

Williamson Act

HLUET Meeting

October 5, 2005

Topics:

- Agricultural Preserve Map
- Guideline for Commercial Agriculture
- Guideline for Compatible Use
- Non-Renewal Procedures
- Contract Monitoring and Enforcement
- Open Space Easements

Agricultural Preserve Map

- Preserves are at least 100 contiguous acres
- 10 Preserves are proposed (1 large, 9 small)
- Zoning: AR, A, HS, and some RR parcels
- No harm to owners in Preserve that are not under contract

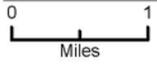
Santa Clara County's Proposed Agricultural Preserves



Preserves 2 and 3



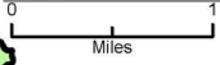
Preserves 4 and 5



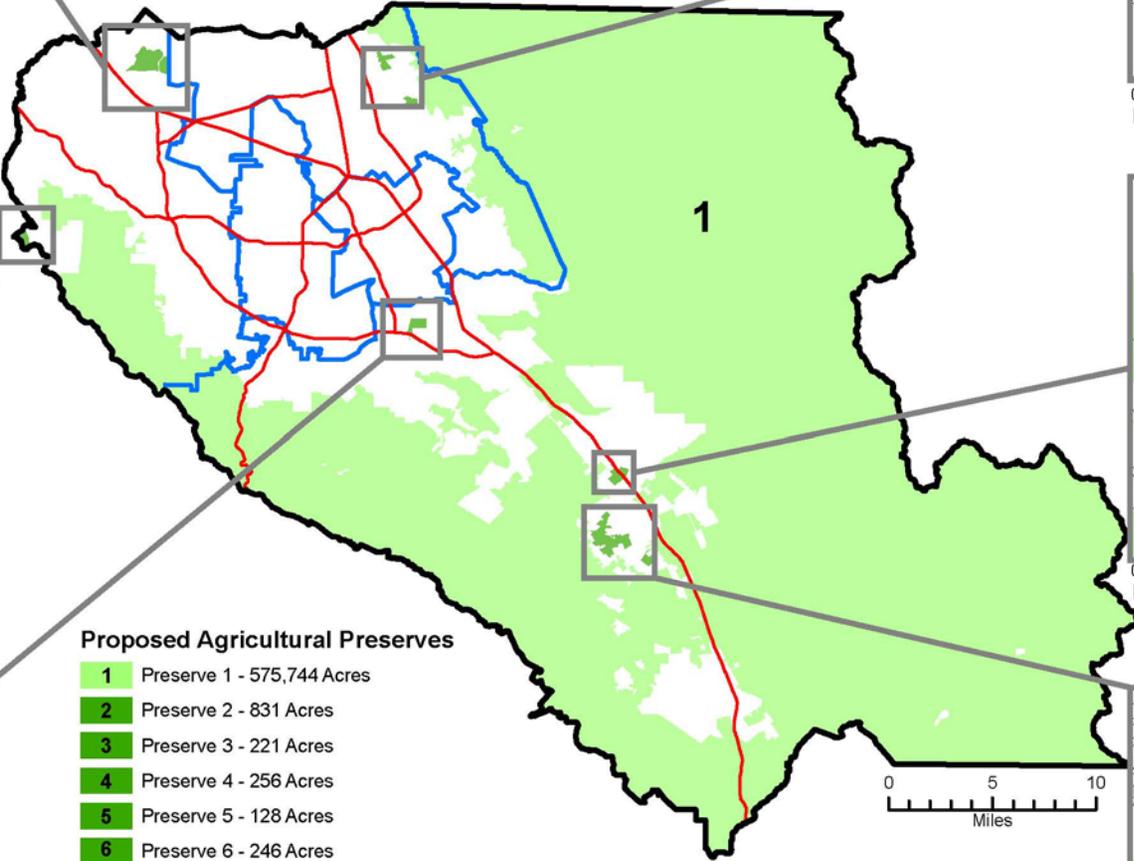
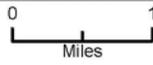
Preserve 6



