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To: Agricultural-Forestal Districts Committee
From: Scott Clark, Senior Planner
Date: January 26, 2016
Re: Acceptance Standards for AFD Additions

Background: The County's Agricultural/Forestal Districts program began in 1983. Since that time, over 1,100 parcels have been added to the program, creating 26 districts of statewide significance (requiring 200 acres to be established) and 1 district of local significance (requiring 25 acres to be established).

Since this voluntary program began, the County has essentially approved all requests for addition to the program. There have been no standards for accepting or rejecting particular parcels, since adding even a parcel that has no resources of interest and no development potential causes no harm to the District program beyond minor administrative costs.

However, over the last several years, a new concern has arisen. Parcels in the districts of statewide significance mentioned above can qualify for the open-space category of use-value taxation (provided that they have at least 20 acres of non-residential land use). This incentive has encouraged a number of landowners to join a District in order to qualify for a lower tax rate.

When landowners give up development potential by joining a District, they are making a commitment to conservation, and there is a logical reason for them to qualify for a conservation-related assessment. However, many parcels that have been added to the Districts in recent years have no remaining development potential. These parcels are qualifying for a favorable assessment without their owners making any conservation commitment.

The potential for a reduced tax rate can make the purchase of rural land more attractive. Making lower taxes available without a conservation commitment can indirectly subsidize residential development in the Rural Areas. Subsidies for rural residential development run counter to the County's Comprehensive Plan goals for protecting the Rural Areas.

This subsidy may also raise a fairness issue. Open-space use assessments are intended to reduce the tax burden on landowners who have made a commitment not to develop their land. Offering an alternate

route to that same reduced assessment for owners of parcels without development potential may be unfair or may undermine the purpose of the reduced assessment.

Discussion: Both the Agricultural/Forestal Districts Advisory Committee and the Board of Supervisors have discussed raised the possibility of addressing the situation outlined above by establishing acceptance standards for properties to join Districts.

As stated above, standards are not necessarily needed for the District program itself. No harm is done to the Districts or the County if landowners sign up for a conservation program that prevents subdivisions that they are already unable to carry out.

However, the indirect effect of accepting all proposed additions, without standards, is the tax subsidy for developed properties as discussed above.

Acceptance standards for District additions could prevent misuse of the open-space tax category by those not making a meaningful conservation commitment. If the County were to use such standards for the Districts, landowners could still qualify for an open-space use assessment by signing an open-space use agreement or recording a conservation easement.

Proposal: Staff believes that the most critical acceptance criterion for potential District parcels is the presence (or absence) of development rights for the creation new parcels of less than 21 acres. (The Districts do not restrict subdivisions of 21 acres or more, as those are considered to be appropriate parcel sizes for the Rural Areas.) The primary conservation impact of District membership for most parcels is the elimination of sub-21-acre subdivisions (other than family divisions). Parcels with that potential make a measurable conservation commitment by joining a District.

Other criteria (minimum parcel sizes, minimum percentages of productive agricultural or forestal soils, etc.) could be applied to proposed additions. However, parcels that don't meet those criteria but that have significant development potential could still make a positive conservation by joining a District. Generally speaking, nearly all parcels in the Rural Areas have resources worth protecting, so restricting their development potential will provide conservation value.

One possible objection to this policy is that reducing the number of parcels accepted into the Districts would reduce the committee's future opportunities to review special use permits in the Rural Areas. The parcels not accepted into the Districts would not be subject to that review. However, as special use permit applications on or adjacent to District parcels are rare, the reduction would probably be minimal.

Staff Recommendation: Staff recommends adopting a policy to approve Agricultural-Forestal District additions only for parcels that have one or more small-lot development rights.