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**'Too Large to Mow; Too Small to Plow'
FIRST SYSTEMATIC STUDY OF NEW JERSEY DOWNZONING
SHOWS NEGATIVE EFFECTS ON FARMLAND**

TRENTON, NJ (November 11, 2004) -- The first systematic statewide study of the economic impact of downzoning on New Jersey's farmland owners has just been completed by Clarion/Samuels Associates, the Philadelphia affiliate of a national real estate consulting firm. The Executive Summary of that study, *The Impact of Downzoning on Agricultural Land Value in New Jersey*, is being forwarded to 232 communities in the state with significant farmland acreage. The New Jersey Farm Bureau commissioned the study to impartially determine what impact downzoning has on the value of farmers' single most important financial asset, their land. Downzoning is a planning tool increasingly being used by municipalities to reduce development density by requiring large lot sizes, in the belief that such ordinance changes preserve farmland and deter suburban sprawl.

"The platitude posed by municipal planners that downzoning or large-lot zoning harms no one and benefits everyone is not supported by any empirical evidence," says Michael Samuels, CRE, author of the study. "Our study, which is reinforced by other studies conducted in New Jersey, other states and nationally, shows this to be a fallacy, especially in New Jersey, where, a 2003 Harvard study concludes that 82% of the value of agricultural land is based on its development rights (the national average is 9%). Downzoning is becoming commonplace because it reduces the value of larger properties, such as established farms, while at the same time potentially raising the value of smaller non-farm properties."

To ensure objectivity, the study utilized two direct methods of analyses: 1) the income approach typically used by professional appraisers to determine land value based on potential for development and 2) the comparable sales approach. These were augmented by reviewing two additional sources of data: 1) development easement values from the State Agriculture Development Committee (SADC) and 2) local assessment practices. All of the data were reviewed for consistency to lend support and establish the veracity of Clarion/Samuels' conclusions: that downzoning in fact does have dramatic negative effects on farmers' equity in their land.

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According to Farm Bureau President Richard Nieuwenhuis, farmers with large land holdings – whose business is fragile at best -- are exploited with no recourse when downzoning is used as a municipal planning tool. “The Clarion/Samuels report shows definitively that by downzoning, a municipality can effectually reduce the value of the farm’s fundamental financial assets by 17-77%, depending on location and other factors unique to each municipality,” says Nieuwenhuis. “Downzoning can be the last straw for a farmer struggling against low prices and capricious weather – it’s virtually a vote of no confidence from the town, tempting the farmer to sell off total holdings to a developer. This then alters the entire demographic profile of a community – rather than preserving the rural character (as municipalities like to claim), it divides the community, with those former farmlands becoming private enclaves for only those who can afford large new houses (McMansions) on large lots. ”

The NJ Department of Agriculture and the US Department of Agriculture offer additional opinions that downzoning has the potential to adversely impact farm viability far beyond the economics. Among their opinions are that such zoning can take more farmland out of production at a rapid pace, fracture farm management practices and destroy large contiguous blocks of land needed for certain crops to achieve economies of scale.

The NJ Department of Agriculture’s *Agricultural Smart Growth Plan for New Jersey 2003*, recognizes that while downzoning may reduce the number of homes that can be built in a municipality, thus controlling density, it also spreads out those homes to consume more land that cannot be used for profitable farming, forestry or even recreation. The plan considers these large residential lots “too large to mow; too small to plow.”

This broader view of the negative impacts of downzoning is shared by the New Jersey Farm Bureau. Nieuwenhuis goes on to discuss the less tangible, but just as important, losses incurred: “Land value is the farmer’s safety net, retirement account, a form of crop insurance and more. Farming is a land-based industry; land is the instrument of production and its value is the financial foundation of the business,” he says.

Study Methodology

In order to provide a broad picture of the impact of downzoning on land values across the state, the Clarion/Samuels study utilized the most prevalent agricultural zoning in six municipalities, representing geographic diversity, agricultural viability and various levels of development pressure: Franklin Township in Gloucester County, Hillsborough Township in Somerset County, Monroe Township in Middlesex County, Pittsgrove Township in Salem County, Upper Freehold in Monmouth County and White Township in Warren County. For each municipality, the report presents land valuation scenarios “before” downzoning and “after” downzoning.

The final report includes a review of economic and planning literature on downzoning and the different approaches used to determine the potential loss or gain from the municipal zoning action. Actual value changes for each municipality were calculated -- unlike many other studies around the US that use county or state data alone. The methodology presented can serve as a template for municipalities and landowners to use in determining the economic effects of any proposed downzoning ordinances.

The Farm Bureau offers the Clarion/Samuels report to any entities engaged in downzoning deliberations, hoping that it will prove useful on state, county and local levels to address specific issues and land value losses. For planners at county and municipal levels, it can be a convincing tool for maintaining margins between agricultural and development land value at levels sufficient to create incentives for property owners to participate in development rights purchase programs. For property owners facing downzoning, it provides facts to use before local zoning boards that substantiate the impact of zoning changes on local property owners.

The New Jersey Farm Bureau is a member organization of more than 19,000 farmers and farm-related entities within the Garden State. It is the only organization solely dedicated to representing the grass- roots interests and directives of its members in educating all levels of government and the public on the farm community's policies and positions. The Farm Bureau also takes a lead in seeking out initiatives, activities and ventures to enhance the profitability of producer members and the ensure the viability of agriculture in New Jersey -- *the Garden State for Good Reason*.

For further information, contact the New Jersey Farm Bureau, at The Farmhouse, 168 West State Street, Trenton, NJ 08608. Phone 609-393-7163; fax 609-393-7072; email mail@njfb.org; website www.njfb.org

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