Preserve 8

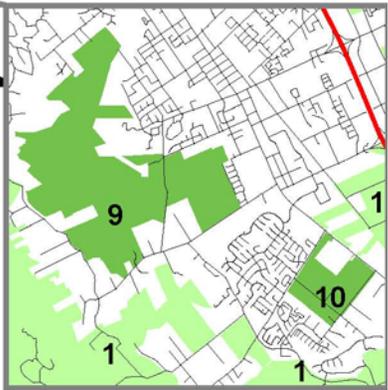


Preserve 7

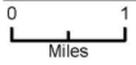


Proposed Agricultural Preserves

- 1 Preserve 1 - 575,744 Acres
- 2 Preserve 2 - 831 Acres
- 3 Preserve 3 - 221 Acres
- 4 Preserve 4 - 256 Acres
- 5 Preserve 5 - 128 Acres
- 6 Preserve 6 - 246 Acres
- 7 Preserve 7 - 300 Acres
- 8 Preserve 8 - 350 Acres
- 9 Preserve 9 - 1,057 Acres
- 10 Preserve 10 - 175 Acres
- Supervisorial Districts
- County Boundary
- Freeways



Preserves 9 and 10



Guideline for Commercial Agriculture

- Agricultural commodities are unprocessed products of farms, ranches and nurseries.
- Contracted land must be used primarily for commercial production of agricultural commodities.
- Horse-related uses may be compatible (but not primary use of property)

- Evaluation criteria focus on four elements:
 1. Parcel Size
 2. % Coverage
 3. Income
 4. History
- State law presumes the minimum size needed to sustain an agricultural use is 10 acres prime land / 40 acres non-prime land

- Prime / Non-Prime Land : based on soil capability
- New contracts: property must be at least 10 acres prime land / 40 acres non-prime land
- If parcel is minimum size or larger:
 - **At least 75% of land used for commercial agriculture in 3 of last 5 years**
 - **Must substantiate farm revenue with tax documents**
 - **No minimum annual gross income**

- If parcel is less than minimum size:
 - **at least 90% of land used for commercial agriculture, and**
 - **if prime land, property generated at least \$3,500 in 3 of last 5 years, or**
 - **if non-prime land, property generated at least \$2,000 in 3 of last 5 years**
 - **Must substantiate farm revenue with tax documents**
- For livestock operations, land available for grazing (i.e. fenced) is considered to be in agricultural production

Guideline for Compatible Use

- Land proposed for development must be primarily in commercial agriculture
- Development must be both “compatible” and “incidental” to the agricultural use of the property
- Commercial agriculture must continue to be the primary use of the property

- Compatible uses are limited to 10% of the parcel, not to exceed 5 acres
- Development must avoid the most valuable agricultural features of the land
- Compatible uses must comply with siting criteria (minimal grading, clustering, etc.)

Non-Renewal Procedures for Substandard Parcels

- State law presumes minimum size needed to sustain agricultural use is 10 acres prime land / 40 acres non-prime land
- Notices of non-renewal will be issued for under-sized parcels in 2006; take effect 2007
- Owner has 60 days to protest non-renewal
- There is no fee/penalty for non-renewed parcels, although parcel's tax assessment will gradually increase.

Non-Renewal Procedures for Substandard Parcels

- County will withdraw non-renewal notice if owner demonstrates that land meets guideline for commercial agriculture.
- If agricultural use on lot is part of larger agricultural operation on adjacent lots:
 - For lots in common ownership, owner must agree to contract amendment prohibiting separate transfer of undersized parcels.
 - For lots under different ownership, owners must sign/record joint management agreement.

