

# HALL REALTY CONSULTANTS, LLC

Richard E. Hall, MAI, CRE®  
State Certified General Appraiser  
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## MARKET VALUE APPRAISAL (Hypothetical) – Fee Simple

Green Acres Project – Green Acres Land Exchange

Total Land Area – Before – 77.834± acres

Total Land Area – After – 43.98± acres

Diversion Area (Going Out Area) – 33.854± acres

Block 25, P/O Lot 39

Owner: Township of Stafford

Stafford Township, Ocean County, NJ 08050

As of: November 4, 2013

HRC File #: 13-133.02 – Going Out

### ***Prepared For:***

Township of Stafford  
Attn: Jim Moran,  
Township Administrator  
260 East Bay Avenue  
Manahawkin, NJ 08050

### ***Date:***

November 12, 2013

### ***Prepared By:***

Richard E. Hall, MAI, CRE®

# HALL REALTY CONSULTANTS, LLC

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November 12, 2013

Township of Stafford  
Attn: Jim Moran, Township Administrator  
260 East Bay Avenue  
Manahawkin, NJ 08050

Re: Green Acres Project – Green Acres Land Exchange  
Total Land Area – Before – 77.834± acres  
Total Land Area – After – 43.98± acres  
Diversion Area (Going Out Area) – 33.854± acres  
Block 25, P/O Lot 39  
Owner: Township of Stafford  
Stafford Township, Ocean County, NJ 08050  
HRC File #: 13-133.02 – Going Out

Dear Mr. Moran:

In accordance with your request, I have inspected the above captioned property for purposes of estimating the market value (hypothetical) of the fee simple interest as of the effective date November 4, 2013. The intended use of this appraisal is for reportedly for a land exchange of 33.854± acres to be transferred out of the Green Acres program in exchange for replacing the acreage with like kind land, as per the client, Township of Stafford, and intended user of this report, Township of Stafford and NJ Department of Environmental Protection Green Acres Program.

Market value, as estimated herein, is defined as follows:

**Market Value:** A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.

1. The relationship, knowledge, and motivation of the parties (i.e., seller and buyer);
2. The terms of sale (e.g., cash, cash equivalent, or other terms); and
3. The conditions of sale (e.g., exposure in a competitive market for a reasonable time prior to sale).

(Source: Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, dated 2012-2013)

This appraisal report has been prepared in accordance with all professional appraisal standards and guidelines including the Uniform Standards of Appraisal Practice (USPAP) of the Appraisal Foundation and the Standards of Professional Practice (SPP) of the Appraisal Institute. It is further consistent with the requirements of the NJDEP green acres guidelines.

# **HALL REALTY CONSULTANTS, LLC**

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Township of Stafford  
Attn: Jim Moran, Township Administrator  
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## **Assumptions and Limiting Conditions**

This appraisal report has been made with the following assumptions and limiting conditions:

This is a Self Contained Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for a Self Contained Appraisal Report. As such, it presents discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation that is not provided with the report concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated in the report. The appraiser is not responsible for unauthorized use of this report.

The legal description furnished is assumed to be correct. The appraiser assumes no responsibility for matters legal in character, nor renders any opinion as to the title, which is assumed to be good.

This value estimate is contingent upon the limiting conditions and assumptions stated in the following report.

**Extraordinary Assumption:** *“An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.” (Source: Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, dated 2012-2013.)- None*

**Hypothetical Condition:** *“A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.” (Source: Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, dated 2012-2013.)*

***The subject is owned by the Township of Stafford and is restricted for sale to a private party. However, part of the lot was leased to a third party, when it should have been restricted; therefore per the intended use and purpose of this report, it is assumed that the property would be subject to the recorded restrictions on the property. Refer to copy of deed restrictions in Addenda Section I.***

- 1) – ***Declaration of Covenants and Restrictions dated December 7, 2006;***
- 2) – ***Restated and Amended Declaration of Covenants and Restrictions dated January 11, 2011.***

***The Green Acre Program encumbrance on a portion of Lot 39 (33.854± acres) will be transferred (released) to the Township of Stafford from New Jersey Department of Environmental Protection – Green Acres based upon a metes and bounds description. Refer to copies of provided deed and mapping in Addenda Section I.***

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Township of Stafford  
Attn: Jim Moran, Township Administrator  
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The subject properties are vacant land type properties located in Stafford Township, Ocean County, New Jersey. The principal appraiser who prepared this report has had experience in the area with appraising similar type properties in this area.

The property owner was not notified, as the Township of Stafford is the owner.

After analysis of all data affecting the value of the property, I am of the opinion that the subject has a market value (hypothetical) of the fee simple interest as of the effective date November 4, 2013:

<b>VALUE ESTIMATE – BEFORE:</b>	\$	<b>62,267</b>
<b>VALUE ESTIMATE – AFTER:</b>	\$	<b><u>35,184</u></b>
	\$	<b>27,083</b>
<b>TOTAL MARKET VALUE OF GOING OUT AREA:</b>	\$	<b>27,000 ®</b>

Respectfully submitted,



Richard E. Hall, MAI, CRE®  
NJ State Certified General  
Real Estate Appraiser #RG000469

REH/ks

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## **SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

<b>PROPERTY:</b>	Owner: Township of Stafford Block 25, P/O Lot 39 Stafford Township, Ocean County, NJ
<b>PURPOSE OF REPORT:</b>	Estimate market value (hypothetical)
<b>INTEREST APPRAISED:</b>	Fee simple interest
<b>EFFECTIVE DATE OF VALUE:</b>	November 4, 2013
<b>INTENDED USE/USER:</b>	The intended use of this appraisal is for reportedly for a land exchange of 33.854± acres to be transferred out of the Green Acres program in exchange for replacing the acreage with like kind land, as per the client, Township of Stafford, and intended user of this report, Township of Stafford and NJ Department of Environmental Protection Green Acres Program.
<b>TYPE OF PROPERTY:</b>	Vacant land
<b>TOTAL LAND AREA - Before:</b>	77.834 ± acres
<b>TOTAL LAND AREA – After:</b>	43.98± acres
<b>LAND – DIVERSION AREA: (GOING OUT AREA)</b>	33.854± acres (per provided mapping)
<b>IMPROVEMENTS:</b>	None – Vacant Land
<b>HIGHEST AND BEST USE:</b>	Open space, wildlife habitat
<b>ZONING:</b>	BP – Business Park Zone – Subject to deed restrictions.
<b>2013 ASSESSMENT DATA:</b>	Refer to body of report for individual breakdown.
<b>2013 TAX RATE:</b>	\$2.247/\$100 assessed

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## Summary of Salient Facts and Conclusions (Cont'd)

**EXPOSURE TIME:** Less than 24 months

### **VALUE INDICATIONS – BEFORE:**

Cost Approach:	\$	N/A
Sales Comparison Approach:	\$	62,267
Income Capitalization Approach:	\$	N/A

### **VALUE INDICATIONS – AFTER:**

Cost Approach:	\$	N/A
Sales Comparison Approach:	\$	35,184
Income Capitalization Approach:	\$	N/A

### **VALUE INDICATIONS**

<b>BEFORE VALUE</b>	<b>\$</b>	<b>62,267</b>
<b>AFTER VALUE</b>	<b>\$</b>	<b><u>35,184</u></b>
	<b>\$</b>	<b>27,083</b>

<b>TOTAL MARKET VALUE OF GOING OUT AREA:</b>	<b>\$</b>	<b>27,000 ®</b>
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### **FINAL VALUE ESTIMATE – GOING OUT AREA**

(As of November 4, 2013)

**\$27,000**

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## CERTIFICATION OF APPRAISAL ASSIGNMENTS

The subject property of this self-contained appraisal report is known as Block 25, P/O Lot 39 as shown on the official tax map of Stafford Township, Ocean County, NJ. I certify that, to the best of my knowledge and belief, ...

The statements of fact contained in this report are true and correct to the best of the appraiser's knowledge and are not misrepresented in any way.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.

I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.

I have not performed services, as an appraiser, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

My analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation and consistent with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.

I have made a personal inspection of the property that is the subject of this report on November 4, 2013. No one other than the person or persons signing this report prepared the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal.

