

**ELCR Conservation Partner Educational Conference Call Series: Number 5
Purchase of Development Rights Program, How They are Formed, How They Work & Benefits
to Land Owners**

Addendum No. 1: Woodford County PDR Information

**Brief history of events leading to the recommendation for a
Woodford County Farmland Protection Ordinance**

January 12, 2005

AARC hosts a workshop on opportunities for diversifying farm income – local PACE programs. In the concluding discussion, participants urged the AARC to coordinate continued discussion on developing a local PACE program in Woodford County and to sketch out a proposal for how this might be done.

September 22, 2005

First meeting of an advisory committee. The committee included representatives from Planning and Zoning Commission, Fiscal Court, real estate sector, farmers, Chamber of Commerce

The committee was given the following charge:

- Evaluate the potential value of a local PACE program for Woodford County
- Identify potential ways to fund such a program if it is judged to be of benefit to Woodford County
- Draft proposed criteria for easement acquisition if a local PACE program is implemented

April 17, 2007

The advisory committee, chaired by John-Mark Hack of the AARC submitted a recommendation to the AARC on establishing a Woodford Rural Land Board. The AARC provided additional details for this recommendation and approved its submission to the Planning Commission and the Fiscal Court.

Woodford Rural Land Board

“The Woodford County Fiscal Court should establish the Woodford Rural Land Board whose purposes would be:

- To receive donated conservation easements;
- To acquire funding for the purchase of conservation easements in Woodford County (including properties that may be in Woodford and adjacent counties); and
- To develop the policies that will guide the acquisition and administration of conservation easements.”

November 2007 and June 2008

Fiscal Court ran ads soliciting interested citizens to apply to be on the Woodford Rural Land Board Ad Hoc Committee. 2 Farm Bureau members, 2 small business owners, 1 developer, 1 realtor, and 1 citizen at large.

June 24, 2008

Fiscal Court selected 7 members to be on an Ad Hoc Woodford Rural Land Board

July 10, 2008

First meeting of Ad Hoc Woodford Rural Land Board

August 12, 2008

Recommendation for a Farmland Preservation Ordinance submitted to the Woodford County Fiscal Court by the Ad Hoc Woodford Rural Land Board

Woodford County Rural Land Board

The Mission of the Woodford County Rural Land Board is

To assist landowners in Woodford County to be effective stewards of the unique rich soils, biodiversity and cultural landscape at the core of our quality of life and economic vitality. This is done through a local program for the donation and purchase of conservation easements.

Who are we?

A local nonprofit that conserves and sustains the unique rich soils, biodiversity and cultural landscape of Woodford County by offering landowners the opportunity to sell or donate their development rights.

What are our values? What are our basic beliefs?

While we cannot predict the future of agricultural production in Woodford County, we do know for certain, that there will be no agricultural future if we do not sustain the foundation of our soils.

Woodford County has been entrusted with rich and diverse natural resources so sustaining the productivity of the unique soils in Woodford County is of highest importance to this and future generations

The Maury-McAfee Association, making up about 40 percent of Woodford County's soils, is found in the northern half of the County.

The most predominant soil association in Woodford County, the McAfee-Maury- Fairmont unit, makes up about 50 percent of County land area. This soil type is found primarily in the southern and western parts of Woodford County.

Agriculture is the "highest and best use" of land in Woodford County

Our agricultural landscape is valued by residents and visitors

Our agricultural enterprises represent an important component – both directly and indirectly of our local economy

We have established a production system for raising world class livestock that attracts both farm enterprises and visitors

The agricultural and scenic landscapes of Woodford County are core components of a sustainable quality of life

While prime agricultural soils are a key focus of our work, it is also important to secure the future for the biodiversity, natural landscapes and the quality of our natural resources

The rural agricultural heritage of Woodford County has shaped us as a people and a place

What is our vision?

In 25 years, twenty five percent (@30,000 acres) of the 119,087 acres in agricultural production in Woodford County will be sustained for the use and benefit of future generations through the use of conservation easements.

In 25 years, key natural resources, environmentally sensitive and ecosystems in Woodford County will be sustained for the use and benefit of future generations through the use of conservation easements.

