

Howard County – March 2005

Certification of County Agricultural Land Preservation Programs
Re-Certification Request – Howard County
(Report Summary dated October 26, 2004)

COUNTY AGRICULTURAL PRESERVATION GOALS

- The County's goal was to preserve 30,000 acres. As of June 30, 2004, Howard County had preserved 19,205 acres through agricultural preservation easements (local, MALPF, Rural Legacy, Cluster Subdivision dedication, and Density Exchange Option dedication). Howard County's *General Plan 2000* revised the goal to 25,000 acres in agricultural easements, a revision recognized in this report as unobtainable. The County now feels that, given the remaining potential participating properties, a goal of 20,000 acres is easily obtainable, but the goal now should be to focus on selective acquisition of additional easements on priority in-fill properties and continued economic development support for the farms already preserved.

ATTRIBUTES OF LOCAL PROGRAM

- The County has an established local agricultural land preservation program for agricultural and woodland district properties.
- The County has an established local purchase of Development Rights (PDR) program, which enables the county to purchase easements independently from the State program.
- The County offers tax credits for properties that have sold their easements.
- The County was a pioneer with its Installment Purchase Agreement (IPA) program — The County PDR program is based on the selling landowner receiving interest on unpaid and untaxed principal for the period of the agreement. This interest is exempt from federal, state, and local income taxes. The principal is paid as a lump-sum payment at the end of the period of the agreement.
- The County's Density Exchange Option (DEO) is used to preserve density-sending preservation parcels.

QUALIFYING EXPENDITURES AND USE OF CERTIFICATION FUNDS

- The County meets the certification requirements for qualifying expenditures and use of certification funds and has provided a record of revenues and expenditures. Even in years when there is little or no money expended on new local easements (or matching funds for MALPF easements), there is a consistent level of expenditures on the principal and interest payments on easements acquired between 1989 and 2002 using the County's installment purchase agreement (IPA) program. A total of 99 easement properties were acquired using the IPA program, which will require ongoing funding of the agreements between 25 and 30 years from settlement. The County is committed to pay over \$176 million in principal and interest payments on these transactions.

PROGRAM ACCOMPLISHMENTS DURING THE REPORTING PERIOD

FY 2001 (information partially included in the FY 2000 Recertification Report Addendum)

- No State or local easements were purchased in FY 2001.
- The Density Exchange Option was used to preserve six parcels totaling 290 acres.
- No new MALPF districts were approved in FY 2001.

FY 2002

- The local program purchased eight easements totaling 400.5 acres for \$2,476,000.
- The Density Exchange Option was used to preserve one parcel totaling 55.3 acres.
- MALPF purchased one easement totaling 15.3 acres for \$116,519.
- Two new MALPF districts were approved in FY 2002 totaling 44.3 acres.

FY 2003

- No local easements were purchased in FY 2003.
- The Density Exchange Option was used to preserve three parcels totaling 130.2 acres.

- MALPF purchased two easements totaling 45.3 acres for \$635,175, of which \$75,335 was Howard County matching funds.
- Four new MALPF districts were approved in FY 2003 totaling 79.7 acres.

FY 2004

- No local easements were purchased in FY 2004.
- The Density Exchange Option was used to preserve one parcel totaling 51 acres.
- There was no State easement acquisition cycle in FY 2004.

Other highlights

- In FY 2001, the County was awarded \$400,000 in Rural Legacy funds for easement purchases in the Upper Patuxent Watershed Rural Legacy Area. In FY 2003 and 2004, four easements were purchased, totaling 80 acres, for \$340,887 of this Rural Legacy award.
- In FY 1999, the County was allocated \$77,777 from the Federal Farmland Protection Program of the USDA. Howard County used these funds in FY 2003 to help fund the easement purchase on the Daly property.