The conclusions as contained in this self-contained report express my opinion of the market value (hypothetical) of the fee simple interest, as of the effective date November 4, 2013, in the above captioned property at:

<b>VALUE ESTIMATE – BEFORE</b>	<b>\$</b>	<b>62,267</b>
<b>VALUE ESTIMATE – AFTER</b>	<b>\$</b>	<b><u>35,184</u></b>
	<b>\$</b>	<b>27,083</b>
<b>TOTAL MARKET VALUE OF DIVERSION AREA: (Going Out Area)</b>	<b>\$</b>	<b>27,000 ®</b>



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Richard E. Hall, MAI, CRE®  
NJ State Certified General  
Real Estate Appraiser #RG000469



# HALL REALTY CONSULTANTS, LLC

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## QUALIFICATIONS OF:

**RICHARD E. HALL, MAI, CRE®**  
Realtor/Appraiser/Consultant

### CERTIFICATIONS AND LICENSES:

State Certified General Real Estate Appraiser (SCGRE) - #RG000469 (Certified to 12/31/13)  
Licensed Real Estate Broker, State of New Jersey 1972-2012  
Certified Tax Assessor (CTA), #0856 – State of New Jersey 1972 – Current

### PROFESSIONAL AFFILIATIONS AND MEMBERSHIPS:

MAI: Member, Appraisal Institute  
CRE: Member, The Counselors of Real Estate  
Realtor: National Association of Realtors & Ocean County Board of Realtors 1972-2012  
CTA: Certified Tax Assessor

### PROFESSIONAL EDUCATION:

Graduate of Rider University, Trenton, New Jersey in 1971; Degree: B.S. in Commerce, Finance Major  
Former Adjunct Instructor of Real Estate Appraisal, Real Estate Finance and Investment  
Stockton State College, Pomona, New Jersey  
A.I. Courses Required Completed  
Numerous lectures, workshops and conferences sponsored by the:  
Appraisal Institute, The Counselors of Real Estate American Institute of Real Estate Appraisers, American Society of Real Estate Counselors, Society of Real Estate Appraisers, New Jersey Association of Realtors, National Association of Securities Dealers (NASD); Office of Dispute Resolution, NASD Arbitrator Panel Member Training, 1999; Office of Dispute Resolution, NASD Chairperson Training, 2000

### QUALIFIED BEFORE COURTS AND ADMINISTRATIVE BODIES:

- United States Claims Court
- United States Federal Bankruptcy Court
- United States District of New Jersey
- Various Municipal Authorities, Planning & Zoning Boards, Committees and Administrative Boards
- National Association of Securities Dealers (NASD), Approved Panelist on Arbitration Cases
- Superior Court State of New Jersey
- Tax Court of the State of New Jersey
- Various County Tax Boards of the State of NJ

### EXPERIENCE:

#### Appraising and Consulting

Since 1973, Mr. Hall has been involved in the real estate appraising and consulting practice, primarily limited to commercial investment, vacant land and litigation appraising.

#### Professional Organizations

Society of Real Estate Appraisers, Chapter 105, Past President 1978, Committee Member and Board of Directors  
Appraisal Institute, New Jersey Metro Chapter, Past President 1995, Board of Directors and Admissions Committee and member of National Review and Counseling Committee

#### Alternative Dispute Resolution Experience

Engaged as a real estate appraisal consultant and negotiator for many municipalities and governmental agencies for land acquisition.

Past President and former member of the Ocean County Board of Taxation with the responsibility of overseeing the County Tax Administration and acting as a hearing officer for taxpayer filed tax appeals 1998-2008.

Approved Arbitrator for the National Association of Securities Dealers (NASD)

Litigation and testimony matters as a real estate expert in the State and Federal Courts.

## **GENERAL ASSUMPTIONS AND LIMITING CONDITIONS**

**UNLESS OTHERWISE STATED**, this self-contained report and/or appraisal is subject to the following assumptions and limiting conditions:

The appraiser has not examined into and does not pass upon the title to the property, nor is it to be construed or implied that this report in any manner passes upon, counsels or advises in matters legal in character.

The description of the premises as reported herein is in accordance with information furnished by the client Township of Stafford and NJ Department of Environmental Protection Green Acres Program and accepted as correctly designating the boundary lines, but no investigations or survey has been made of the same.

The property is appraised as a whole in fee simple, free of liens, mortgages, restrictions of use or other encumbrances, leases, easements or other contracts running in favor or against the property except as may be specified herein.

Information pertaining to data from which computations are based, including but not limited to operating expenses, income and/or existing contracts, zoning regulations or other use restrictions, boundary lines, engineering surveys and conditions not evident upon surface inspection of the property, have been obtained from sources considered reliable, accepted and reported herein as correct and authentic but not guaranteed.

The value herein applies only to the premises described. It is not to be employed in making summation appraisals of said land and building or buildings that may be placed thereon; nor is said value or any analysis thereof or any unit values thereby derived to be construed as applicable to any other property, however similar.

The division of land and improvement values as reported herein is applicable only under the program of utilization as discussed within the context of the report.

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for any purpose other than as indicated in the appraisal.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the author. The restrictions on publication include but are not limited to: valuation, conclusions, identity of the appraiser or firm with which he is connected, or any reference to the Appraisal Institute.

The appraiser is not to be required, by reason of this appraisal, to give testimony or attendance in court in reference to the property appraised.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection.

The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property.

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## General Assumptions and Limiting Conditions (Cont'd)

The value estimated herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto which would cause a loss of value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

The appraiser has not reviewed a Phase I Environmental Audit report; such an examination is customary in the transfer of commercial, industrial or vacant real estate. *The site is a NJDEP closed Landfill and is classified as a groundwater contamination area (CKE) per NJ GeoWeb.*

The opinions expressed herein are subject to and contingent upon compliance of the property to environmental laws and regulations, where applicable, that may be within the jurisdiction of any federal, state, county or municipal authorities, agencies or sub-divisions therein.

The valuations discussed herein are subject to and contingent upon any claims or rights of the United States of America or the jurisdictional state as it would relate to lands flowed by tides, tributary rivers or other water bodies therein.

The property is appraised and value conclusions are set forth under the assumption that the land utilization or opinions of highest and best use comply with all laws, regulations and statutes that would affect the utilization of said property including but not limited to zoning, licensing, permitting and environmental, whether within the jurisdiction of federal state, county or municipal authority.

This appraisal is made with the understanding that the subject can obtain a negative declaration from the New Jersey Department of Environmental Protection (NJDEP) pursuant to the regulations and requirements of the Environmental Cleanup Responsibility Act of 1983 (ECRA), as amended including the Industrial Site Recovery Act (ISRA) amendments of June 16, 1993. These Acts require as a pre-condition of any cessation of operation or the transfer of real property, which used or stored regulated hazardous substances, the testing, cleanup and disposal of any such material. The appraiser is not qualified to determine the existence of any such hazardous material and therefore, has expressed a value of the subject property as if free and clear of any such substances.

The appraiser has not been appraised or is qualified to ascertain the existence of radon, a radioactive gas which occurs naturally in the soil of certain identified areas. This gas in concentrated form has been shown to be detrimental and its existence would create a negative impact on value. As in the above instance, the value estimate assumes the subject is free and clear of radon gas.

The Americans with Disabilities Act (ADA) relating to public accommodations and commercial facilities became effective 1/26/92. The appraiser has not made a specific compliance survey and analysis to determine whether or not any improvements, if applicable, are in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey, together with a detailed analysis of the requirements of the ADA, could reveal that non-compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon value. Since the appraiser has no direct evidence relating to this issue, he did not consider possible non-compliance with the requirements of ADA in the estimation of value.

### **SPECIAL NOTE:**

If investigations, special studies including but not limited to legal, engineering, chemical or others, completed by qualified individuals should reveal that facts contained within the assumptions and limiting conditions as set forth above were not known or conveyed to the appraiser as of the date of this report, he should be apprised of such information to obtain his opinion as to the effect, if any, to his final value estimate.

# **HALL REALTY CONSULTANTS, LLC**

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## **CLIENT**

Township of Stafford  
Attn: Jim Moran, Township Administrator  
260 East Bay Avenue  
Manahawkin, NJ 08050

## **IDENTIFICATION OF PROPERTY**

The subject property is legally known as Block 25, P/O Lot 39 as shown on the official tax map of Stafford Township, Ocean County, New Jersey. The property is more commonly known as:

**Green Acres Land Exchange  
33.854± acres – Going Out Area**

No title search or survey, unless specified, has been provided. The legal description contained within represents the best available to the appraiser. It is assumed to be correct, however, no implied warranties or legal opinions are rendered. The property has been evaluated based upon descriptions as provided by the client and are subject to the assumptions and limiting conditions contained herein.

