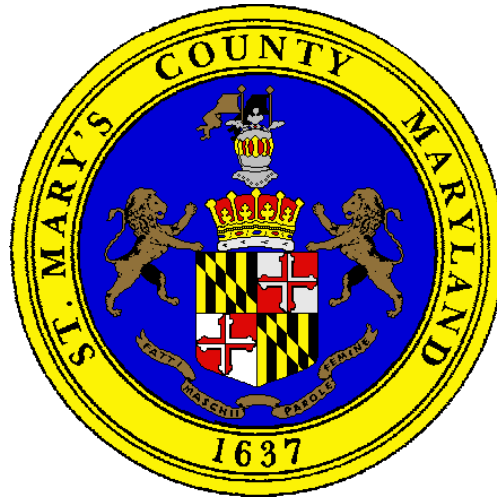


# St. Mary's County Rural Preservation Task Force Report



February 13, 2008

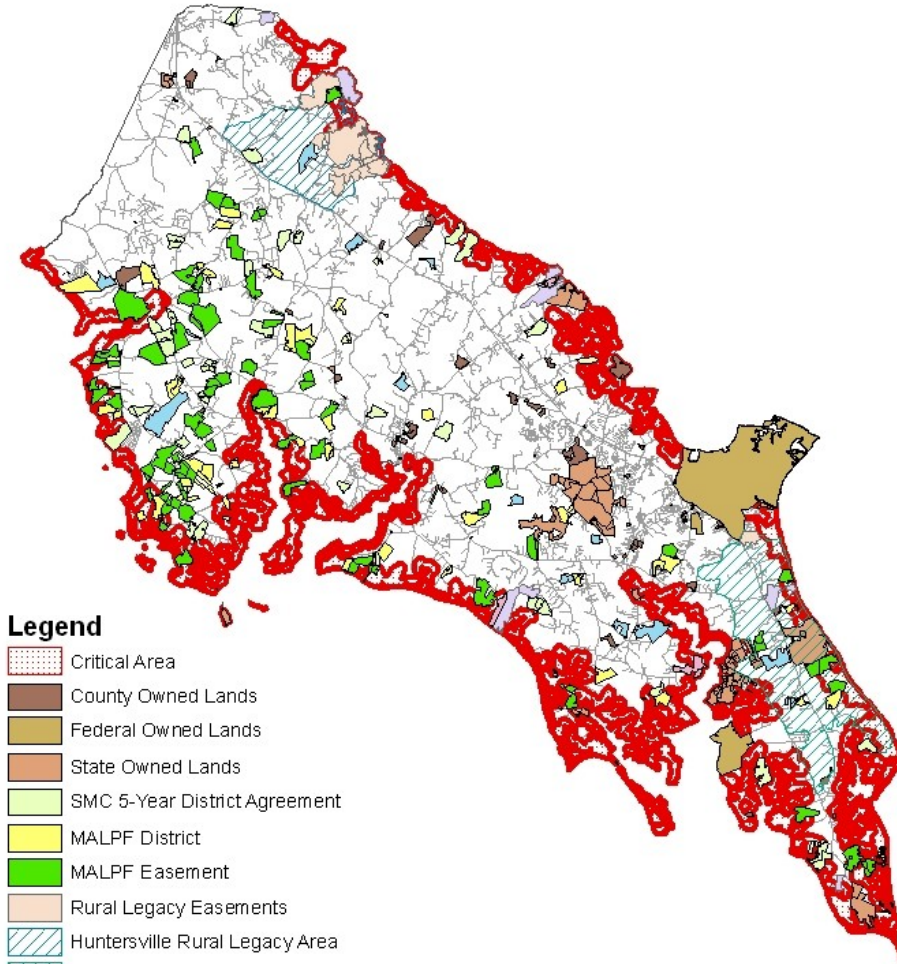
# Rural Preservation District (RPD) Task Force

- **MANDATE:** To recommend to the Board of County Commissioners additional measures that would effectively protect land in the Rural Preservation District (RPD) that is of great agricultural and/or environmental value.

