

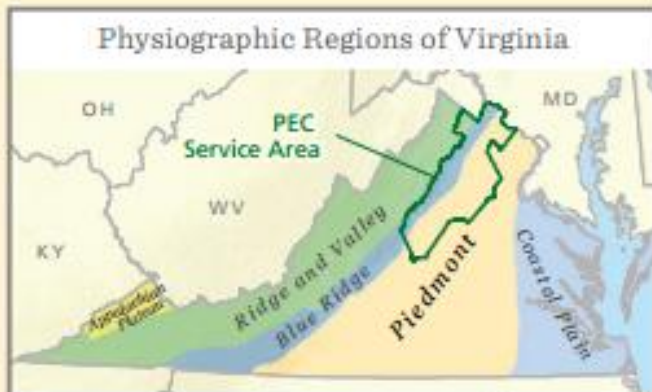


Piedmont
Environmental
Council

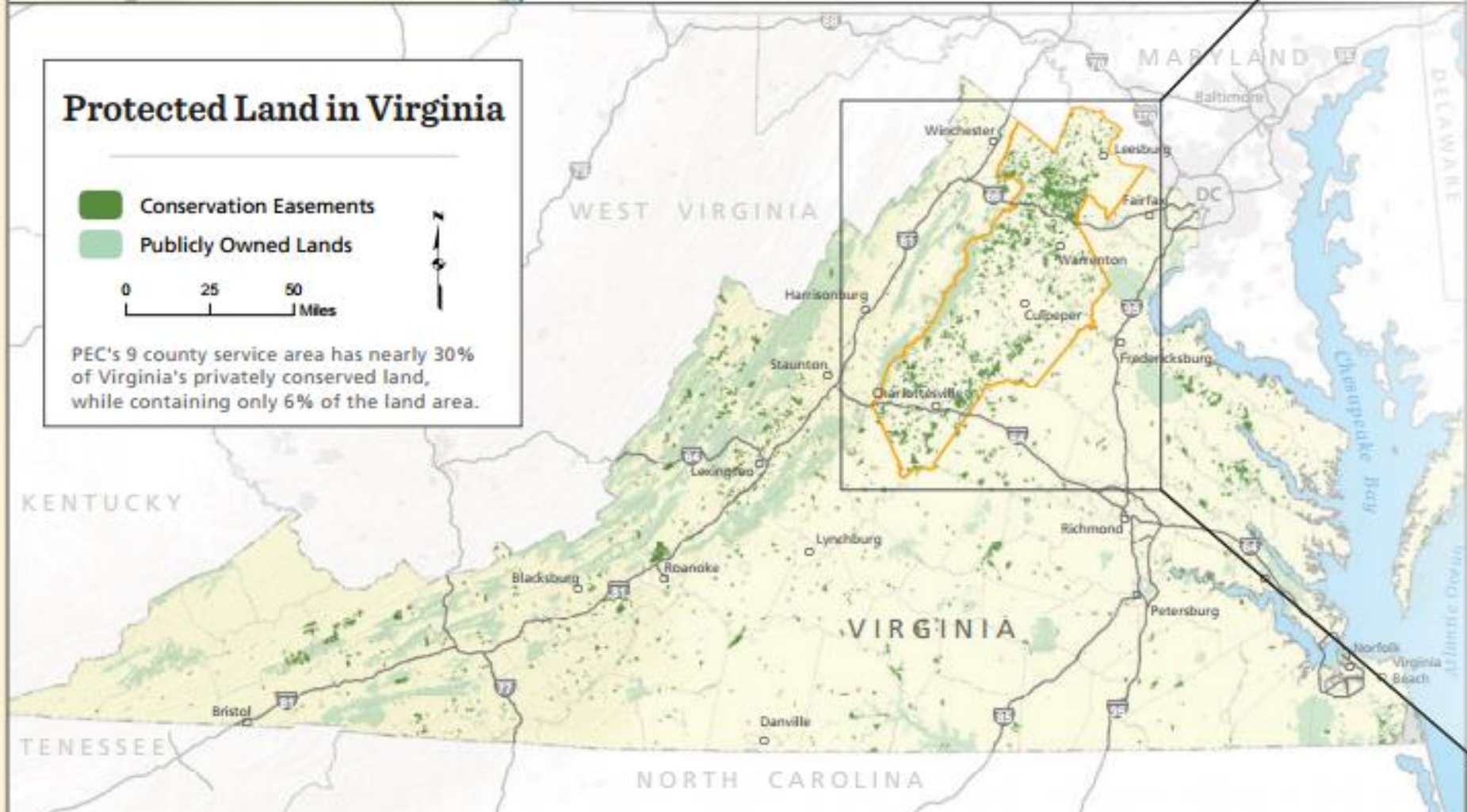
Introduction to PDR Programs

Michael Kane
Director of Conservation
January 13, 2020

Photo by Ken Garrett



The **Piedmont Environmental Council** was founded in 1972 and is a non-profit organization dedicated to promoting and protecting the Piedmont's rural economy, natural resources, history and beauty.