## **INTEREST VALUED**

Fee simple interest held by record owner – Township of Stafford

## **INTENDED USE AND INTENDED USER OF APPRAISAL**

The intended use of this appraisal is for reportedly for a land exchange of 33.854± acres to be transferred out of the Green Acres program in exchange for replacing the acreage with like kind land, as per the client, Township of Stafford, and intended user of this report, Township of Stafford and NJ Department of Environmental Protection Green Acres Program.

**PURPOSE AND PROPERTY RIGHTS** – The purpose of this self-contained appraisal is to estimate the market value (hypothetical) of the fee simple interest in the subject property. Market value, as estimated herein, is defined as follows:

**Market Value:** A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.

1. The relationship, knowledge, and motivation of the parties (i.e., seller and buyer);
2. The terms of sale (e.g., cash, cash equivalent, or other terms); and
3. The conditions of sale (e.g., exposure in a competitive market for a reasonable time prior to sale).

(Source: Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, dated 2012-2013)

# **HALL REALTY CONSULTANTS, LLC**

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**EFFECTIVE DATE OF VALUE OPINION** – November 4, 2013

**DATE OF REPORT** – November 12, 2013

## **SCOPE OF WORK**

The scope of work encompasses the necessary research and analysis to prepare a report in accordance with the intended use, the Standards of Professional Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. The four major sections of the scope of work are as follows:

- Extent of which the property is identified
- Extent to which the property is inspected
- Type and extent of the data researched
- Type and extent of analysis applied

## **Extent to Which the Property is Identified**

### **Physical Characteristics**

In this appraisal assignment, I viewed the subject property from a physical inspection on November 4, 2013. The subject is vacant wooded land located in Stafford Township.

I have reviewed the following information submitted in preparation of this report, as follows: (Refer to Addenda Section)

- 1705 Solar Area Exhibit Prepared by CME Engineering dated November 4, 2013.
- Stafford Township Zoning Maps and Ordinance
- Declaration of Covenants and Restrictions dated December 7, 2006
- Restated and Amended Declaration of Covenants and Restrictions dated January 11, 2011.
- Statehouse Commission Approval – Reviewed but not included in the report. Pages 85 - 111 refer to the subject property.
- Certificate of the NJDEP Granting Partial Release of Conservation Restrictions.
- Solar Lease between Stafford Township and Stafford Park Solar 1, LLC dated January 24, 2011 (attached in two parts). Part 2 included herein and title page of Part 1.
- Assignment of the Solar Lease from Stafford Park Solar 1, LLC to Stafford Park Solar 3, LLC

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## Extent to Which the Property is Identified (Cont'd)

Legal Characteristics – I have relied on the street address, tax block and lot, and tax map for information regarding easements, covenants, restrictions and other encumbrances. I did not independently research such items, nor was provided with a title report.

Economic Characteristics – None – the subject is being appraised as vacant land. The existing lease for the solar farm is not considered for purposes of this report.

## Extent to Which the Property is Inspected

Upon receipt of authorization, Township of Stafford provided general information to the subject property. The property was inspected on November 4, 2013.

I used information from county records, real estate agent, owner's comments, buyer's description, assessor's records, the state records, multiple listing service data, brochures and leasing data sheets to identify the characteristics of the subject property that are relevant to the valuation problem, if applicable.

**Extraordinary Assumption:** *“An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.”* (Source: Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, dated 2012-2013.)

*None*

**Hypothetical Condition:** *“A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.”* (Source: Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, dated 2012-2013.)

*The subject is owned by the Township of Stafford and is restricted for sale to a private party. However, part of the lot was leased to a third party, when it should have been restricted; therefore per the intended use and purpose of this report, it is assumed that the property would be subject to the recorded restrictions on the property. Refer to copy of deed restrictions in Addenda Section I.*

- 1) – *Declaration of Covenants and Restrictions dated December 7, 2006;*
- 2) – *Restated and Amended Declaration of Covenants and Restrictions dated January 11, 2011.*

*The Green Acre Program encumbrance on a portion of Lot 39 (33.854± acres) will be transferred (released) to the Township of Stafford from New Jersey Department of Environmental Protection – Green Acres based upon a metes and bounds description. Refer to copies of provided deed and mapping in Addenda Section I.*

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### **Scope of Work (Cont'd)**

#### **Type and Extent of the Data Researched**

I have researched sales of similar properties that have occurred over the past few years in the Ocean County area. I researched data on comparable land sales, and confirmed all comparable sales information either by deed, broker or party transactions as noted. I located various sales in the market area searched.

#### **Type and Extent of Analysis Applied**

The value opinions presented in this report are based upon review and analysis of the market conditions affecting real property value, including land values, the attributes of competitive properties, and sales data for similar properties.

In order to determine the highest and best use of the real estate, I completed a survey of the market, carefully noting supply and demand factors, and examined the feasibility of alternative uses. The appraisal problem did not warrant an intensive highest and best use study. Given the nature of the subject real estate, my conclusion of highest and best use was based on logic and observed evidence.

There are three traditional approaches used to arrive at an opinion of value of real estate: the sales comparison approach, the cost approach, and the income capitalization approach. The sales comparison approach was used to arrive at an opinion of the market value of the subject property as of the date of this appraisal. After selecting the sales, a comparative analysis of relevant factors that influence value was undertaken to adjust the sales to the subject property based upon the actions and preferences demonstrated by the participants in the marketplace.

I did not apply the cost approach and income capitalization approach because they were not considered applicable to arrive at credible results. I applied the sales comparison approach, which is necessary for credible results given the intended use, property characteristics and type of value sought.

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## **SUMMARY DESCRIPTION OF THE REAL ESTATE APPRAISED**

### **OCEAN COUNTY DATA**

**Ocean County** is situated in the south central portion of New Jersey, comprising 33 individual municipalities and boroughs, and is the second largest county in the state in terms of size. It is bordered to the east by the Atlantic Ocean, to the north by Monmouth County, to the west by Burlington County and to the south by Great Bay and Little Egg Inlet.

The county is contained in a land area of approximately 640 square miles, including almost 280 square miles of open water, offering several miles of water frontage. It is in close proximity to two of the nation's largest metropolitan centers, New York City, approximately 60 miles to the north and Philadelphia, approximately 50 miles to the west. These metropolitan areas are easily accessible to and from Ocean County via several major highways.

