



Agricultural Reserve Program Virginia Beach, Virginia

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Department of Agriculture

City of Virginia Beach

Techniques to Support Agriculture



- **City Agriculture Department**
- **Agricultural Advisory Commission**
- **City - Owned Farmers Market**
- **Liberal Direct Marketing Policy**
- **Use Value Assessment**
- **No Farm Machinery Tax**
- **Green Line (Service Boundary)**
- **Rural Preservation Plan**
- **Agricultural Reserve Program**

PDR Programs in Virginia

21 Localities

Albemarle County

City of Chesapeake

Clarke County

Culpeper County

Cumberland County

Fauquier County

Franklin County

Frederick County

Goochland County

Isle of Wight County

James City County

Loudoun County (inactive)

Nelson County

New Kent County

Northampton County

Rappahannock County

Rockbridge County

Shenandoah County

Spotsylvania County

Stafford County

City of Virginia Beach



Reality

A photograph of a rural farmstead. In the foreground, there is a large, dark green field. In the background, several farm buildings are visible, including a large white house on the left and several smaller structures. There are several trees, some with bare branches and some with autumn-colored leaves. The sky is dark and overcast.

- **Most of the Farm Family's wealth is in the land.**
- **The old adage "Land Rich and Dollar Poor"**

COMMERCIAL ZONING
SHOPPING CENTER
DEVELOPMENT ON
THIS SITE



Why Should the City Protect Farmland?

- **Preserve the agricultural industry and rural character of the City for future generations**
 - **Offset infrastructure costs**
 - **Schools**
 - **Roads**
 - **Water/sewer**
 - **EMS**
 - **Libraries**
 - **Parks and recreation**
 - **Solid waste**
- 
- An aerial photograph showing a residential development in the foreground, featuring several houses with grey roofs and a swimming pool. The houses are situated on a grassy area. In the background, there is a large, flat green field, likely farmland, separated from the houses by a road and a line of trees. A body of water is visible on the left side of the image.

Benefits to the Landowner

- **Attractive 25 year payment plan**
 - **Tax free interest payments**
- **Still own the land fee simple**
 - **Farm it**
 - **Rent it**
 - **Sell it**
 - **Hunt on it**
 - **Cut timber**
 - **Reserve future building sites**
 - **Two Conditional Use Permits allowed**
 - **Horse Boarding Facilities**
 - **Dog Kennels**



ESTABLISHING THE VALUE

- Appraisal of property
 - The purchase price of the development rights is determined by subtracting the agricultural value (\$1,800/acre) from the fair market value
 - The price per development unit is determined by dividing the purchase price by the total number of development units on the property

EXAMPLE:

FAIR MARKET VALUE :

$$100 \text{ acres} \times \$10,000/\text{Acre} = \$1,000,000$$

AGRICULTURAL VALUE:

$$100 \text{ acres} \times \$1,800/\text{Acre} = \$ 180,000$$

VALUE OF DEVELOPMENT RIGHTS:

$$\text{(Purchase Price)} = \$ 820,000$$

INSTALLMENT PURCHASE AGREEMENT, IPA

Purchase Price: \$820,000

Interest Rate: 4.50%

Rate on U.S. Treasury STRIPS

Other: Estimated yearly interest = \$ 36,900

Total interest payments (25yrs) = \$ 922,500

Total compensation = **\$1,742,500**

City's estimated cost of STRIPS = \$ 246,000

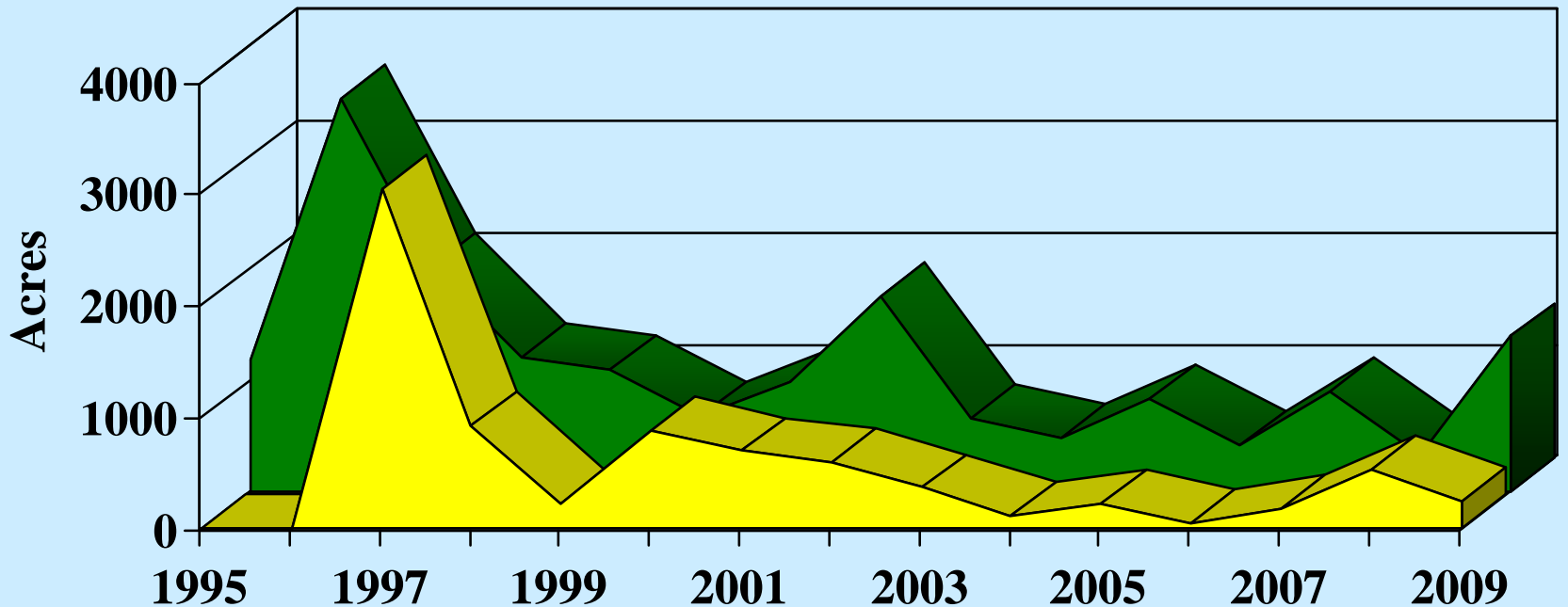
City's total cost to purchase DR = \$1,168,500



