



Agricultural Reserve Program Virginia Beach, Virginia

**Jenny McPherson
Agriculture Department
City of Virginia Beach**

Why Protect Farmland?



Protect our Natural Resources



Protect and Enhance Agriculture

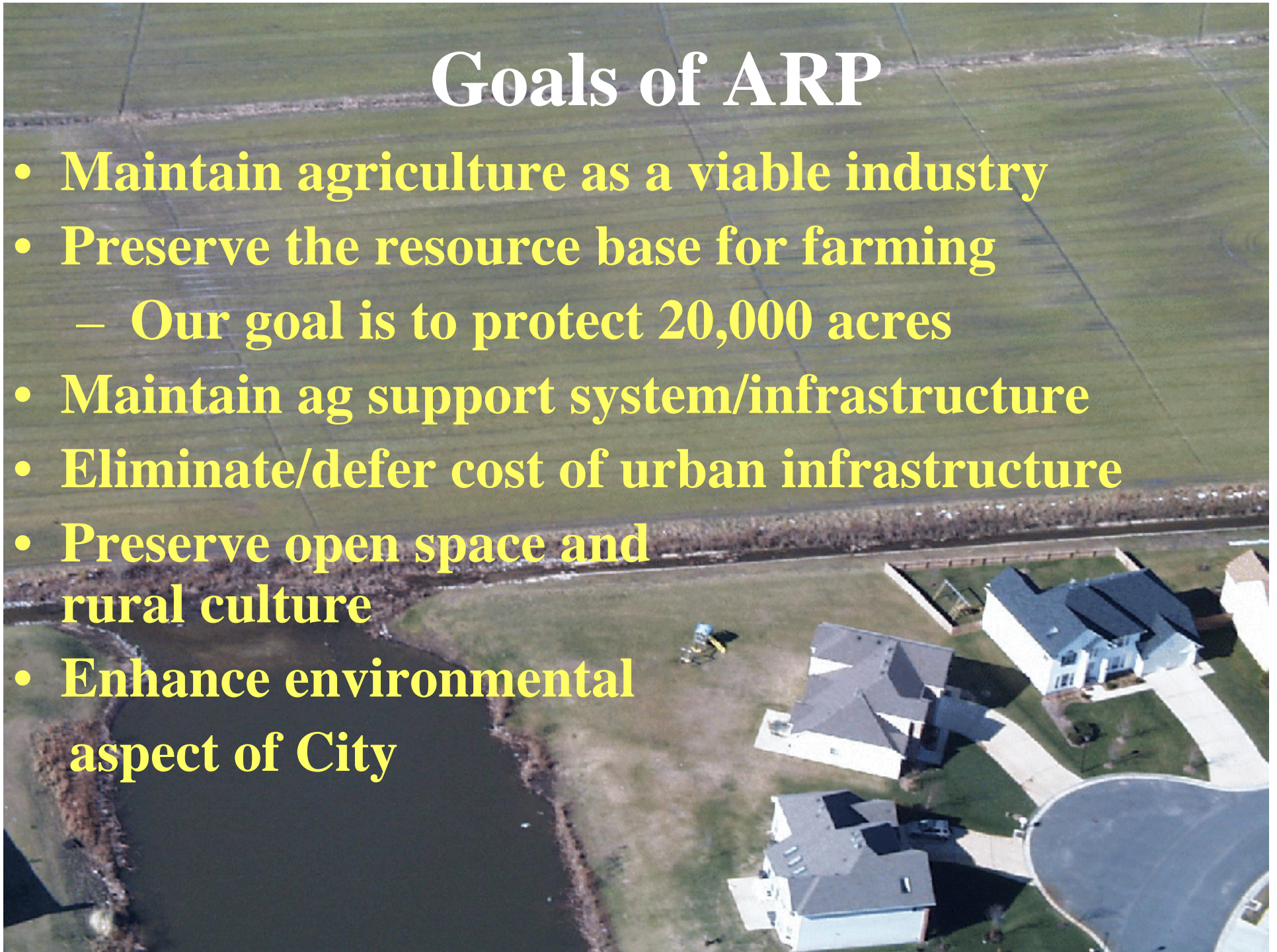
Protect our Open Spaces



Preserve our Rural Character

Goals of ARP

- **Maintain agriculture as a viable industry**
- **Preserve the resource base for farming**
 - **Our goal is to protect 20,000 acres**
- **Maintain ag support system/infrastructure**
- **Eliminate/defer cost of urban infrastructure**
- **Preserve open space and rural culture**
- **Enhance environmental aspect of City**



Benefits to the Landowner

- Still own the land fee simple
 - Farm it
 - Rent it
 - Sell it
 - Hunt on it
 - Cut timber



ARP SUMMARY

October 10, 2006

Number of Applications	Acres Protected	Number of Parcels	Development Units Acquired
165	7,078.74	123	623

Value of Development Rights Purchased

\$22,643,426.00

City's Cost of Purchasing Treasury-Strips

\$5,152,059.71

The number of Development Units is the maximum under the current zoning.



Funding

- ARP was established in May, 1995
- Funding ordinance in February, 1996
 - Dedicated portion of the Real Estate Tax
 - Initial funding level at 1.5 cent
 - Decreased to 1.0 cent in 2004
 - Generated \$3-4M per year
 - Decreased to 0.9 cent in 2006
 - Generates approximately \$4.046M per year
 - \$3.3M in General Funds received FY96-03
 - No longer receive general funds

Funding

- \$5M was transferred to Open Space in FY02
- \$3.7M was transferred in FY06 to aid in acquiring lands around NAS Oceana in the IFTA
- Current fund balance is \$14,598,762
 - Purchase of US Treasury Strip
 - Semi-Annual Interest Payments
 - Annual budget for ARP office is \$207,600
 - Operational expenses of the program

Purchasing Development Rights

- Innovative Financial Tool is used called an Installment Purchase Agreement, IPA
 - Leverage funds over time versus a rather large initial investment
 - Purchase US Treasury Strip
 - Generally cost 30-35 cents on the dollar
 - Matures in 25 years for the principal amount
 - Semi-annual tax free interest payments
 - Paid in June and December
 - FY06 payments totaled \$1,378,975

Funding Options for Localities

- Assistance from the State
 - Matching grants could help localities start their programs and enhance those that already exist
- Dedicated funding source is key!
 - Real estate tax
 - General funds
 - Tourism
 - Roll-back taxes
 - Proffers

For further information, please contact
Jenny McPherson
Agricultural Reserve Program Coordinator

Virginia Beach Agriculture Department

757-385-8637
jsmcpher@vbgov.com