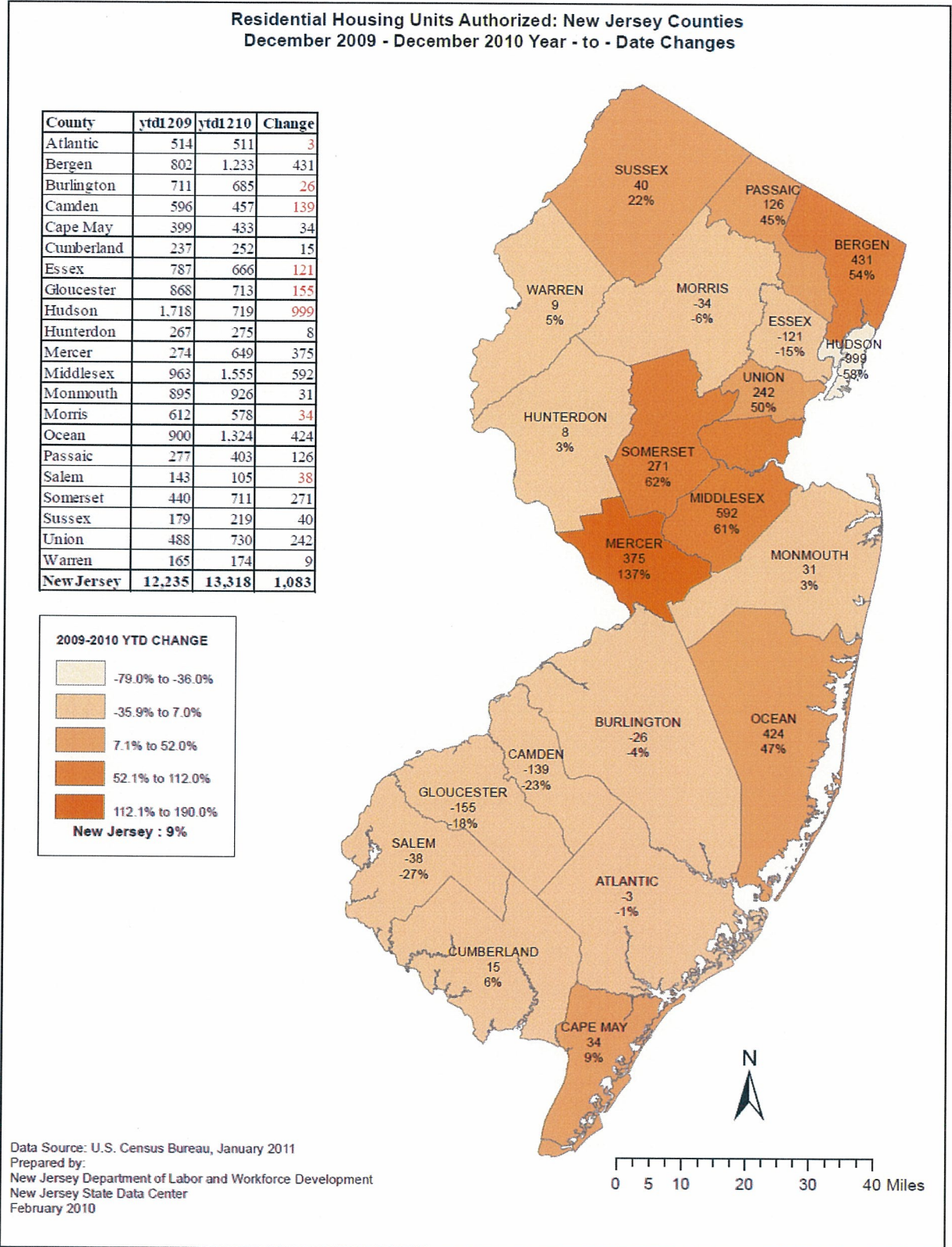
Significant and unique to Ocean County is the substantial nature of age-restricted housing. This has been evolving over a 40+ year period into one of the more concentrated senior citizen housing market segments in the country. Originally, the significant concentrations of age-restricted housing were contained within Berkeley, Manchester, Lakewood, Toms River and Brick Townships, however within the past few years the housing style has exploded to the southern area of the county, especially Ocean, Barnegat & Little Egg Harbor Townships. The age-restricted housing market is well entrenched in Ocean County and is expected to remain a considerable market force in years to come. This is further supported by the 2010 census data, which indicated that Ocean County had the second largest percentage of persons aged 65 and over in the state.

Virtually all of the municipalities within the county have comprehensive zoning and planning policies. There is substantial involvement and support by the county and state governments with respect to traffic and circulation plans, utility extensions and protection of valuable environmental resources. These agencies include, but are not limited to: Army Corps of Engineers, NJDEP, NJ Division of Coastal Resources, Pinelands Comprehensive Management Plan and the NJ State Development & Redevelopment Plan.

The permitting and approval process, however, can serve as a detriment to the development process due to layers of approvals, agency review, etc. Recent amendments to CAFRA include more stringent development standards and permitting processes within coastal areas. In addition, the advent of Mt. Laurel legislation has embroiled many communities in a comprehensive and time consuming approval process to meet the affordable housing obligations through the Council of Affordable Housing.



## Ocean County Data (Cont'd)



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## Ocean County Data (Cont'd)

An analysis of historic building permits issued between the years 2003 to 2009 for the county indicated an average of 2,491 dwellings per year. The peak year was 2003, with a total of 4,009 dwellings. The top five municipalities that have shown the most permits issued over the past 7 years are: Lakewood Township (2,448 permits); Barnegat Township (2,316 permits); Toms River (2,283 permits); Jackson Township (1,630 permits); and Stafford Township (1,449 permits). As shown on the next page the 2010 building permits indicates an increase in permits in the State of +9% with an increase in Ocean County of +47%.

### RESIDENTIAL BUILDING PERMITS AUTHORIZED 2002-2011

COUNTY	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Atlantic County	2,020	2,285	2,075	2,002	1,893	1,136	794	512	512	390	13,619
Bergen County	1,771	1,289	2,142	2,972	2,164	2,957	1,311	806	1,232	1,660	18,304
Burlington County	2,359	1,805	1,516	1,475	2,784	1,037	976	806	682	791	14,231
Camden County	1,160	1,934	1,413	1,706	1,183	1,191	895	585	487	603	11,157
Cape May County	1,422	1,693	2,149	2,433	1,580	1,081	485	428	434	452	12,157
Cumberland County	310	374	566	630	737	683	336	262	246	182	4,326
Essex County	1,588	2,235	2,343	3,128	3,284	1,854	1,314	777	663	575	17,761
Gloucester County	1,802	1,859	2,050	2,075	1,141	920	788	865	716	592	12,808
Hudson County	1,534	2,116	3,808	4,498	4,275	3,081	3,229	1,618	917	1,581	26,657
Hunterdon County	602	814	648	506	350	316	206	268	275	287	4,272
Mercer County	1,428	1,188	1,641	1,296	847	700	625	269	655	400	9,049
Middlesex County	1,999	2,306	2,622	3,206	2,567	1,597	1,020	1,018	1,568	1,225	19,128
Monmouth County	2,372	2,756	2,628	2,584	2,820	2,060	1,526	964	915	864	19,489
Morris County	1,914	1,555	1,427	2,503	1,670	1,052	795	613	579	547	12,655
Ocean County	3,534	4,009	3,818	2,904	2,114	2,160	1,527	902	1,322	933	23,223
Passaic County	689	829	763	647	850	760	432	281	402	406	6,059
Salem County	170	307	334	297	298	148	198	149	105	82	2,088
Somerset County	1,530	1,260	1,362	1,220	1,058	926	791	438	716	580	9,881
Sussex County	679	587	612	668	603	360	302	182	210	172	4,375
Union County	681	1,198	1,399	1,278	1,593	1,123	673	488	730	566	9,729
Warren County	877	585	620	560	512	258	146	165	174	191	4,088
New Jersey	30,441	32,984	35,936	38,588	34,323	25,400	18,369	12,396	13,540	13,079	255,056

Source: U.S. Census Bureau, Manufacturing & Construction Division

Prepared by: New Jersey Department of Labor & Workforce Development, 6/12

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### **Ocean County Data (Cont'd)**

In addition, approximately 21,000 acres east of the Garden State Parkway are protected under the Edwin B. Forsythe National Wildlife Refuge. The Barnegat Bay and Little Egg Harbor, which stretch nearly the entire north-south length of the county, were recently added to the US National Estuary Program and will be the subject of continuing environmental protection efforts.

In the northwest portion of the county, active farmland is being preserved through the Ocean County Farmland Preservation Program. As of July 2011, 49 farms with 3,320 acres of productive farmland have been preserved or approved for acquisition primarily in Plumsted, Jackson and Toms River Townships and two (2) farms totaling 237 acres have received final approval.

In 1997, the Ocean County Board of Chosen Freeholders established the Ocean County Natural Lands Trust Fund Program to acquire lands in the county for conservation and Farmland Preservation. By March, 2011, 10,000 acres have been preserved or approved for acquisition throughout the county.

Additionally, the Ocean County Parks Department also maintains an active capital program for parkland acquisition and development to ensure that a variety of recreation opportunities are in close proximity to residents throughout the county. The substantial waterfront of the ocean, bay, rivers, etc. enhance the tourism-related attractiveness of the region for boating, fishing and vacation retreats, consistent with the county's long tourism history.

Virtually all of the municipalities within the county have comprehensive zoning and planning policies. There is substantial involvement and support by the county and state governments with respect to traffic and circulation plans, utility extensions and protection of valuable environmental resources. These agencies include, but are not limited to: Army Corps of Engineers, NJDEP, NJ Division of Coastal Resources, Pinelands Comprehensive Management Plan and the NJ State Development & Redevelopment Plan.

The permitting and approval process, however, can serve as a detriment to the development process due to layers of approvals, agency review, etc. Recent amendments to CAFRA include more stringent development standards and permitting processes within coastal areas. In addition, the advent of Mt. Laurel legislation has embroiled many communities in a comprehensive and time consuming approval process to meet the affordable housing obligations through the Council of Affordable Housing.