Rationale for adopting a Farmland Preservation Ordinance for Woodford County

The adoption of the proposed Farmland Preservation Ordinance will:

1. Provide an organizational structure and process that will enable us to meet the goals of the Comprehensive Land Use Plan (2005 Update)

General land use

Provide for the proper organization of land use and physical relationship thereof that will provide for an increasingly safe, healthy and convenient environment for the residents of the County to live and work in.

- (1) Future land development should be encouraged to be located in centralized compacted patterns rather than decentralized sprawled patterns.
- (2) Strive to protect recreational, tourist, unique natural areas, and cultural attractions by controlling any development that might harm the surrounding environment of such attractions.

Natural resource conservation

To encourage and promote the conservation and protection of Woodford County's unique natural resources and "special areas" such as unique agricultural, scenic, cultural, archeological, geological and biological sites.

- (1) Identify and protect sensitive natural resource sites and unique special areas from the effects of incompatible development
- (3) Encourage public education, conservation efforts by private organizations, and public policy which will promote the protection of unique areas.

Agricultural use

To protect and promote the county's agricultural economy and character for the benefit of the public.

- (1) Provide sufficient agricultural land so as to protect the County's agricultural economic base and productivity potential.
- (2) Protect prime agricultural land from urbanization in order to provide adequate resources for future production of food and fiber.
- (3) Protect prime agricultural land from incompatible uses.
- (4) Conserve the unique elements of the County's agrarian character, such as the horse farms, in order to promote tourism and its related economic benefits.

Tourism

To promote the growth of the tourist industry in Woodford County as another means of broadening the county's economic base and to provide a linkage between the various segments of the community that offer goods and services to visitors.

- (4) To support and encourage the preservation of historic sites, archeological sites, unique scenic areas, and horse farms that serve as "drawing cards" for the traveling public

2. Provides a locally-based organization to hold donated agricultural conservation easements by local residents who support the goals of the Comprehensive Land Use Plan.

3. Provides an organizational structure for managing agricultural conservation easements within the county.

4. Provides a nonprofit organization committed to farmland preservation that can accept private donations that can be used to match available federal designated for the purchase of agricultural conservation easements.

Over \$20 million in the 2008 Farm Bill are directed at land preservation

5. Contributes to sustaining the asset -- farmland -- which is the basis for a significant component of our local economy.

Woodford County ranks first in Kentucky in total value of agricultural sales

6. Contributes to sustaining the assets -- farmland, unique natural areas -- which are a key component of the tourism sector of our local economy.

Frequently Asked Questions (FAQS)
Proposed Ordinance to Establish a Woodford Rural Land Board
Prepared by Agricultural Advisory Review Committee (AARC), August, 2008

What is a conservation easement?

A conservation easement is a land preservation agreement entered into voluntarily by the owner of a working farm or natural area. The land preservation agreement restricts or prevents the development of the land for purposes other than agricultural production or as natural areas. In this case, an owner agrees to permit the state or a qualified conservation organization (Woodford Rural Land Board) to acquire an "interest" in their land to limit nonfarm development. The owner of the working farm or natural area is making a long-term commitment to protect the land, and in exchange, is receiving a financial incentive. The incentive most commonly is in the form of tax benefits for a charitable contribution or reduced estate taxes, and in some cases, may be in the form of a direct cash payment. Conservation easements are enforced through deed restrictions.

What is important to remember is that conservation easements or land preservation agreements occur as a result of the voluntary decisions of farmland owners. The farmer retains ownership and full use of the land for agricultural purposes or as natural areas.

Why would a community want a way for people to consider conservation easements or land preservation agreements on their land?

Working farms and farms with natural areas provide many benefits to a community. Conservation easements allow a community to secure these benefits for the future by helping to:

Maintain a valuable natural resource - Woodford County is blessed with significant amounts of the most productive soils as well as unique natural areas and wildlife habitats.

Improve the water quality in our lakes, streams and rivers and protect drinking water quality -- land conservation is an easy and effective way to protect water quality.