*What is a
Purchase of Developments Right (PDR) Program?
A Few Basics*

A PDR program is **voluntary** program whereby a willing landowner agrees to sell to a public agency the right to subdivide her/his/their land.

How can a landowner sell those rights?

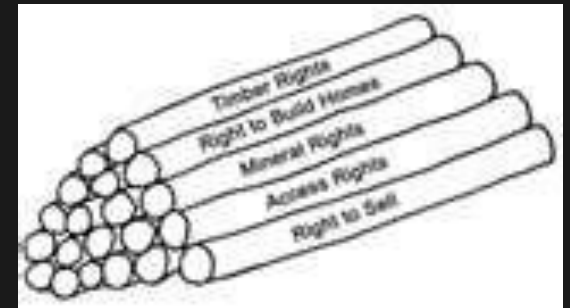
Agency acquires (and extinguishes) the subdivision rights by purchasing a **conservation easement** from the landowner.

- Through conservation easement, landowner agrees to sell some of the “sticks” from her/his/their ownership bundle.
- Localities authorized to acquire conservation easements through the Open Space Land Act.
- Conservation easement is recorded in the County land records and “runs with the land”.
- The restrictions agreed to in the conservation easement are forever.

After selling the conservation easement..

...landowner continues to own property and retains all other property rights not restricted in the easement. For example:

- Right to sell or lease the land.
- Right to use any retained subdivision or development rights.
- Right to farm, hunt, fish on the property.
- Right to timber the property
- Right to pass the land to family members
- Right to limit access to the property



PDR Programs (by another name)

A PDR Program can also be called:

- Farmland Preservation Program
- Land Conservation Program
- Agricultural Land Easement Program
- Agricultural Conservation Easement Program
- Other....

Although there are different names, all of these programs operate (essentially) in the same way.

Why?

Conserving a critical mass of rural agricultural land provides economic, environmental, cultural, and fiscal benefits to people, communities, and local governments



PDR Programs
conserve forest and
farmland, ensuring a
land base that is the
foundation for a
vibrant rural economy.



PDR Programs conserve land and water resources, protecting critical ecosystem services essential to everyone's future (like our public drinking water supply).

Photo Credit: Susan Belford



PDR Program payments allow landowners to unlock the value of a fixed asset. This offers a “third way”, providing resources to expand operations, invest in new ventures, or address family needs.



PDR Programs
remove development
rights from areas not
planned for
urban/suburban
development, a
fiscally prudent
approach for localities
when compared to
the alternative.

Elements of Successful PDR Programs

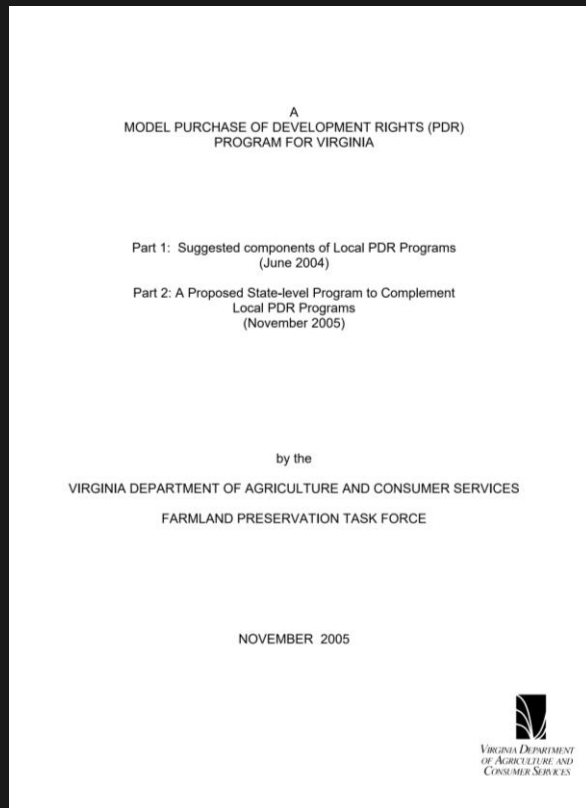
Elements of Successful PDR Programs

There are numerous local PDR programs operating in VA and US. Some common elements include:

- Part of broader rural economic dev. & conservation strategy
- Demonstrates transparency and fairness
- Leverages funding from other sources
- Management reflects the voluntary nature of the program

Agricultural Enhancement Strategy

Virginia has a local PDR Program certification process that provides a guide for evaluating a locality's broader rural economic development and conservation strategy.