In conclusion, Ocean County is expected to sustain its substantial tourism base and remain a stable suburban growth area within the state overall after the economic downturn is over. As the population and households continue to expand, the retail, office, industrial and service industries within the county are expected to expand to meet these future demands.

**AREA DESCRIPTION AND MARKET OVERVIEW**

**STAFFORD TOWNSHIP DATA**

**Stafford Township** is a 47.57 square mile community located in the southerly portions of Ocean County. This community, like many others in Ocean County, was principally developed in the early stages as a seasonal community which offered the ocean, beach and Barnegat Bay amenities. The township is considered to be a developing/growth community having a 1990 population of 13,325 persons; a population of 22,532 persons as of the 1990 census and 26,535 persons in 2010. The township's current population density of 570 persons per square mile is below the county (917 persons per square mile) and the state (1,195 persons per square mile) densities.

The community offers full services, including a police department, fire department, municipal utilities authority and a public school system for all grades from kindergarten through high school. Stafford Township, also known locally as Manahawkin, is bisected by the Route 9/Garden State Parkway corridor for travel north and south, and the Route 72 highway which traverses the community in a generally southeast to northwest direction and provides for most east/west travel.

Development in the community initially started in the downtown portions clustered around the primary intersection of Route 72 and Route 9. Other development has been concentrated in the north-central portions presently known as Ocean Acres and Fawn Lakes (senior citizen development) and the Beach Haven West/Village Harbour waterfront sections in the southeastern portions of the community. Most other development has occurred sporadically, most of which is concentrated in the Route 9 and Route 72 corridors.

In more recent years, development of the community has been severely restricted by environmental constraints, including the entire area west of the Garden State Parkway, which is situated in and controlled by the New Jersey Pinelands. Approximately 9,823 acres of the total acreage in Stafford Township (30,445 acres) or nearly one-third of the entire land area, is owned by the State or Federal Governments for conservation and preservation purposes. Land areas principally east of Route 9 contain large public land areas, coastal wetlands, flood plain areas and freshwater wetlands.

Development that presently exists in the Beach Haven West and Village Harbour areas had prior approvals for development that most probably would not be permitted to be developed if the lands were still in a raw state.

The Ocean Acres portion of the community lies entirely within the Pineland areas and is in a similar situation as that of Beach Haven West and Village Harbour. Rapid development had occurred in the Ocean Acres portion, subsequently had a sewer moratorium which curtailed development.

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## **Area Description and Market Overview (Cont'd)**

### **Stafford Township Data (Cont'd)**

These two areas (Ocean Acres/Village Harbour) of the community contain 75% of the total population and 80% of the total number of households within the community based upon the census information.

The Beach Haven West section, including Village Harbour, was originally developed as a seasonal waterfront area, principally comprised of lagoon front and bayfront areas. Consistent with trends in Ocean County overall, many of the homes in this section of the community have been converted to year-round use, while newer development in the Village Harbour section is comprised of both seasonal and year-round housing units.

The Ocean Acres section, however, principally developed around the Ocean Acres Golf Course, and was comprised of fairly small lot sizes offering moderately priced housing to families in the lower middle and middle class income brackets. As a result of development pressures and more expensive housing located north of Stafford Township within the county, the Ocean Acres development offered a housing alternative for many people in the region.

Development in the Beach Haven West section is rapidly approaching full absorption and is not anticipated to provide a significant number of new housing units. In addition, value appreciation levels for homes in waterfront, seasonally oriented areas have been experienced in the Ocean County marketplace which restricts potential home purchasers in the middle and moderate income classification.

Commercial development in the community has prospered as a result of the existing population base strongly enforced by the Long Beach Island communities that afford significant economies during the summer months. In addition, Stafford Township benefits by providing regional commercial needs for communities generally to the south and north.

Over the past ten years, new commercial development has occurred along the Route 72 corridor, generally between Mill Creek Road and the Garden State Parkway. Of particular mention is a major community shopping center known as the Stafford Square Mall, a new Home Depot, Wal-Mart, Pathmark, movie theatre and a new center featuring Staples, Pier One and many more, as well as K-Mart located just west of Route 9 and east of the Garden State Parkway.

Most recent development is the construction of the new Stafford Park, a combination power center facility and town center with over 650,000-± s.f. retail center and 565 ± residential housing units, which is to include 349 single family residential units and Stafford Preserve -216 market rate apartments. The project has received pinelands approval as well as approvals from the town and is being developed. Currently two major owners are within the park, namely Target and Costco. Also included in the center are the following retailers: Best Buy, Dick's Sporting Goods, PetSmart, Ulta, AT&T, Vitamin Shoppe and Olive Garden.

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## **Area Description and Market Overview (Cont'd)**

### **Stafford Township Data (Cont'd)**

Properties along the Route 9 corridor, however, both north and south of the Route 72 intersection, have been rapidly developing.

As a result of existing development patterns within the community, Route 72 provides the primary local travel route with the possible exception of the Bay Avenue corridor, which parallels and runs north of Route 72.

The Bay Avenue corridor is the oldest commercial roadway in the community, which has approached full development. There are insignificant vacant land areas along this corridor to support new commercial development of any size. Presently, Bay Avenue is a two lane, undivided highway that frequently experiences traffic congestion during peak hours.

From the Manahawkin Bridge to Nautilus Drive, Route 72 is a divided four lane highway having signalized intersections and jug-handles along its path, providing for more efficient flows of traffic.

Although there have been recent development pressures, this area remains to be fairly sparsely developed. Development prospects in this corridor are more encouraging, however, as a result of the increasing scarcity of buildable land areas unrestricted by environmental constraints and by the availability of a utilities infrastructure.

Another factor that highly affects the growth patterns of the community has been the existence of the Southern Ocean County Hospital, which is located within the Ocean Acres section of Stafford Township. This area can best be described as being located to the north and west of Route 72 at the intersections of the Township of Barnegat line, and the Garden State Parkway. The existence of this hospital has brought forth significant commercial and professional office development within the area.

Based upon existing land development patterns, environmental constraints, development pressures and utility infrastructures, it is clear that future development within the community will be focused in the Route 9/Garden State Parkway and Route 72 (east of the parkway) corridors and in portions of the Ocean Acres development.

In conclusion, Stafford Township should continue as a regional commercial center with increasing land and housing values. While fairly insignificant infill development will continue in Beach Haven West, vacant land in Ocean Acres is rapidly developing and depleting vacant inventory rapidly. Most developable land in the township has been developed, with the many of the remaining sites having environmental constraints. Therefore, there are few developable (residential) sites left within the township.

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## MUNICIPAL DATA SUMMARY

### General

Municipality:	Stafford	County:	Ocean
Type:	Township	State:	New Jersey

### Land

Total Area:	46.53 square miles	% in Pinelands:	44.1%
		% in CAFRA:	55.9%

### Government and Services

Form:	Mayor-Council
Police:	72 (# of Employees 2002)
Fire:	Volunteer

### Population

<u>Year</u>		<u>Density</u>
1990:	13,325	286.37
2000:	22,532	484.24
2010:	26,535	570.27

### Housing/Households (2000)

Total Housing Units:	11,522
Total Occupied Housing Units:	8,535
Owner-occupied Housing Units:	7,737
Renter-occupied Housing Units:	798
Average Household Size:	2.61
Average Family Size:	3.01

### Residential Building Permits

2005:	315	2008:	192
2006:	115	2009:	53
2007:	141	2010:	58

### General Tax Rate

2008:	\$1.763	2011:	\$1.887
2009:	\$1.793	2012:	\$1.907
2010:	\$1.846	2013:	\$2.247

2013 Equalization Ratio:	100%
2012 Net Valuation Taxable:	\$4,379,755,881

**Sources:** US Census Bureau, NJ Department of Labor, Ocean County Planning Department, Ocean County Abstract of Ratables



