erosion or **water control** systems; **drainage systems**; animal waste control facilities; agri-chemical handling facilities; and land shaping or grading.

Owners of permanently preserved farmland may also apply for **deer fencing grants** that provide a 50% cost-share for fencing materials and installation for a maximum grant of $200 per acre and up to $20,000 per farm.

Tax Benefits

The easement represents only a portion of a farm's **value**. The preserved farm retains value, and there may be **tax benefits** associated with preserving and transferring the preserved farm.

Because every situation is unique, farmland owners should consult an attorney, accountant and/or financial planner experienced with agricultural real estate transactions to create an estate plan and **tax strategy** that works best in order to access **financial benefits** beyond the receipt of funds for the preservation of a farm.

PRESERVED FARMLAND
PRIVATE LAND, PUBLIC LEGACY

Contact the SADC Acquisition Team

SADC staff are available to meet with you **at your convenience** to discuss preservation options which fit the needs of you and your business.

Acquisition Staff by Region:

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