



Answers

TO THE TOP 10 QUESTIONS ABOUT

Preserving Farmland

IN KENT COUNTY

A White Paper on PDR

(Purchase of Development Rights)

1 *What makes farmland an issue in Kent County?*

Our farmland is giving way to homes and businesses at an increasingly rapid rate, and our best farmland is disappearing first. In the past 20 years Kent County's population increased only 18%, while its urbanized area increased a whopping 78%. Obviously if that trend continues, our farmland and open areas will be gone, eaten up by houses and businesses very soon. Once farmland has homes and businesses built on it, its value for farming is gone forever. Productive farms require large blocks of contiguous open land with the best soil, terrain, microclimate, and access to markets.

Farmland is a term applied to open lands that are well suited for farming and zoned agricultural, whether currently under cultivation or not. Farmland is important to us for several reasons:

- a) **Homeland Security:** Much of the food we buy in our grocery stores is grown in other countries around the world where it is subject to disease, drought, application of dangerous chemicals, political manipulation, or even a terrorist attack on our food supply. There is very little security related to food imports. If food imports became unavailable, we need to have sufficient farmland available here at home to produce food for Kent County's families.
- b) **Economic Stability:** Every time we lose one full-time farm worker, we lose 7 other full-time jobs off the farm. The \$121 million agricultural segment of our economy is very important to West Michigan. Loss of even a few productive farms creates a huge ripple effect. Preserving farmland is essential to maintaining economic stability in Kent County. Preserving farmland is also essential to maintaining tourism. If we lose our open lands, our scenic views, and our rural community character, we lose many of our tourists and all the money they bring to West Michigan. The county's future economic expansion will not be hindered in any way by preserving farmland, because development rights are not eligible for purchase where the Master Plan provides for future economic development.
- c) **Environmental Safety:** Kent County has a unique combination of terrain, soil types, and microclimate that make this area well suited for growing fruits, berries and vegetables. Only a small handful of other agricultural areas in the world match Kent County's productive capabilities for those same crops. Beyond crops, farmland filters the water that feeds the watershed on which our cities depend. Farmland vegetation purifies the air our city residents breathe. Farmland habitat provides homes for the area's abundant wildlife.

d) Social Benefits: When asked why we live in West Michigan, most of us reply, “for the quality of life here.” Farmland is a basic component of our quality of life. Rural character, beautiful countryside, scenic views, variety of wildlife, excellent recreational opportunities - all come in a package labeled “farmland”. To preserve our quality of life, we need to preserve our farmland.



2 *Is Farmland Preservation in Kent County a new issue?*

No. More than 10 years ago the Home and Building Association of Greater Grand Rapids brought together a group of land developers, engineers, environmentalists, conservationists, community planners, farmers, attorneys and government officials to begin preserving the open space features of West Michigan that best reflect this area’s rural character. Prior to that time, a handful of foundations and trusts had purchased isolated parcels of land to preserve specific wildlife habitats or environmental characteristics. In their pamphlet entitled “A Guide for Land Preservation” the HBAGGR identified 7 tools for steering development away from prime farmland, along with 5 potential sources of funding. Only recently have land use tools and sources of funds come together at the same time in a way that makes the goal possible to reach.

One of the most effective tools for farmland preservation is called Purchase of Development Rights, abbreviated PDR. All parcels of land have a variety of rights, such as mineral rights, that may be conveyed or sold to others. Development rights represent the right to develop the parcel of land. When development rights are conveyed, the landowner retains the remaining rights in the land, and may continue to use the property for farming or other activities. Development rights are voluntarily conveyed and do not require granting public access. Funding for the purchase of development rights comes through the county in the form of matching funds from federal and state agencies, donations from private individuals, and the activities of foundations, trusts and conservancies.

3 *Why is our best farmland the first to be turned into houses, schools, malls and industrial parks?*

The first families who moved into this area two hundred years ago established our development patterns. Some looked for the most fertile land they could find and settled on farms. Others set up shops and services to support the farms. These shops and services developed in clusters that became communities close to the farms they supported. As the communities grew, others came to build new homes, churches and schools.

Soil type, availability of water, and access to markets are the key ingredients for a prosperous farm. Soil type, availability of water and access to markets are also the key ingredients for building a prosperous community. It was inevitable that communities developed in the same areas that hold the best farmland. Those communities became today’s cities. They are still located in the same areas that hold the best farmland. That’s why 86% of our state’s fruits and vegetables and 63% of our state’s dairy products are produced in the shadow of an urbanized area. Specialty crops that can’t be grown anywhere else grow very nicely close to homes, stores and factories.

Because our best land to farm is still the best land on which to build, it’s not surprising that as our cities prosper, they are spreading out with new houses and stores being built on that same prime farmland first settled two hundred years ago. We wouldn’t have competition between development and farming if apples and blueberries would grow in the Upper Peninsula. But they don’t, so we have to make choices now to preserve some of the farmland that is left for future generations.

4 *When we save agricultural lands for farming, where will we build new houses for our growing population?*

More than 80% of the county’s land will remain available for total county development. This leaves about 684 square miles of land in Kent County to accommodate our homes, businesses, parks and other uses. Considering that 684 square miles could support an urbanized population of over 2 million people, land availability should not be a problem with a Kent County program. Furthermore, the goal is not to preserve all of the county’s agricultural

lands. Saving a parcel of land for farming will depend on whether it has unique characteristics, its value for agriculture, size of the parcel, percent of tillable land, development potential, suitability for environmental conservation, and location in relationship to other parcels being saved for farming. Farmland will only be preserved in areas zoned for agriculture, not in areas where the Master Plan provides for residential, commercial or industrial development.