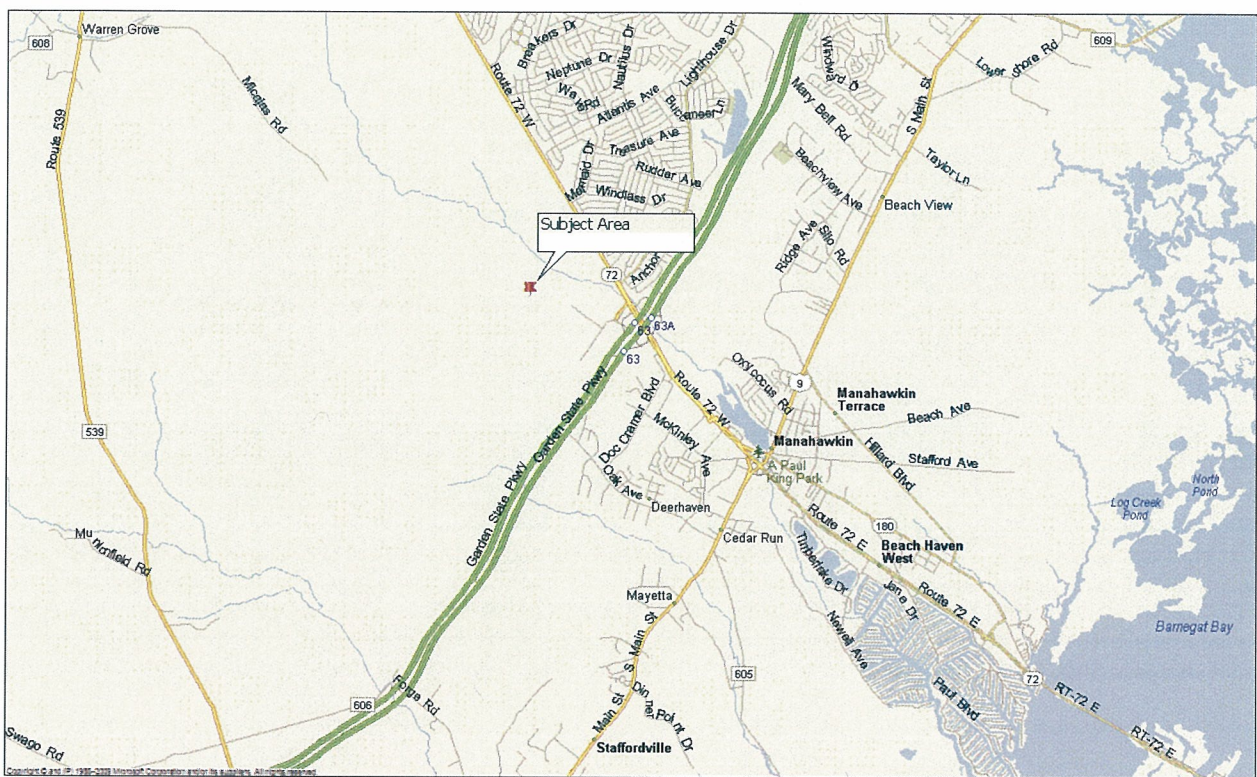
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## Summary Description of the Real Estate Appraised (Cont'd)

### NEIGHBORHOOD DESCRIPTION –

The subject is located west of the Garden State Parkway and to the south of Route 72, just west of the Stafford Business Park. The site is a portion of the former and closed Stafford Township Landfill. The immediate area consists of township and county maintenance and recycling facilities; retail centers; office building; apartments and other uses typically found in a town center development.

### LOCATION MAP





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### **Summary Description of the Real Estate Appraised (Cont'd)**

Legal Description/Municipality:	Block 25, P/O Lot 39, Stafford Township
Address:	W/S of the Garden State Parkway
Physical Characteristics:	Grassland, wildlife habitat on former closed landfill
Present Use:	Vacant Land (Solar Farm, not considered in valuation)
Total Land Area – Before:	77.834 ± acres
Total Land Area – After:	<u>43.980</u> ± acres
Diversion Area (GOING OUT AREA):	33.854 ± acres
Land Allocation:	Based upon wetlands land delineations provided by the Township of Stafford and NJ GeoWeb the lot involved area of wetlands are as follows: None
Access:	Access through the Stafford Business Park
Soils:	USDA Web Soil Survey – refer to copy of soil mapping and soil types in Addenda Section I. Acreage estimated by the Web Soil survey is approximate acreage.  Psub, Psammments – 100% Waste substratum, 0 to 8 percent slopes
Topography/Physical:	Level above surrounding land/cleared. Refer to copy of Topography Map in Addenda Section I.
Restrictions/Easements:	<ul style="list-style-type: none"><li>• Declaration of Covenants and Restrictions dated December 7, 2006</li><li>• Restated and Amended Declaration of Covenants and Restrictions dated January 11, 2011</li><li>• Statehouse Commission Approval</li><li>• Certificate of the NJDEP Granting Partial Release of Conservation Restrictions</li></ul>
Environmental Hazards/Conditions:	Former closed Stafford Township Landfill. The site is a NJDEP closed landfill and is classified as a groundwater contamination area (CKE) per NJ GeoWeb.

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## Summary Description of the Real Estate Appraised (Cont'd)

Road Improvements:	Access from Recovery and Hay Roads.
Utilities:	All
Local Zoning:	BP Business Park Zone (Refer to Addenda Section II for summary).
Zoning Compliance:	The site complies with the bulk requirements of the zone, however non-usable for development due to deed restrictions.
Flood Hazard Designation:	Zone X as per Panel Number 34029C0485F
NJDEP Radon Tier Number:	3
US Census Tract Number:	7350
State Planning Area:	Pinelands
Pinelands:	Yes
CAFRA:	No
Sewer Service Area:	No
KCS – Known Contaminated Sites:	Included in Addenda Section VIII is a list of known contaminated sites in Stafford Township. The subject is on the NJDEP list of closed and remediated sites. See below:  New Jersey Department of Environmental Protection – Site Remediation Program  Closed Sites with Remediated Contamination – Prepared November 11, 2013  Site ID – 66423 PI Number – G000005207 PI Name – Stafford Township Landfill Address – Recovery Road

## HALL REALTY CONSULTANTS, LLC

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### Summary Description of the Real Estate Appraised (Cont'd)

#### 2013 Real Estate Tax Data

Land:	\$ 788,300
Improvements:	\$ <u>2,100</u>
Total*:	\$ 790,400

\*Note the assessment is for the entire lot. Only a portion (33.854± acres) is being considered for the Going Out Area.

2013 Tax Rate:	\$2.247/\$100 assessed
2013 Taxes:	\$17,760.29
Equalization Ratio:	103.65%

Recent Transactional History: The property has not transferred ownership within the past five years.

Improvements None – vacant land

**Summary Description of the Real Estate Appraised (Cont'd)**

**Zoning:**

Comments and Conformity - (Refer to copies of the Zoning Requirements of the below mentioned zone in Addenda Section II).

The property is located in the BP – Business Park Zone. However, since the site is a closed landfill and heavily deed restricted, the zoning is not relevant for valuation purposes.

Deed Restrictions:

- Declaration of Covenants and Restrictions dated December 7, 2006 for complete restrictions:
- “Whereas, the purposes of this Declaration of Covenants and Restrictions include:
  - a. that the Restricted Area that is the subject of this Declaration of Covenants and Restrictions be protected in its natural, scenic, open and existing state, in perpetuity, subject only to the specific rights reserved to the Grantor herein;
  - b. that the natural features of the Restricted Area shall be respected and preserved to the maximum extent consistent with Grantor’s exercise of the rights expressly reserved to Grantor by the terms of this Declaration of Covenants and Restrictions; and
  - c. that the Restricted Area be forever protected and preserved in its natural, scenic, open and existing state free from all activities that might damage, compromise or interfere with the ecological diversity, natural beauty or resource quality, or with the natural processes occurring therein;
- 1. Except as specifically set forth herein, the Restricted Area may not be developed in any manner whatsoever and shall remain in its natural condition. The term “developed” shall include, but not be limited to, the following activities:
  - a. The construction, placement, building, installation, erection, assembly, manufacture, fabrication, alteration, enlargement, renovation or replacement of any building, structure, or pavement in, on, above or beneath the surface of the Restricted Area;
  - b. Any disturbance or alteration of the surface topography and natural features of the Restricted Area;
  - c. Clearing, cutting, destruction or removal of any tree cover, tree limbs, trees, shrubs, plants, vegetation or other plant material, except that dead, fallen, diseased or infected tree limbs or other vegetation that poses a health or safety hazard may be trimmed or removed;
  - d. The planting of any invasive or non-invasive plant species;