Protect wildlife habitat and natural areas - every year, people in our area visit natural areas to hike, fish, camp, hunt, ride horses or simply observe nature. Preserving our natural areas will ensure that future generations have these opportunities too.

Preserve the land as a resource for future generations - working farm land and natural areas, once used for another purpose, cannot easily go back into agricultural production or wildlife habitat.

Sustain and enhance agriculture as a major component of our local economy -- These agreements allow landowners to continue farming while getting tax benefits or income that support their farm activities.

Shelter more land from development -- conservation easements are a less expensive way to protect land than buying the land outright.

Why would an individual landowner be interested in a conservation easement or a land protection agreement with the Woodford Rural Land Board?

With a conservation easement, landowners can fulfill their vision for the future of their land and waters. The land remains the property of the landowner and they can continue their traditional agricultural uses of the land. Donated easements offer substantial immediate and long-term tax benefits for the landowner and help the family minimize the inheritance tax burden when the land passes to the next generation.

Indeed, in order to encourage more landowners to consider conservation easements, new tax incentives are available. Here is a summary of the benefits available to many landowners who donate conservation easements:

- They can deduct up to 50 percent of their adjusted gross income in any year (up from 30 percent);
- They can deduct up to 100 percent of their adjusted gross income if the majority of that income came from farming, ranching or forestry; and
- They can continue to carry over unused portions of deductions for as long as 15 years (up from 5 years) after the initial year in which the deduction was claimed.

If funds are available for the purchase of conservation easements, landowners may receive payments for a portion of the land protected by the agreement and be able to use these monies for their current farm operations.

If someone enters into a land protection agreement, will the public have access to the property?

Conservation easements do not necessarily mean properties are opened up to public access unless so specified in an easement or as required by law. Landowners who place conservation easements on their land are providing substantial benefits to the public even if the land is not open for physical public access. The public receives the benefit of keeping land in open space for scenic vistas and in working land uses, such as farming.

Can someone still build a tenant house or a home for a family member even after they do a conservation easement?

This will depend on how the land owner negotiates the donation or sale of the conservation easement. If this is a concern of the land owner, it is up to them to insure that these terms are included in the conservation easement agreement.

What does the proposed ordinance do?

The ordinance creates a method for accepting land donations as well as soliciting and accepting cash donations and/or grants to build a fund that can be used operate the program and/or purchase easements.

What does the ordinance not do?

The ordinance does not create a taxing district and it does not grant the Woodford County Rural Land Board the authority to impose any taxes.

What will be the cost of this ordinance to Woodford County local governments?

The costs are administrative and it is possible to cover these costs through fees associated with the operation of the program. In other words, the Woodford Rural Land Board should operate on a fee-for-service basis to minimize its cost to local government.

If Woodford County adopts this ordinance, will our taxes increase?

No. There is nothing in this ordinance that will require a tax increase to be implemented. There are similar organizations in many other communities that are supported through fees and donations.

Will the Woodford Rural Land Board purchase conservation easements?

The draft ordinance establishes the authority to purchase conservation easements and a method for making decisions about purchases that takes into account the importance of working farms for agricultural production, preserving water quality and wildlife habitat, as well as the scenic value of the land.

How will the Woodford Rural Land Board get the money to purchase conservation easements?

Purchase will occur only if donations are made to the Woodford Rural Land Board which enable it to seek some of the \$20+ million funds allocated for this purpose under the new farm bill. For the last decade, the federal government has recognized the importance of protecting working farms and the lands that support both agricultural production and wildlife habitats by allocating matching funds for the purchase of conservation easements. The Woodford Rural Land Board gives this community an organization to accept both donations and matching funds.

What if we don't adopt this ordinance?

Without the Board to be established by this ordinance, there will be no way for someone to donate a conservation easement to a locally-based organization. Furthermore, there will be no mechanism by which the community to seek cash contributions or grants in order to build a fund for the purchase of conservation easements. Finally, there will be no eligible organization in Woodford County that can seek or accept matching funds from federal and state programs that can be used to purchase conservation easements. None of these things can happen if there is no Woodford County Rural Land Board.