

September 12, 2023

Finance, Government Operations & Economic Development Committee (FGOEDC)
1 Harrison St. SE
Leesburg, VA 20175

RE: Purchase of development rights program

Dear FGOEDC Members,

Just over twenty years ago (2000-2004), Loudoun County established one of the first Purchase of Development Rights (PDR) programs in Virginia. This incentive based, voluntary program was designed to permanently protect productive, sensitive, or aesthetic landscapes, while retaining private ownership and management. During its short life, the program matched \$8.9 million in County funds with \$4.2 million of non-county funds to acquire 12 conservation easements that permanently protected 2,545 acres and extinguished 508 development rights (Greene, 2019; Kane, 2004).

This past July, the Board of Supervisors approved the Department of Planning and Zoning (DPZ) Work Plan, where the development of a PDR program was designated as Priority #2. We very much applaud and thank the Board for pushing along this important initiative. At present, DPZ staff have completed the mapping of potentially eligible properties, which will be used to determine the potential scope of the program. DPZ staff are also working in conjunction with several departments on program development issues including a property evaluation matrix, research on the potential value of a development right, analysis of staffing needs, and related legal and policy issues. A tremendous thank you to all County staff who have and continue to work on this project.

As you know, there is an urgent need to stem the loss of open space and productive farmland in Loudoun County. The county's conservation and agricultural communities at large strongly encourage the FGOEDC to budget appropriately for the development of a robust FY2025 PDR program. Permanently protecting Loudoun's imperiled land and resources now align with an unprecedented opportunity to leverage local funding with state and federal monies. To recognize both the urgency and opportunities, we highlight the following:

1. **Loss of Loudoun's Farmland.** According to the most recent USDA Census of Agriculture, Loudoun's number of farms and acres in production have declined by about 10% since 2012 (USDA, 2017). At that time, Loudoun had 1,396 farms with a total of 210 square miles of farmland in production (Cline, 2020). Unfortunately, roughly 76 square miles of farmland have been lost throughout the Rural Policy Area from 2002-2017 (Cline, 2020). It is projected that an additional 70-80 square miles will be lost by 2040 through by-right development (Cline, 2020).
2. **A Smart Fiscal Investment.** An effective PDR program will:

- Reduce unchecked development, which in turn will limit dangerous traffic congestion and avoid the need for road expansions.
- Provide the benefits of open space without the expense of purchasing, maintaining, and policing publicly owned land.
- Support a robust rural economy, one that includes agriculture, hospitality, and recreation. As most people would agree, visitors are not coming to rural Loudoun to see residential subdivisions. It is the natural beauty, history, and agricultural vibrancy of the area that is the foundation (and backdrop) to the County's various rural economies.
- Allow landowners to unlock the value of a fixed asset. With investment capital often difficult to qualify for, a PDR program offers a means for landowners who wish to continue or expand operations, invest in new ventures, or address family needs.
- Generate public revenue. Working lands produce more public revenue than they receive back in public services. A "Net Community Cost of Community Services" study conducted by the American Farmland Trust in 2016 indicates that for every \$1.00 collected in real estate tax, \$1.19 is spent for city services on residential land use but only \$0.37 is spent on working and open lands. These findings support an earlier study that was completed by the Loudoun County Rural Economic Development Council (REDC) in 2013. Moreover, the County's Capital Intensity Factor (which establishes an estimate of the average capital facilities costs associated with a new residential unit) is significantly higher in suburban areas than in rural areas (Loudoun Department of Finance and Budget, 2018).

3. **Expand Voluntary Conservation Options for Landowners.** Today, nearly 68,000 acres are protected by conservation easements in Loudoun, all of which continue to keep farmland in production, protect vital natural resources, and safeguard stunning viewsheds (Piedmont Environmental Council, 2023). Unfortunately, financial constraints or other ownership considerations can make a conservation easement donation impossible. A PDR program provides a viable conservation option for such landowners. A PDR program also creates the opportunity for the County to more actively work with willing landowners to conserve priority lands and resources.

4. **Unprecedented State and Federal Matching Funds Are Available.** Of course, identifying the means to finance a PDR or similar conservation program can be a challenge. Such programs need a homegrown source of capital that can provide matching funds and long-term stability. Common local sources to fund PDR programs include general appropriations, real estate transfer taxes, and property taxes. Once a fixed amount is supplied by the locality it is then supplemented by state and federal matching funds, private monetary donations, and foundation grants. Available state and federal programs are described below, which could be utilized to jumpstart a PDR program:

- The Virginia Office of Farmland Preservation provides matching funding and \$875,000 was allocated for FY 2023 - a similar amount is anticipated for FY 2024.
- The Virginia Land Conservation Fund provides matching funding and over \$14 million is available for land conservation in FY 2024.
- The USDA's Agricultural Land Easement (ALE) program offers grants up to 50% of the appraised value of farmland conservation easements being acquired by the County. The

current Federal Farm Bill provides \$450 million per year nationwide for the ALE program. The Inflation Reduction Act of 2022 will provide an additional \$1.4 billion over the next four years to spur expanded ALE program participation.

5. **Loudoun is Surrounded by Successful PDR Programs.** In the early 2000s, Fauquier and Clarke counties established PDR programs which have become models for jurisdictions around the Commonwealth of Virginia. Fauquier is known for its ongoing success in preserving active farmland, particularly throughout the southern portion of the county. Similarly, Clarke has protected nearly 25% of their land area by leveraging their budget with matching grants and other state funding.
6. **Loudoun is Ready:** The Comprehensive Plan Supports a PDR Program. Even though state law does not require reference to a PDR program in the Comprehensive Plan, County staff concluded that the 2019 General Plan contains significant conservation and preservation policy guidance that provides support for conservation programs. In their report, County staff “identified 32 policies, strategies, actions, and narrative text policy references in the 2019 GP that support the use of tools like PDR as part of the county’s overall land conservation and preservation strategy” (Loudoun BOS, 2020, p. 11).

Ultimately, PDR programs recognize that undeveloped lands provide valuable amenities to the community. Having a system in place to buy development rights provides a market-driven and compensatory approach to preserving those amenities. Our collective organizations and members strongly support a PDR program. We ask the FGOEDC to act at its upcoming meeting to budget for the establishment of such a program for FY25. We very much look forward to your recommendations and decisions following the September 12th meeting.

Thank you for your consideration regarding this matter.

Sincerely,

The Piedmont Environmental Council
Friends of the Blue Ridge Mountains
Catoctin Scenic River Advisory Committee
Hillsboro Preservation Foundation
Loudoun County Equine Alliance
Old Dominion Land Conservancy
Piedmont Fox Hounds Conservation Fund
Virginia Piedmont Heritage Area
Blue Ridge Mountain Civic Association
Northern Virginia Conservation Trust
Loudoun Soil and Water Conservation District
Loudoun County Farm Bureau
Goose Creek Association
Land Trust of Virginia
Save Rural Loudoun

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