

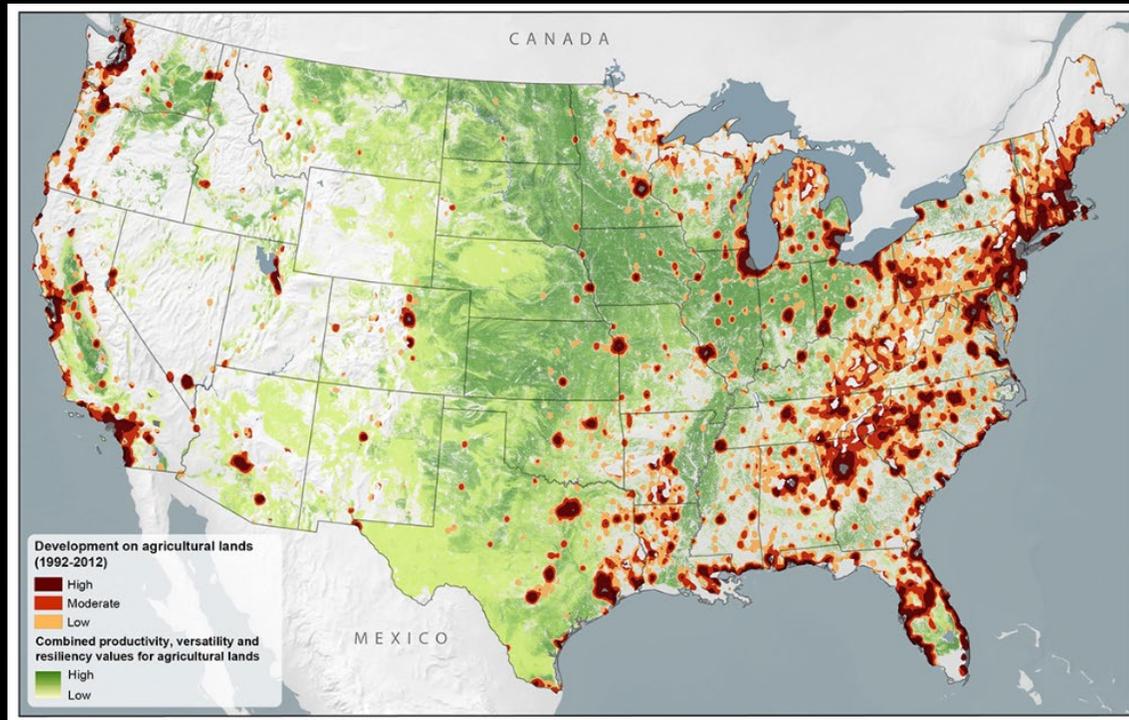


Purchase of Development Rights Programs

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Piedmont Environmental Council

Loss of Farm Land Over Time

American Farmland Trust, Farms Under Threat



- 31 million acres of agricultural land to development
- Nearly 11 million acres were its “best land” (high productivity, versatility, and resiliency)
- Development disproportionately impacts ag land

In Virginia...

25,000,000 acres
prior to 1960

1,351,000 acres were
converted to developed uses
between 1982 and 2012

7,800,000 acres
left in 2018

Purpose of a PDR program

To protect forest and farmlands that provide vital economic, industrial, environmental, aesthetic, and social benefits to residents in localities where development pressure threatens to displace it.

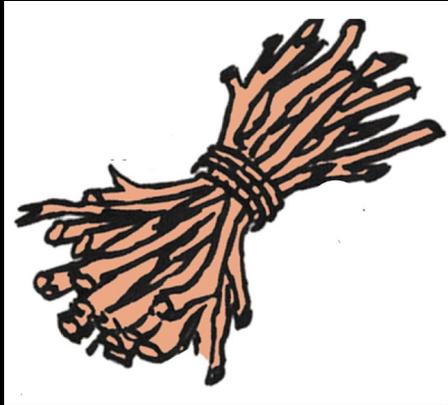


PEC's Roundabout Meadows – Photo Credit Dana Melby



Warrenton Farmer's Market – Photo Credit Carl Zitzmann

What are Property Rights?



Rights in property may be owned simultaneously by several parties. This concept is often described as a bundle of sticks with each stick representing an individual right. Multiple parties can own one or more of those rights.