**Summary Description of the Real Estate Appraised (Cont'd)**

- e. Processing, storage, disposal, spreading, placing or dumping of refuse, rubbish, debris, dredge spoils, chemicals, hazardous materials, animal waste, fertilizers, herbicides, pesticides, fungicides, abandoned vehicles or other refuse or offensive materials;
  - f. Placement, installation, dumping, side casting of any soils or other substances or materials as fill or the stockpiling of soils or other substances or materials on the Restricted Area;
  - g. Use of the Restricted Area by automobiles, trucks, all-terrain vehicles, trail bikes, motorcycles, snowmobiles or other motorized vehicles;
  - h. Use of the Restricted Area for commercial or industrial uses;
  - i. Mining, quarrying, drilling, extraction, excavation, dredging, extraction or otherwise removing loam, peat, turf, soil, gravel, sand, coal, rock, mineral, petroleum, natural gas, or other natural resources from the Restricted Area; and
  - j. Other activities, uses, disturbances or development that could be detrimental to continuation of the Restricted Area in its natural state.
2. Notwithstanding the above, the Restricted Area may be disturbed solely to permit the construction, installation, maintenance and repair of the following: (i) storm water basins associated with the landfill closure; (ii) the landfill cap; (iii) access roads related to the landfill closure and (iv) the proposed 15' wide access road to the compost and chipping areas all in accordance with the terms of the MOI, the Closure Plans and such other plans as maybe approved by NJDEP and the Commission and subject to compliance with applicable local, county, state and federal laws, rules, regulations and ordinances. Once implementation of the Closure Plans is completed, the Restricted Area, with the exception of the area utilized for the construction of storm water basins, shall be graded and revegetated with native Pinelands vegetation;
  3. Grantor, for itself, its successors, transferees, or assignees, agrees to leave the Restricted Area unmolested and in their natural state.
  4. To accomplish the purposes of this Declaration of Covenants and Restrictions, the Commission, their respective employees, agents, representatives, successors or assigns the following rights:
    - a. To have access to and to enter upon the Restricted Area at all reasonable times for the purpose of inspecting the Restricted Area in order to enforce and assure compliance with the terms and conditions herein contained;

**Summary Description of the Real Estate Appraised (Cont'd)**

- b. In addition to the exercise of exercise of any statutory or common law right, the right to enforce this Declaration of Covenants and Restrictions by means of any remedy provided for herein or available at law or equity, including but not limited to, enjoining any activity on, or use of, the Restricted Area that is inconsistent with the purpose of this Declaration of Covenants and Restrictions;
  - c. To require Grantor or third persons to restore the Restricted Area, or any portion thereof, as may be damaged by an inconsistent use or activity; and
  - d. To protect and preserve the Restricted Area, and in connection therewith, to determine the consistency of any activity or use for which no express provision is made herein with the purposes of this Declaration of Covenants and Restrictions.
5. This Declaration of Covenants and Restrictions may be amended only by written instrument duly executed by Grantor, the Commission and the County, their respective successors or assigns. Such modification shall not be effective until duly recorded with the Office of the Recorder of Deeds in and for Ocean County, New Jersey.
6. The terms and conditions of this Declaration of Covenants and Restrictions shall be governed and construed in accordance with the laws of the State of New Jersey.
7. This Declaration of Covenants and Restrictions and all rights and obligations incidental thereto, whether expressed or implied, shall be construed to be a covenant running with the land and shall be binding upon and inure to the benefit and be enforceable by any successor, transferee, or assignee to the parties hereto.”

**HIGHEST AND BEST USE ANALYSIS**

Legally Permitted – The subject is located in the BP – Business Park Zone which generally permits business uses. However, since the site is a closed landfill and heavily deed restricted, the zoning is not relevant for valuation purposes. The only practical use is for the township to meet its open space requirements and obligations to the Pinelands and NJDEP. No use other than wildlife habitat is permitted on the site per the deed restrictions.

Physically Possible – The subject property has utilities, and access available, however the restrictions on the site is not positively affected by the same. There is adverse soil conditions known based upon provided mapping that being a former and closed landfill with ground water contamination. Therefore is not physically possible to develop the site due to the fact that the closure procedure does not allow for penetration of the seal.

Financially Feasible – In analyzing the financial feasibility of the subject property, it is necessary to examine the current market as it relates to supply and demand, as well as economic return. While demand and pricing has softened, there is still demand for passive recreation, wetland mitigation lands, however due to the hydrology of the site, wetland mitigation is not allowed and the deed restrictions prohibits passive recreation or any type of construction or public use. Therefore, it is NOT financially feasible to utilize the site other than for the township to meet open space inventory requirements.

Maximally Productive – The test of maximum productivity is applied to the uses that have passed the first three tests. Additional analysis of the market forces of supply and demand may aid in the process of elimination. The test addresses not only the value created under the maximally productive use, but also the costs to achieve the value, if any, such as demolition and removal of structures, environmental remediation costs, and zoning changes. Of the financially feasible uses, the highest and best use is the use that produces the highest residual land value consistent with the market's acceptance of risk and with the rate of return warranted by the market for that use.

To determine the highest and best use of land as though vacant, rates of return that reflect the associated risks are often used to capitalize income from different uses into their respective values. The use that produces the highest residual land value is considered the highest and best use. Based upon the first three tests of highest and best use, it is clear that there is no economic beneficial use of the site because of the physical characteristics and deed restrictions, it cannot be maximally productive for use other than as previously mentioned.

Conclusion – Based upon the aforementioned factors, it is my opinion that the highest and best use for the subject property is for open space and wildlife habitat.

**APPRAISAL PROCESS**

In order to estimate market value, I have given consideration to the three generally accepted approaches to value that includes the cost approach, sales comparison approach and income capitalization approach. Refer to definitions in Addenda Section VIII.

**Cost Approach**

The cost approach is a set of procedures in which an appraiser derives a value indication by estimating the current cost to reproduce or replace the existing structure, deducting for all accrued depreciation in the property, and adding the estimated land value. This approach is not applicable due to nature of the assignment.

**Sales Comparison Approach**

The sales comparison approach is a set of procedures in which an appraiser derives a value indication by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments, based on the elements of comparison, to the sales prices of the comparables.

**Income Capitalization Approach**

The income capitalization approach is a set of procedures in which an appraiser derives a value indication for income-producing property by converting anticipated benefits into property value. This conversion is accomplished either by:

- 1) capitalizing a single year's income expectancy or an annual average of several years' income expectancy or an annual market-derived capitalization rate or a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment; or
- 2) discounting the annual cash flows for the holding period and the reversion at a specified yield rate.

**Applicable Approaches**

As the subject is vacant land and given the availability of comparable market data, the sales comparison approach to value is considered to be a highly reliable method of estimating the value. There are three traditional approaches utilized to arrive at an opinion of value of real estate: sales comparison approach, cost approach and income capitalization approach. I have utilized the sales comparison approach, which is necessary for credible results given the intended use, property characteristics and type of value sought.



**SALES COMPARISON APPROACH**

In the sales comparison approach, market value is estimated by comparing the subject property to similar properties that have recently sold, are listed for sale, or are under contract (i.e., recently drawn up purchase offers accompanied by a cash or equivalent deposit). A major premise of the sales comparison approach is that the market value of a property is directly related to the prices of comparable, competitive properties. The comparative analysis performed in this approach focuses on similarities and differences among properties and transactions that affect value. These may include differences in the property rights appraised, the motivations of buyers and sellers, financing terms, market conditions at the time of sale, size, location, physical features, and, if the properties produce income, economic characteristics.

*The sales that were sold with the PDCs unsevered will be adjusted to the cash equivalent price (Sales Price less the average PDC value during the time period sold). The adjusted sales represent the underlying land value exclusive of the PDCs. Since the PDC values fluctuate, the sales price was influenced by the value of the PDC at the time of sale therefore all sales then reflects the underlying land value.*

An extensive search was conducted in and around the subject market area in an attempt to locate and verify sales of properties similar to that of the subject. ***No sales of deed restricted former landfills were found; therefore the sales utilized were the most restricted sales available.*** The sales selected in the valuation of the subject are summarized on the adjustment grid on the following page, with a more detailed description being found in Addenda Section IV of this report. The sales were adjusted as follows:

Property Rights Conveyed:      *Analyzes – fee simple, leased fee, leasehold, partial interest, etc.*

All sales are fee simple sales, no adjustments warranted.