EVALUATION OF COUNTY'S ANNUAL REPORT

- During the reporting period, FY 2002-2004, the County preserved 777.6 acres of agricultural land and woodlands:
 - Of this, 80 acres were preserved with Rural Legacy funds and 60.6 acres preserved by the MALPF program.
 - During the last three years, approximately 236.5 acres of agricultural land were protected by dedication of landowners using the density exchange option.
 - During the reporting period, one landowner participated in the local IPA program permanently protecting 400.5 acres.
 - In the last three years, 8 MALPF districts were approved totaling 148.6 acres, of which two have since sold easements.

PROGRAM DEVELOPMENT STRATEGY

A. Description: Goal and Strategy

- The general goal is that the rural lands will be productive and the rural character preserved.
- Achieving this goal depends on the following strategies:
 - Use of the purchase of development rights programs to acquire agricultural land preservation easements.
 - County's IPA program (\$15 million authorized in the FY 2001 capital budget).
 - Rural Legacy and Program Open Space easements in the Upper Patuxent Headwaters Rural Legacy Area.
 - Seek MALPF and other funding for purchasing easements.
 - Identify target properties based on productivity and location, particularly in the Rural West.
 - Employ growth management tools and ordinances to protect farmland and regulate residential development.
 - Limit housing allocations in the Rural West to slow the pace of residential growth.
 - Adopt regulations to foster the dedication of suitable preservation easements through the density exchange option.
 - Refine the cluster subdivision regulations to better preserve land and make development more compatible with rural character.
 - Support a diversified agricultural industry.
 - Update regulations to reflect current farm practices and enhance economic opportunities.
 - Promote measures to protect existing farm operations.
 - Continue to expand and promote the Agricultural Marketing Program to support the local agricultural industry.
 - Support other programs that enhance agricultural properties in the County, such as CREP.

B. Evaluation: Goal and Strategy

- Lack of success in attracting new participants to the local program prompted an increase in the maximum offer amount (maximum of \$20,000 p/acre), though still with few takers.
- Scoring system for ranking priority properties for IPA acquisition was altered to better target properties contiguous to existing preserved land.
- Size requirements for participation in the local program (minimum 100 acres) were also examined and reduced to 20 acres. Howard County has determined that an increasing number of the most viable farming operations are relatively small acreage. Agricultural production continues to shift from traditional grain and livestock operations to specialty and niche crops.
- High value of land continues to be a major obstacle to the acquisition of additional acreage.
- The dwelling unit cap of 250 new lots per year in the Rural West has helped slow the pace of rural residential development. It is currently being considered to reduce the number of new lots even further.
- Prime farmland has been successfully preserved through the DEO; the cluster subdivision requirement, however, has been relatively unsuccessful in creating useful preservation parcels beyond buffers to new development.
- The major focus of the County on long-term successful preservation efforts has been on the County's Agricultural Marketing Program, recognized as a highly successful marketing tool seen by many to offer a model for others.

COUNTY'S FOCUS ON PRESERVING AGRICULTURAL LAND

- The County has revised its goal of preserving 30,000 acres of agricultural land downwards to state that it is more realistic that between 20,000-25,000 acres will be permanently preserved in the County.
- The primary efforts of the County will be to acquire in-fill easements on properties contiguous to existing preserved properties and to support existing farms through an aggressive economic development program.

FOUNDATION STAFF RECOMMENDATION

- The County's agricultural land preservation efforts have changed over time from purchasing new easements on the few remaining properties in the County of a size and location to contribute to its land preservation goals to land preservation through density transfers. The County's efforts have increasingly shifted to the active support of the economic viability of the agricultural community in the County through economic development activities targeted at the agricultural sector. Because Howard County's program is "mature" and there are not many significant opportunities left to acquire easements over substantial additional acreage, the program has shifted its focus to retaining and supporting the 20,000 acres of the land base that have been permanently preserved, most in active farming. Because this change in local conditions and the shifting emphasis of the County's efforts towards economic support of the agricultural sector, staff is not making a recommendation to recertify or not to recertify. It is not clear to staff if zoning changes or dedicating increased funds to the acquisition of easements would have any notable impact on the local program. The County has substantially reached its acreage goals for farmland and other land preservation. Realistically, there will not be a substantial renewal of major easement acquisitions in the County in the future.