# Current Land Preservation Efforts

- MALPF – 8,605 acres
  - Additional 275 acres (3 properties) pending sale
- Rural Legacy – 2,702 acres
- Transferable Development Rights– 1,656 acres
- Maryland Environmental Trust – 2,142 acres
- Maryland Historical Trust – 303 acres
- Fenwick Property – 159 acres

# Protected Lands of St. Mary's County, Maryland



## Legend

- Critical Area
- County Owned Lands
- Federal Owned Lands
- State Owned Lands
- SMC 5-Year District Agreement
- MALPF District
- MALPF Easement
- Rural Legacy Easements
- Huntersville Rural Legacy Area
- Mattapani Rural Legacy Area
- Maryland Historical Trust
- Maryland Environmental Trust
- Certified TDRs



# Changes to the TDR Program

- Each parcel receives 1 development right by right
  - Additional density may be obtained using TDRs
- Fee In Lieu
  - Set annually by the Board of County Commissioners – currently \$18,000 each
  - Revenue collected dedicated to future land preservation efforts

# MALPF Funding Needs

- FY 08 – funding needs to purchase easements on all 40 applicants \$46,637,077 preserving 4,909 acres
- Only \$4,207,799.13 is available

# MALPF Funding

Fiscal Year	Number Applicants	Number Easements Funded	Funds Spent	Average Price Per Acre
07	33	3 anticipated	\$4,207,799.13	\$9,833.50
06	14	5	\$4,707,403.20	\$8,791.62
05	10	7	\$2,692,803.75	\$3,613.22
03 & 04 (combined due to lack of State funding)	26	10	\$2,282,478.71	\$2,653.94

# Installment Purchase Agreement

- Legislation passed in 2005 giving County the ability to enter into general obligation installment purchase agreements (see handout)
  - Advantages to landowner – tax free interest with a balloon payment after “x” years.
  - Advantage to County – purchase more land at today’s rate (inflation)



# Installment Purchase Agreement

- Purpose: To accelerate the preservation of productive agriculture land and woodland which provides for the continued production of food and fiber for the citizens of St. Mary's County and to protect farmland from the impact of development.
- All easements are perpetual.

# Method of Payment

- Installment investment payments are made annually for a 10 to 20 year time period and the easement value (principle) is then made in a lump sum at the end of the installment period.

The following is an example for a 100 acre farm:

Farm Size – 100 Acres

Easement Value - \$500,000

Easement Value per acre - \$5,000

Year	TAX FREE Interest Payments Received Each Year for a 20-Year Agreement. Recent interest rate for a 20-Year is approximately 4.99%.	TAX FREE Interest Payments Received Each Year for a 10-Year Agreement. Recent interest rate for a 10-Year is approximately 4.7%.
2007	\$24,950	\$23,500
2008	\$24,950	\$23,500
2009	\$24,950	\$23,500
2010	\$24,950	\$23,500
2011	\$24,950	\$23,500
2012	\$24,950	\$23,500
2013	\$24,950	\$23,500
2014	\$24,950	\$23,500
2015	\$24,950	\$23,500
2016	\$24,950	\$23,500
2017	\$24,950	
2018	\$24,950	
2019	\$24,950	
2020	\$24,950	
2021	\$24,950	
2022	\$24,950	
2023	\$24,950	
2024	\$24,950	
2025	\$24,950	
2026	\$24,950	

Total Interest                      \$499,000                      \$235,000

Initial Easement Value  
or Principle                      \$500,000                      \$500,000

Total Fund Received  
(Interest & Principle)                      \$999,000                      \$735,000



# Initial Easement Cost

- Zero Coupon will cost 40.95% of full easement value.
- 20 year easement with a 4.45% interest rate
  - Based on data provided on February 7, 2008 from Frederick County
- Example = \$525,000 easement
- Zero Coupon = \$214,987
- Interest Payments = \$23,362.50 for 20 years

# IPA Course of Action

- Implement an IPA Program
- Secure a revenue source
  - Request Board of County Commissioners target a portion of the FY08 Land Preservation Funding for use by an IPA Program
  - Consider long term funding resources
- Establish Eligibility
  - St. Mary's County Agriculture Land Preservation Advisory Board

# St. Mary's County IPA Draft Eligibility Factors and Criteria

- Property must be at least 25 acres in size unless it adjoins another farm under easement.
- Properties must have at least 25% USDA Class I, II, or III soil capability and/or Woodland Groups I and II.
- Properties must contain subdivision potential.
- The easement must be approved by the local governing body.