Financing Terms:              *Analyzes – seller financing, or assumption of existing financing, at non-market rates.*

All sales were typical market, no adjustments necessary.

Conditions of Sale:              *Analyzes – extraordinary motivation of buyer or seller, assemblage, forced sale, etc.*

All sales were arm's length sales, no adjustments necessary.

Market Conditions:              *Analyzes – changes in the economic environment over time that affect the appreciation and/or depreciation of real estate.*

All sales were relatively recent and the PA market has shown little price increase for the underlying land over the past decade. Therefore no adjustments were necessary.

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## Sales Comparison Approach (Cont'd)

Location: *Analyzes – market or submarket area influences on sale price; surrounding values and land use influences, relationship to service facilities.*

All sales were considered similar, no adjustments necessary, except for Sale 2 that was considered superior therefore adjusted downwards.

Zone: *Analyzes – governmental regulations (police power) that affect the types and intensities of uses allowable on the site.*

All sales were the most restricted sales of land available and had similar uses that of open space or wildlife habitat.

Size: *Analyzes – the relationship that often exists between parcel size and unit value. (Economies of Scale)*

Sales 1, 3-5 were considered similar, no adjustments necessary. Sale 2 was considered superior therefore adjusted downwards.

Deed Restrictions: *Analyzes – the deed restriction recorded on the property and considers any potential use of subject, if any.*

All sales were considered superior as all could be utilized for passive recreation as opposed to the subject with no public access or use allowed.

After making the necessary adjustments, a unit value range of \$750 per acre to \$886 per acre was indicated. Based upon this analysis, an equitable unit value of \$800 per acre is deemed applicable for the subject property indicating a total value as follows:

### VALUE INDICATIONS

Sales Comparison Approach – Before:	\$	62,267
Sales Comparison Approach – After:	\$	<u>35,184</u>
	\$	27,083
Market Value of Diversion Area (33.854 acres): (Going Out Area)	\$	27,000 ®

## VALUATION - PRESERVATION SALES LAND SALE ADJUSTMENT GRID PER ACRE

Comp ID # IDENTIFICATION	SUBJECT	1887 SALE 1	1737 SALE 2	1977 SALE 3	1978 SALE 4	1979 SALE 5
Grantor:		International Recycle	George Hoppe	D. Kranick	Oswego Gun Club	Istvan Halasz
Grantee:		County of Ocean	Forked River Mountain Coalition	So. Park Hunting Club	NJ Conservation Foundation	NJDEP
Address:		n/s Lacey Road	Rockwell Road	n/s Chatsworth Road	Shamong Road	w/s Turtle Creek Rd.
Municipality:	Stafford	Lacey Township	Lacey Township	Tabernacle Township	Bass River Township	Washington Township
Confirmed:		Grantee	Attorney	Deed	Grantee	Grantee
Block/Lot:		2500/5	2700/2	1804/4	104/8;105/8;108/1	55.01/77.01,77.02
Zoning:	BP - Business Park	PA-Preservation	PA-Preservation	PA-Preservation	PA-Preservation	PA-Preservation
Deed Book/Page:		14912/538	13565/1574	6776/650	6683/701	13041/2779
Sale Price:		\$225,500	\$15,000	\$80,000	\$107,210	\$60,000
PDC Value		\$84,000	\$0	\$34,500	\$0	\$9,500
<b>Sale Price:(Cash Equivalent less PDC value)</b>		<b>\$141,500</b>	<b>\$15,000</b>	<b>\$45,500</b>	<b>\$107,210</b>	<b>\$50,500</b>
Sale Date:		Jun-11	Mar-07	May-11	Dec-10	May-12
<b>Acreage:</b>	<b>33.854</b>	<b>84.542</b>	<b>10.9</b>	<b>38.53</b>	<b>107.21</b>	<b>45.07</b>
Wetlands:	None	10%+/-	90%+/-	0%+/-	30%+/-	95%+/-
<b>Deed Restricted uses:</b>	Yes	No	No	No	No	No
Unit Price-\$/Acre		\$1,674	\$1,376	\$1,181	\$1,000	\$1,120
PDC's(Rights)	None	8.00	0.00	3.00	0.00	0.25

### ELEMENTS OF COMPARISON

Property Rights Conveyed		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		0%	0%	0%	0%	0%
Adjusted Unit Price		\$1,674	\$1,376	\$1,181	\$1,000	\$1,120
Financing Terms		Typical Market	Typical Market	Typical Market	Typical Market	Typical Market
Adjustment		0%	0%	0%	0%	0%
Adjusted Unit Price		\$1,674	\$1,376	\$1,181	\$1,000	\$1,120
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Adjustment		0%	0%	0%	0%	0%
Adjusted Unit Price		\$1,674	\$1,376	\$1,181	\$1,000	\$1,120
Market Conditions		Similar	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%	0%
Adjusted(Balanced) Unit Price		\$1,674	\$1,376	\$1,181	\$1,000	\$1,120
Location:		-25%	0%	0%	0%	0%
Zoning:	BP - Business Park	0%	0%	0%	0%	0%
Size: (Economies of Scale)	33.854 acres	0%	-20%	0%	0%	0%
Deed Restriction:	Yes	-25%	-25%	-25%	-25%	-25%
Total Adjustment		-50%	-45%	-25%	-25%	-25%
<b>Adjusted Unit Price</b>		<b>\$837</b>	<b>\$757</b>	<b>\$886</b>	<b>\$750</b>	<b>\$840</b>

		Range		Median	Average
<b>Unadjusted Unit Price</b>		\$1,000 /acre	- \$1,674 /acre	\$1,181 /acre	\$1,270 /acre
<b>Balanced Unit Price</b>		\$1,000 /acre	- \$1,674 /acre	\$1,181 /acre	\$1,270 /acre
<b>Overall Adjusted Unit Price</b>		\$750 /acre	- \$886 /acre	\$837 /acre	\$814 /acre
<b>FINAL UNIT VALUE INDICATED (Input by Appr.)</b>	<b>Before acres</b>	<b>77.834</b>	<b>@</b>	<b>\$800 /ac.</b>	<b>= \$62,267</b>
	<b>After acres</b>	<b>43.980</b>	<b>@</b>	<b>\$800 /ac.</b>	<b>= \$35,184</b>
		<b>33.854</b>			<b>\$27,083</b>
<b>Estimated Value of Diversion</b>					<b>@ \$27,000</b>

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## **FINAL RECONCILIATION AND CONCLUSION – BEFORE AND AFTER**

<b>SALES COMPARISON APPROACH – BEFORE:</b>	\$	<b>62,267</b>
<b>SALES COMPARISON APPROACH – AFTER:</b>	\$	<b><u>35,184</u></b>
		<b>27,083</b>

<b>VALUE OF DIVERSION AREA (33.854 acres): (GOING OUT AREA)</b>	\$	<b>27,000 ®</b>
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In the valuation of the subject premises, the most important consideration within the property analysis is the highest and best use and zoning considerations. While there was little demand for developable/passive recreation and wetlands mitigation vacant land, (circa 2007-2010), the pricing and softening of the market is evident and has led to a decrease in pricing and shorter marketing times with the current buyers being land investor/users as evident by the current activity for passive recreation and wetlands mitigation parcels. The deed restrictions on the subject render the site not available for the above uses and would be for open space or wildlife habitat.

The appraiser has thoroughly researched the local market for comparable sales with use restrictions. The sales contained herein were considered the most useful and relevant sales as it relates to the subject property.

After analysis of all data affecting the value of the property, I am of the opinion that the subject property has a market value (hypothetical) of the fee simple interest, as of November 4, 2013 of:

<b>VALUE ESTIMATE – BEFORE:</b>	\$	<b>62,267</b>
<b>VALUE ESTIMATE – AFTER:</b>	\$	<b><u>35,184</u></b>
	\$	<b>27,083</b>

<b>TOTAL MARKET VALUE OF DIVERSION AREA: (GOING OUT AREA)</b>	\$	<b>27,000 ®</b>
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### **EXPOSURE TIME**

In identifying and quantifying an appropriate exposure time for the subject property, consideration must be given to the historical market conditions, which have impacted the local market. On-going discussions with active commercial real estate brokers within the Southern and Central New Jersey regional trade area, as well as information gathered during the verification process of the sales contained within this report, indicate that a total exposure time of less than 24 months was fairly typical for properties that were mostly recently contracted.