“PDR programs will succeed only if implemented in tandem with other farmland preservation strategies, such as protective zoning and land use taxation, among others.”

---VDACS, *Model PDR Program for Virginia*. November 2005

Transparency and Fairness

Successful PDR programs pay close attention to ensuring that the general public and program applicants understand the program's "rules of the road".

- Objective **ranking system** for prioritizing PDR program applications.
- PDR program **advisory committee** that includes county-wide representation.
- PDR program **ordinance** adopted by Board of Supervisors.
- Written explanation describing **methodology for calculating the valuation** of PDR purchases.

Methods for Calculating PDR Offer

Flat Rate Methodology

- Locality offers a fixed price per development right
- Example-the Fauquier County PDR Program offers \$25,000 per right
- If appraised value exceeds flat rate payment, landowner may be eligible for charitable gift tax incentives as part of a “Bargain Sale”

Appraisal Methodology

- Locality bases payment on the difference between the value of property w/o easement and with easement
- Methodology used by most granting agencies

Appraisal Method for Calculating Value*

\$2,000,000

Value of property prior to protecting land with a conservation easement

- \$750,000

Value of property after protecting land with a conservation easement

= \$1,250,000

Value of conservation easement
(i.e. loss of property value due to easement)
(potential PDR value or tax deductible charitable gift)

* Appraisal prepared by a qualified independent appraiser.

THIS IS A HYPOTHETICAL EXAMPLE ONLY AND IT IS NOT INTENDED TO BE TAX OR LEGAL ADVICE. CONSULT YOUR OWN LEGAL OR FINANCIAL ADVISOR ABOUT YOUR PARTICULAR SITUATION.

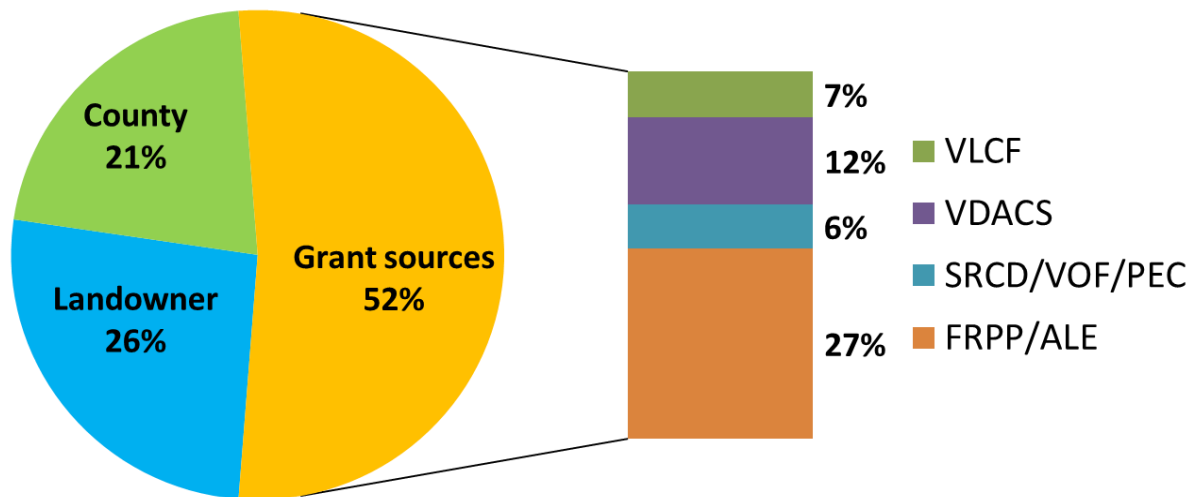
Leveraging Local Funding

Some local funding will be needed for a PDR program. But, numerous sources of state and local funding can be used to leverage a modest local investment.

- Agricultural Land Easement Program (ALE) (Federal, USDA)
- Readiness and Environmental Protection Integration Program (REPI) (Federal, DOD)
- Virginia Office of Farmland Preservation (VA, VDACS)
- Virginia Land Conservation Foundation (VLCF) (VA, DCR)
- Virginia Land Preservation Tax Credit (VA, tradeable credit for partial donation)
- Federal Income Tax Deduction (charitable gift deduction for partial donation)

Layering and Leveraging Funding

Clarke County has used multiple funding sources to acquire easements through its PDR Program, with over 79 percent of funds coming from non-County sources