5 *Doesn't tax revenue grow when new homes and businesses are built on open farmland?*

Tax revenue does grow, but costs grow even faster. The problem is that residential and business development costs more in services than it provides in tax revenue. Farmland provides more in tax revenue than it costs in services. According to an analysis of Carroll County, Maryland, in 1996, every additional dollar of property taxes paid on residential property is offset by \$1.30 to \$1.40 paid for schools, roads, water, sewer, utility, and emergency services. Every additional dollar of property taxes paid on business property is offset by \$1.05 to \$1.10 in required services. On the other hand, a cornfield never sends any kids to school, never needs a paved road with sewer and water pipes, and requires no fire, police or social services. Every dollar of property taxes paid on farmland requires only 30¢ in services. Keeping land in agriculture saves the unending, ever-expanding cost of services that housing and commerce require.

6 *What is the procedure for preserving farmland through purchase of development rights (PDR)?*

The state legislature authorized and encouraged farmland preservation by creating a program that allows farmland owners to voluntarily sell the development rights to their land at fair market value in return for deeding a permanent conservation easement held by the county. The permanent conservation easement stays on the deed through all subsequent sales and purchases, prohibiting the issuance of building permits for that parcel.

Land does not necessarily need to be cultivated after the county has purchased the development rights. No landowner is forced to continue using it in any particular manner. The goal is to insure that sufficient land remains available for future generations to meet their environmental, economic and social needs, and to be sure it doesn't have roads and buildings on it when it is again needed for food production.

Fair market value of development rights is the difference between the enhanced value of a parcel of land if it were sold for development and the basic value of the same parcel if it were sold for farming. Let's say land selling for development brings \$8,000 per acre while land selling for farming brings \$3,000 per acre. That would mean development rights are worth approximately \$5,000 per acre.

7 *Where will Kent County get the money to purchase development rights?*

The goal is to preserve as much as half of the county's current prime farmland over the next 10 years. Half of the county's current prime farmland equals about 17% of the county's total lands, leaving 83% for development. The total investment in purchasing development rights is estimated at \$30 million. Only a portion of that investment will need to come from local sources. The majority of the money will come from federal and state sources as matching funds.

Kent County can leverage local tax revenue because it qualifies for matching funds from the state and federal governments. The State Agricultural Preservation Fund supports local purchase of development rights by providing matching funds up to 75% of the total cost. The U.S. Congress has already authorized \$985 million for preservation of farmland over the next ten years. With this program in place, the county will also be able to accept donations of development rights from landowners, funding from land conservancies and foundations, grants, and take advantage of assistance from private sources.

8 *Will the public be able to use the land to which development rights have been purchased?*

Purchase of development rights does not change the private ownership of the land. Access to private land is by invitation of the owner. Development rights are treated the same as other property rights such as hunting rights,

fishing rights, water rights, mineral rights, or rights of way. Selling or leasing any of those property rights does not give the public access to the land. The owner continues to pay property taxes as usual, and continues to use the land as he or she wishes, with the exception that it may not be used for development. If at some time in the future the landowner sells the county their remaining property rights, the county may at that time offer public access through their Parks Department.

9 *How can public funds be spent to preserve land the public cannot use?*

Public funds are to be spent in any manner that promotes the greater good of the population. Preserving this area's quality of life is an example of the greater good. If the county were to purchase farmland outright and give public access to use it, the initial cost would be much higher, the land would stop contributing tax revenue, annual maintenance costs would be incurred, and the county would not qualify for matching funds. The goal of preserving farmland and open spaces can be accomplished at a much lower cost by purchasing the development rights to selected parcels that meet the appropriate criteria and leaving the land in private ownership.

It may be of interest that for decades our county, state and federal governments have spent money on land the public is not able to use. There are many examples of industrial parks and renaissance zones that were purchased with public money for the purpose of locating privately owned businesses. There are properties owned and operated by the county, state and federal governments to which the public does not have access - landfills, maintenance garages, military installations, and communications towers, for example. So expenditure of public funds does not automatically provide public access, although public funding does need to fulfill public purposes.

10 *Why not simply enact stricter zoning laws to preserve farmland instead of spending money to purchase development rights?*

The most direct and effective way to ensure landowners are fairly compensated is a voluntary real estate transaction in which the county makes an offer to purchase development rights, a fair market price is negotiated between the parties, and the landowner has the choice to accept the offer. Purchase is the only way that the greater good of the citizens is achieved with the landowner being a willing participant in a free market transaction

Zoning can diminish land value by governmental dictate without compensating owners for their loss. Zoning can also bestow a financial windfall on some property owners when their property is rezoned for more valued uses. By asserting public interests into private transactions through regulation, zoning is often viewed as opposing principles on which this country was founded - capitalism, competition and a free market.

Properly applied through sound planning, zoning can ensure more desirable urban areas and can further reduce development pressure on large agricultural districts where development rights have been purchased. But to rely solely on zoning powers to ensure long-term preservation of our farmlands has proven to be ineffective.

For more information about farmland preservation in Kent County, please visit Grand Valley Metro Council's website at www.gvmc.org.

