

STUDY OF PRESERVATION OF OPEN-SPACE AND FARMLANDS: 2006 RECAP AND LOOKING FORWARD

Presentation: Joint Subcommittee Studying Long-Term Funding Sources
for the Purchase of Development Rights to Preserve Open-Space Land
and Farmlands

Virginia Division of Legislative Services

June 19, 2007

A stylized, layered mountain range graphic in shades of teal and blue, located in the bottom right corner of the slide.

2006 RECAP

- ◆ The study was convened in part because the Commonwealth lost:
 - 490,000 acres of forestland between 1992 and 2000;
 - 480,000 acres of cropland between 1982 and 1997; and
 - 343,500 acres to development between 1992 and 1997.
- ◆ This trend is expected to continue as the 2000 Census reported a 14.4% growth in Virginia's population since 1990.
- ◆ Another impetus for the study was the Commonwealth's commitment under the Chesapeake 2000 Agreement to preserve 20% of the Virginia portion of the Chesapeake Bay watershed by January 1, 2010.
 - As of April 30, 2007, an additional 238,944 acres needed to be preserved to achieve this goal.
 - Maryland and Pennsylvania have already met this goal.

2006 RECAP

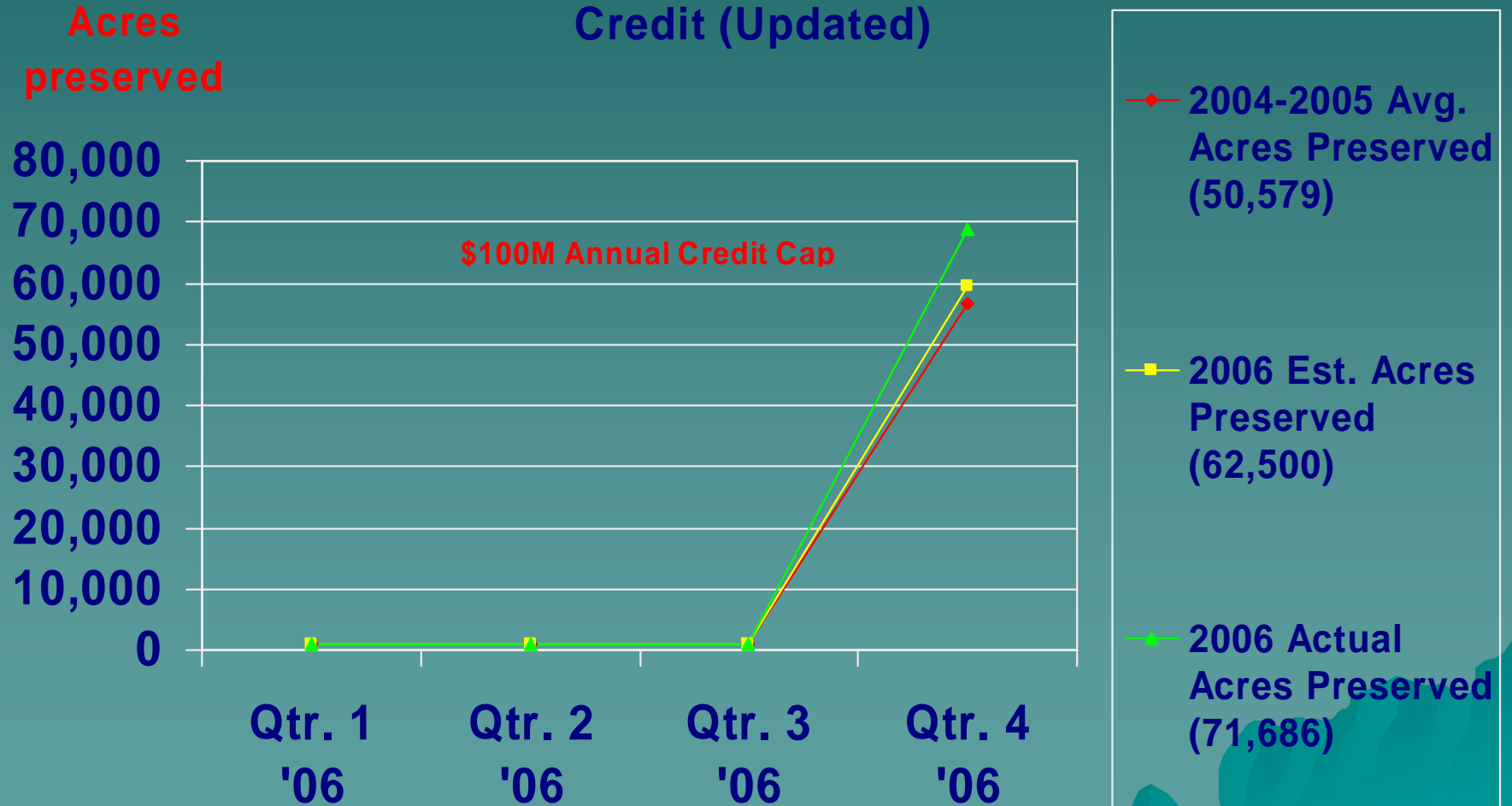
- ◆ The joint subcommittee was tasked with:
 - Identifying programs including PDR programs by which to meet future open-space and other conservation needs of the Commonwealth;
 - Identifying long-term funding sources to pay for the preservation of open-space and other conservation land;
 - Developing a plan for the sharing of the costs of land preservation between the Commonwealth and local governments; and
 - Identifying strategies for increasing land preservation, water supply protection, and the availability of large parks to serve Northern Virginia.