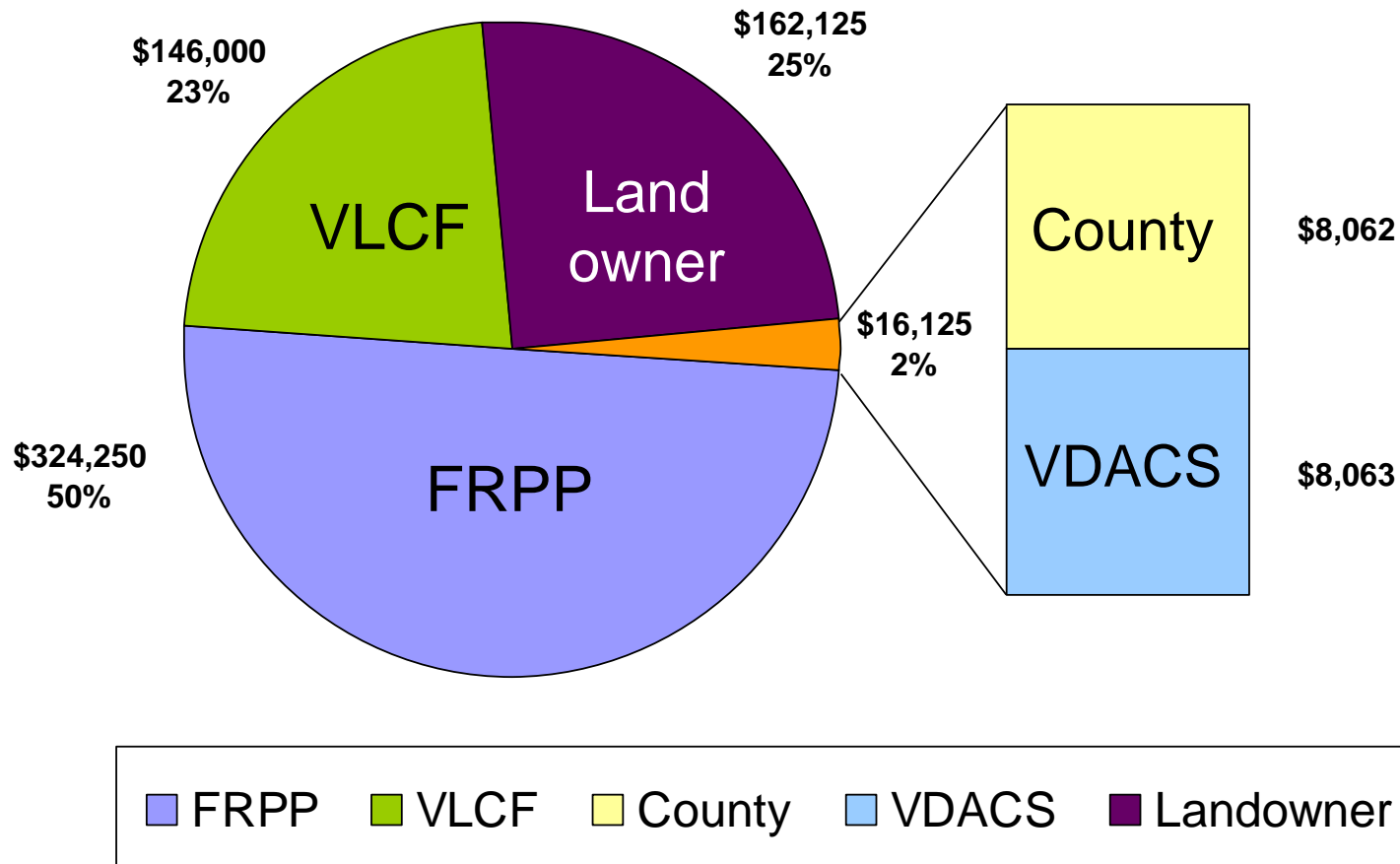


- 14 years
- 45 easements
- 2,507 acres
- 111 DURs retired
- Owner - \$2.2 m
- County – \$1.7 m
- Grants – \$4.3 m

Layering and Leveraging Funding

Clarke County PDR Program = 216 acre Dairy Farm

Appraised value of conservation easement = \$648,500



Hey, remember it's a voluntary program

The voluntary nature of PDR programs requires extra effort to build a successful program.

- Demonstrated commitment to broader rural strategy (i.e. establishing business certainty).
- Developing excellent community outreach and education programming.
- Earning & maintaining credibility among landowners, the PDR program candidate pool.
- Exhibiting patience, providing landowners, grant funders, & public to “kick the tires”.

Wrapping-up

- As of 2016, 95 localities in 20 states have PDR programs, conserving more than 970,000 acres, according to American Farmland Trust.
- VA Office of Farmland Preservation (VDACS) provides a guide for establishing local PDR programs
- Since 2000, a variety of funding sources have emerged to leverage local funding for PDR programs, including \$450 M per year through the 2018 Farm Bill.
- PDR programs are effective tools for providing multiple benefits to landowners, local farm economies, and local governments.

Questions



Piedmont
Environmental
Council