Funding

- ARP was established in May, 1995
- Funding ordinance in February, 1996
 - Dedicated 1.5 cents of the real estate tax
 - Decreased to 1.0 cent in 2004
 - Decreased to 0.9 cent in 2006
 - Funding for FY10 is \$4.82M
- \$3.3M in General funds received FY96-03
 - No longer receive general funds
- Over \$18.5M has been transferred to other programs since FY02: Open Space, Inter-Facility Traffic Area and the General Fund
- Annual budget for ARP office = \$159,800
- Over \$25M have been spent to date to protect almost 8,049 acres

ARP Participation Trends



Yearly Submitted Acres

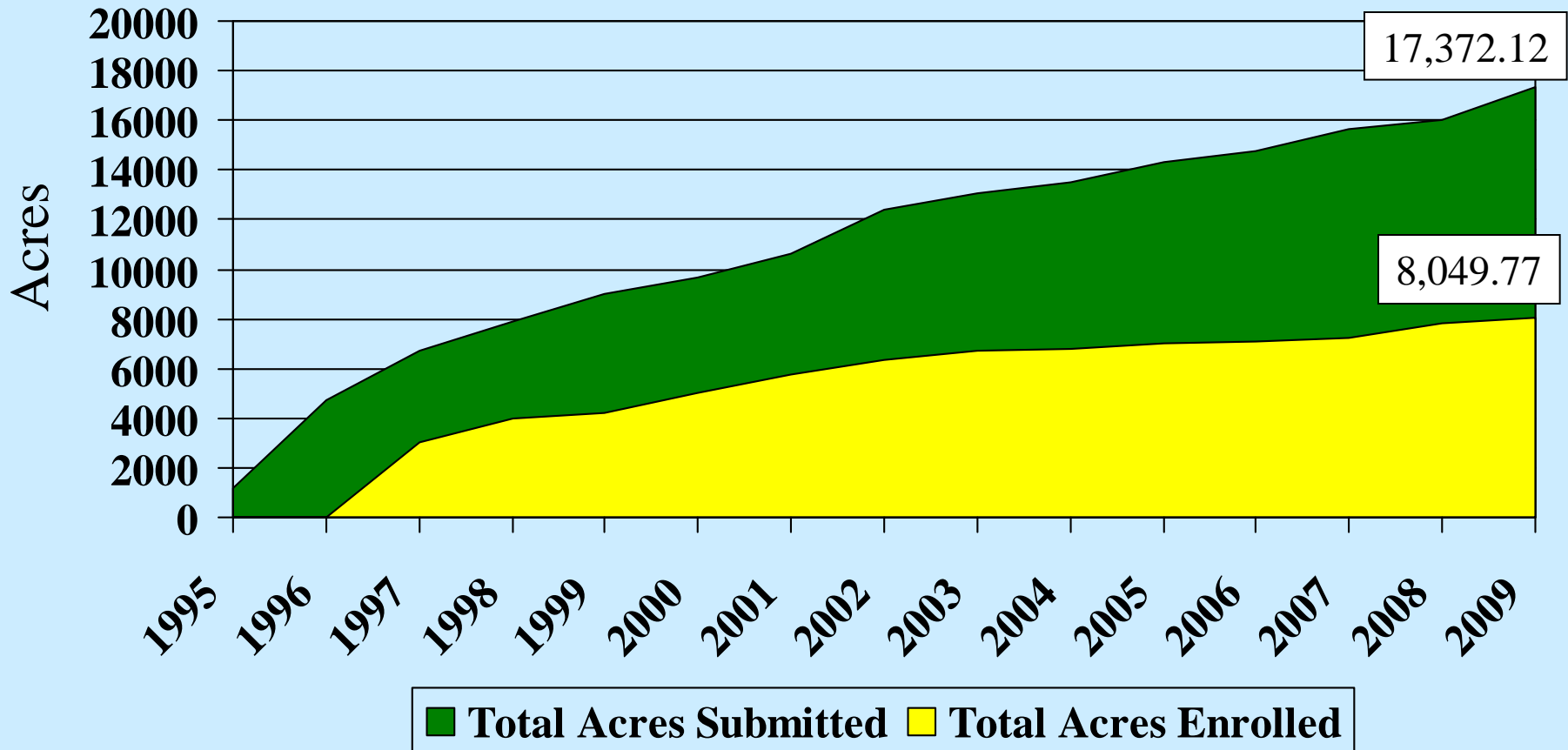
2009 = 1,385.98 acres
(1,185.48 were eligible)



Yearly Closed Acres

2009 = 251.44 acres

ARP Cumulative Trends



ARP SUMMARY

March 2010

# of Applications	Acres Purchased	DU's Acquired
201	8,049.77	706

Value of Development Rights Purchased

\$31,772,107.00

City's Cost of purchasing Treasury-Strips

\$8,084,689.96

The number of development rights is determined by the maximum amount allowed under the current zoning.



For further information, please contact

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