# St. Mary's County Draft Limitations on Development

- No development for non-agricultural uses, but the original easement seller may reserve one building lot for him/herself and each of his/her children up to a limit of 4 at a rate of 1 lot per 50 acres or may elect to reserve one lot to be conveyed to anyone. New tenant houses, at a rate of 1 per 100 acres are permitted if such buildings are integral to the farm's continued operation. New agricultural accessory structures integral to the farm use area also permitted.

# St. Mary's County Draft IPA Ranking System

## **SOIL POTENTIAL RATING**

**150 PTS MAXIMUM**

Land Evaluation Score to be calculated by Soil Conservation Service x 2 points

## **TILLABLE LAND OR CROPLAND**

**100 PTS MAXIMUM**

Percentage of tillable cropland and/or certified tree farm x 1 point

## **COMPATABILITY WITH ST. MARY'S COUNTY**

**50 PTS MAXIMUM**

## **COMPREHENSIVE PLAN LAND USE ELEMENT**

("RPD" is designated in the county Comprehensive Plan as Rural Preservation District)

## **DEVELOPMENT RIGHTS**

**50 PTS MAXIMUM**

2 points per development right

## **SIZE OF PARCEL**

**50 PTS MAXIMUM**

Size of parcel in acres x.5 points

## **CONCENTRATION OF PRESERVED LAND**

**50 PTS MAXIMUM**

Proximity of farmland protected by perpetual easements or restrictive covenants. This could include historic (MHT), scenic, environmental (MET), MALPF, park, Forest mitigation and or wetland mitigation.

## **SOIL AND WATER CONSERVATION PRACTICES**

**25 PTS. MAXIMUM**

## **SUJECTIVE CATEGORY**

**10 PTS. MAXIMUM**

Can be used when one or more properties are within 25 points of each other. Items that may receive points are: duration of ownership, owner operator parcel, children who are part of the farm operation and live on or adjacent to the farm; and, applicant receives points for each time they have applied to sell their easements but have not received an offer.





# Current Land Preservation Funding Sources

- Agriculture Transfer Tax
- County Recordation Tax
- Other County Revenue Sources
- State Funds
- Tobacco Funds
- Federal Funds
- TDR Fee In Lieu

# Agriculture Transfer Tax

FY 07	\$276,582
FY 06	\$571,212
FY 05	\$937,165
FY 04	\$308,870
FY 03	\$159,464

# County Recordation Tax

- Effective September 1, 2001 - 35¢ of every \$4 collected is dedicated to rural land preservation

FY 07      \$791,435

FY 06      \$989,597

FY 05      \$834,743

FY 04      \$663,490

FY 03      \$477,242

# Actual County Budget

FY 08	\$2,851,000
FY 07	\$2,871,000
FY 06	\$1,361,000
FY 05	\$818,000
FY 04	\$435,000
FY 03	\$586,417

# Capital Improvements Land Preservation Budget

- All agricultural land preservation programs have been combined into one CIP budget.
- Dedicated funding sources for all agriculture land preservation programs come from the agriculture transfer tax and a portion of the County recordation tax (\$.35 of every \$4.00 Collected).

# Funding Source Options

- **Dedicated Property Tax Increase**
  - \$40 per property tax bill would generate \$1,500,000
    - calculated using properties as the solid waste and recycling fee
- **Recordation Tax Increase**
  - Additional \$1 per \$10 collected would generate \$1,142,000
    - not accounting for CIP "assumed future excess"
- **Dedicated Percentage of Transfer Tax**
  - 15% dedicated would generate an additional \$400,000
    - land preservation CIP typically reflects \$500,000

# Property Owner Education

- Offer information to landowners to help explore all development and preservation options available for their properties.

# RPD Task Force Future

- Continue meeting formally as a Task Force to discuss the following
  - Scenic Corridor Buffer
  - Buffering of Subdivisions
  - Uses allowed within the RPD
  - Floating Zone
  - Subdivision Size in RPD
  - Creation of Farmland Trusts