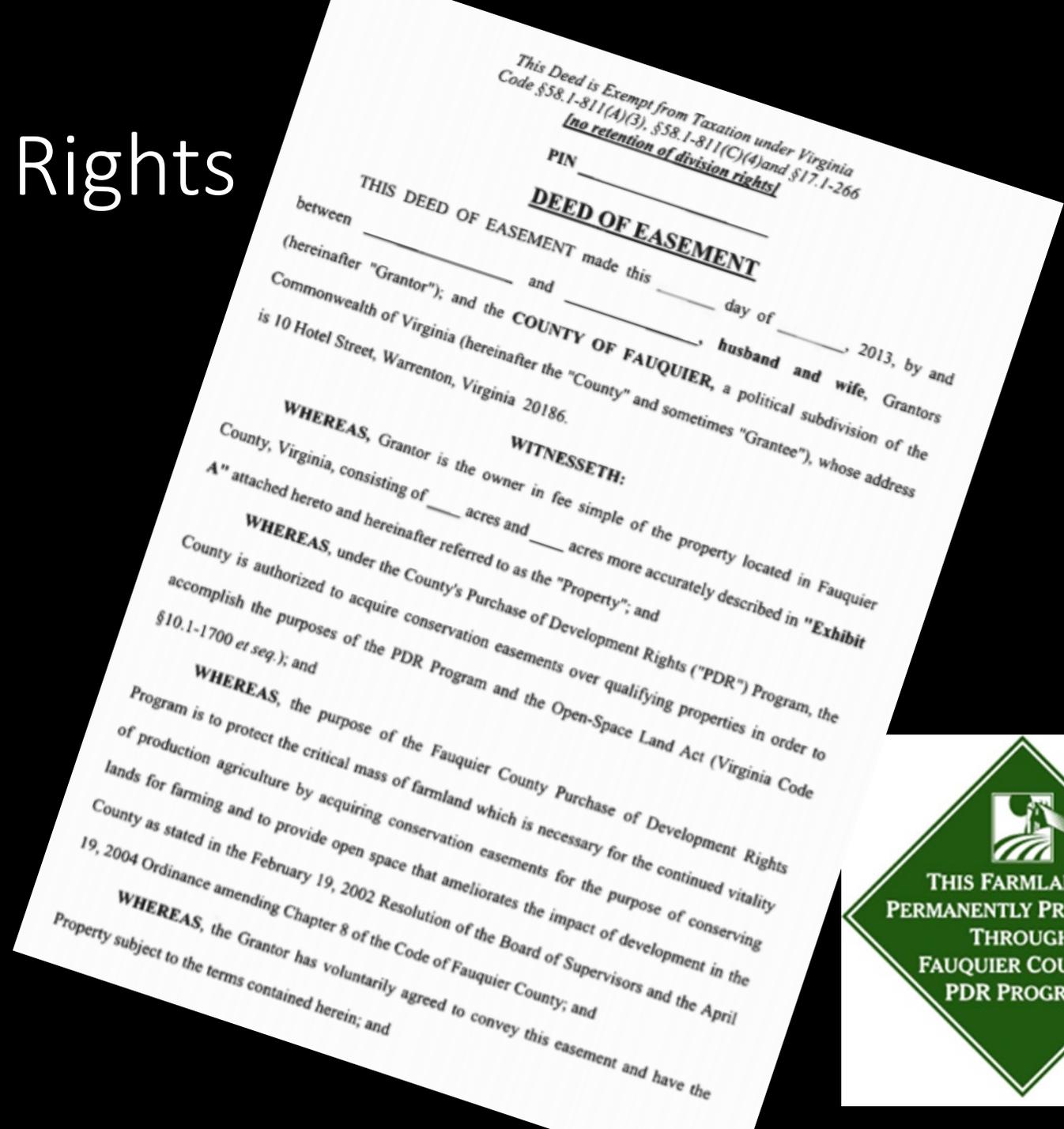
Examples of some property rights:

- Right to exclude others from the property
- Right to control the use the property as allowed by law
- Right to sell, lease, or give away the property

Purchasing Property Rights

One of those distinct rights is the right to develop the residential lots permitted by zoning. A PDR program purchases all or some portion of those residential development rights while the owner retains remaining property rights.

This agreement is codified in a “deed of easement”. The agreement often also excludes other activities such as mining, commercial, and industrial uses. It also may require certain practices be in place such as those that protect water quality and soil health.



Value to the Landowner



Many agricultural landowners are cash-poor meaning they have a great deal of equity in their land but little income. PDR programs give them the option to ***voluntarily*** sell their development rights for ***fair compensation***.

This allows them to convert some of the wealth tied up in their land into cash without relinquishing ownership or agricultural use of the land.

Although proceeds of a PDR sale are taxable, selling development rights reduces the taxable value of the land.

Basic Design of a PDR Program:

- Flat Rate vs. Appraisal
 - Flat rate is a dollar amount offered per development right extinguished
 - Appraisal is the difference between the fair market value of the land without the easement and its value as restricted by the easement
- Eligibility Requirements
- Scoring Criteria to Allow Ranking
- Funding
 - How much will it cost?
 - Who is going to pay?

Support of Land Conservation Programs

According to the American Farmland Trust...