2006 RECAP

- ◆ Most preserved land in Virginia is obtained through the use of conservation easements.
 - The seller gives up the right to develop the property for an agreed upon amount. The restriction on development runs with the land.
 - The seller does not give up the right to live on or farm the land.
- ◆ Virginia's land preservation tax credit provides transferable income tax credits to taxpayers donating land through conservation easements.
 - The credit is set at 40% of the fair market value of the donated easement.
 - In the last few years the tax credit has accounted for approximately 80 percent of the annual acreage preserved in the Commonwealth (52,696 acres in 2005 and 71,686 in 2006).

2006 RECAP

2006 Illustrative Example of Land Preservation Tax Credit (Updated)



STATUS OF CHESAPEAKE BAY CONSERVATION

Status for 01/01/10 Preservation Goal; Chesapeake 2000 Agreement

Remaining Acres to be Preserved as of April 30, 2007	238,944
Estimated Acres Protected in Next 2.5 Years Under Current Trends $49,837.41 \text{ (2006 Base)} \times 2.5 \text{ years} = 124,594$	(124,594)
Estimated Acres that Could be Purchased Under Virginia's New PDR Program $\$8.5 \text{ million} / \$2,500 \text{ per acre} \times .70$	(2,380)
Estimated Acres that Could be Purchased with FY 07 and FY 08 Additional Grants from the Virginia Land Conservation Fund $\$1.4 \text{ million} / \$2,500 \text{ per acre} \times .70$	(392)
Net Balance	111,578

COST GUESSTIMATES

Guesstimate of Remaining Cost to Preserve 20% of Chesapeake Bay Watershed

- ◆ At a conservation cost of \$1,500 to \$2,500 per acre for 111,578 acres: \$167,367,000 - \$278,945,000.

SEVERAL ISSUES AND DIFFICULT DECISIONS

- ◆ Setting objective standards for a purchase of development rights program.
 - What is the goal? – (i) Chesapeake 2000 objective (20% of the Watershed), (ii) 400,000 additional acres by 2010 (Governor's goal), (iii) a long-term sustainable program, or (iv) some or all of the above.
 - Equal or unequal allocation of state grant moneys to regions of the Commonwealth? Priority to land situated in the Chesapeake Bay watershed or first-come, first-served?
- ◆ Level of cost sharing between the Commonwealth and local governments.
- ◆ Financing of the Commonwealth's cost share in a statewide purchase of development rights program.
- ◆ Financing of local governments' cost share in a statewide purchase of development rights program.

JOINT SUBCOMMITTEE RECOMMENDATIONS AND ACCOMPLISHMENTS (2007 SESSION)

- ✓ Reauthorization of PDR study.
- ✓ Authorize Virginia Resources Authority to raise capital for land preservation.
 - Allows smaller localities to borrow at more favorable rates (HB 2694; SB 1211).
- ✓ Start-up appropriation in 2007 for a statewide PDR program.
 - \$3,550,000 in FY 07 and \$700,000 in FY 08.
- ✓ Additional appropriation act funding.
 - \$500,000 in FY 07 and \$500,000 in FY 08 for matching grants from the Virginia Land Conservation Fund to promote conservation.
 - \$950,000 in FY 07 for the Virginia Outdoors Foundation to provide assistance to landowners executing conservation easements.
- Ø Additional Office of Farmland Preservation and Virginia Farm Link funding.