- ❖ 70 regions or localities that have adopted
- ❖ 29 states program

In the last ten years

- 75.5 % of initiatives that raise tax for conservation
- 472 successful state and local ballot measures in the Country
- Generating nearly \$33.2 billion in funds for land conservation



However...
Funding is almost always the most contentious issue with any new PDR program.

		\$8,052,960,160	92	130				
		\$607,668,083	25	40				
		\$2,192,064,866	43	51				
		\$313,755,748	16	26				
		\$818,680,495	56	71				
		\$343,072,735	16	21				
		\$13,203,357,243	38	53				
		\$319,693,947	26	35				
DETAILS	2016	\$31,099,127,049	97	\$5,725,059,633	\$12,385,278,910	\$3,395,519,633	77	97
DETAILS	2017	\$3,453,102,576	36	\$697,201,066	\$3,408,718,657	\$677,100,481	31	36
DETAILS	2018	\$20,257,567,622	61	\$5,739,769,669	\$10,122,823,578	\$3,297,238,065	52	61
DETAILS	2019	\$2,904,911,270	30	\$676,152,937	\$1,219,705,000	\$268,880,000	11	30
	Totals (32 groups)	\$288,190,887,248	2749	\$104,907,398,599	\$192,215,676,127	\$79,853,038,600	2073	2749

State and Federal Support for PDR programs

- Virginia Farmland Preservation Fund - VDACS (Office of Farmland Preservation)
 - Assists localities with establishing PDR programs
 - Requires 50-50 match from locality
 - Funding varies widely
- Virginia Land Conservation Fund – DCR
 - Four categories: open spaces/parklands, lands of historic or cultural significance, farmlands and forests, and natural areas
 - 50 percent or less of total project costs
 - Highly competitive; limited funding
- Agricultural Land Easements (ACEP-ALE) – USDA (NRCS)
 - Protects the agricultural use and conservation values of eligible land
 - Up to 50 percent of the fair market value of the agricultural land easement
- Readiness and Environmental Protection Integration Program (REPI) – DoD
 - Conserves land near military installations and ranges
 - Funding varies based on project
- VA Land Preservation Tax Credit and Federal Income Tax Deduction
 - Bargain sale of easements when landowner accepts less than the fair market value
 - Income tax credit for 40 percent of the value of donated land or conservation easements
 - Eligible for federal tax deduction based on the property's reduction in value

Albemarle – ACE Program

Program Design

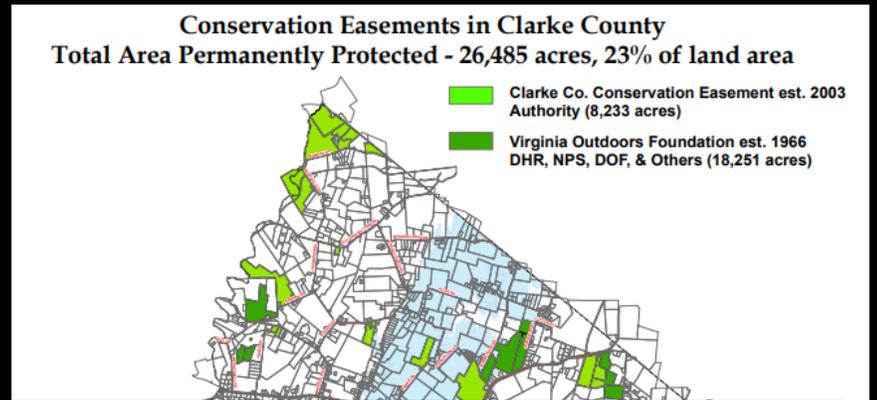
- Appraised Value
- Ranking evaluation system; a minimum of 15 points is required; highest point total has highest priority
- Mandatory stream buffers
- County staff and a 10 person ACE Committee oversees and promotes the program
- Extinguishment not permitted; no buy-back or transfer options



Clarke County – Conservation Easement Authority

Program Design –

- Appraisal 75%; Flat Rate (\$25,000-\$40,000 per development right)
- Must meet certain criteria
- Property Resource Score Calculation
- County staff and 7 person Easement Authority
- Extinguishment not permitted; no buy-back or transfer options



Program Established: 2003

Acres Preserved: 2,507

Development Rights Extinguished - 111



Fauquier - PDR Program

Program Design –

- Flat Rate; \$25,000 per development right
- Land must be > 50 acres and zoned RA or RC
- Applications are evaluated and ranked
- County staff and 5 person PDR Selection Review Committee
- Extinguishment not permitted; no buy-back or transfer options



Program Established: 2002

Acres Preserved: 13,177

Development Rights Extinguished - 660



Photo Credit: Susan Belford

Typical Concerns and Possible Responses

- Property Rights ➤ Completely voluntary
- Funding ➤ Leverage Federal, State, and private funds as match
- Too Permanent ➤ As is urbanization



Would It Work in Prince William County?

Depends on community support for land conservation and funding of the program...