Non-Renewal Option

- *At owner's request, allow time to establish an agricultural use by deferring non-renewal for three years*

Valuation of Property Under Williamson Act Contract

- Property with structural improvements
- Restricted land value

Valuation for Non-Renewal (pursuant to R & T Code section 426)

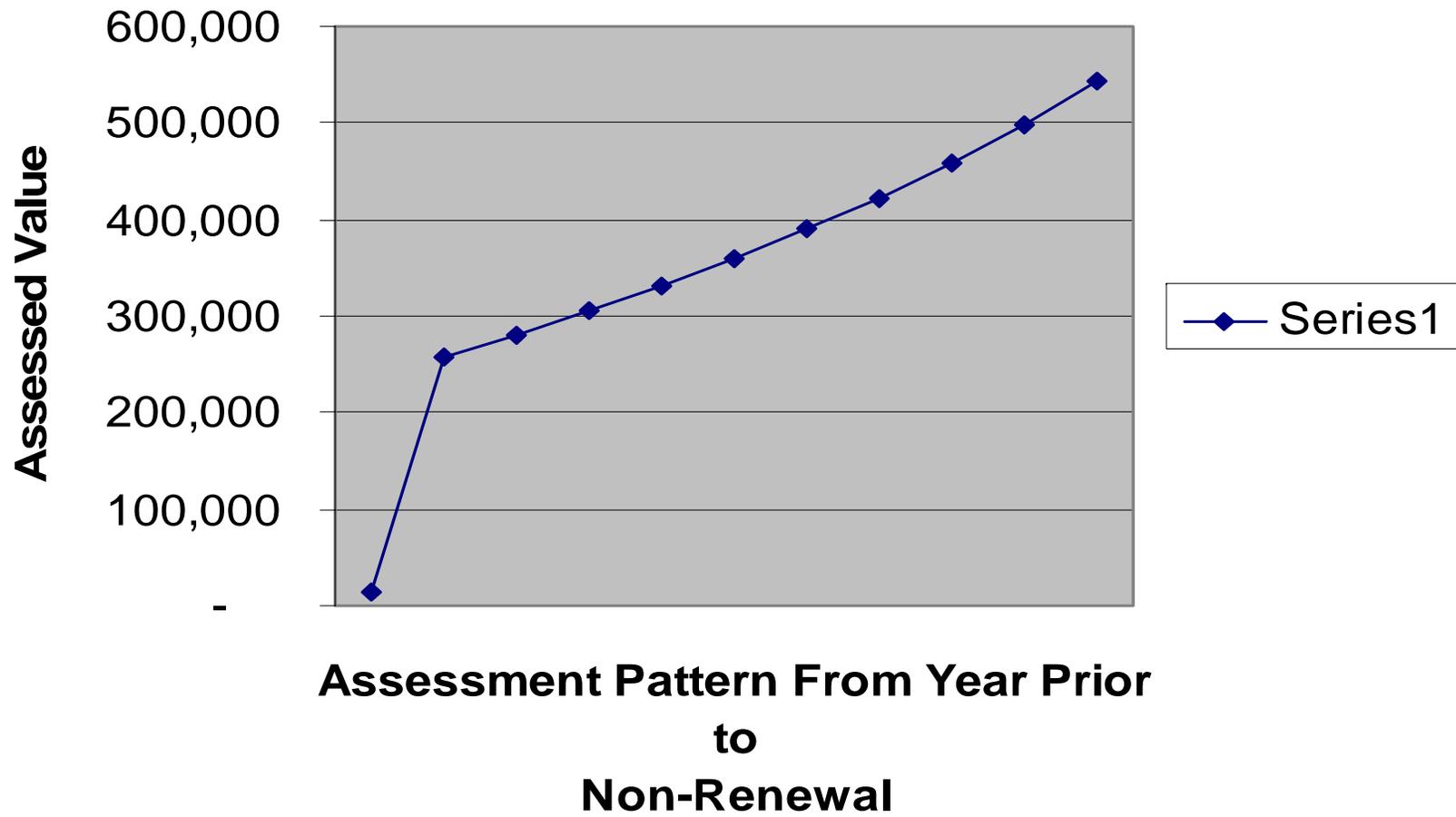
- Determine the value of the land as if it were not restricted by the Williamson Act (Proposition 13 value)
- Determine the value of the land as it is presently restricted by the Williamson Act
- Discount the difference in value between the non-restricted and restricted value for the number of years remaining in the non-renewal period

- Add the discounted value to the restricted value
- Repeat process for each year the property is in non-renewal
- The lower of the value calculation above or market value as of January 1 each year is enrolled and becomes the basis for taxation

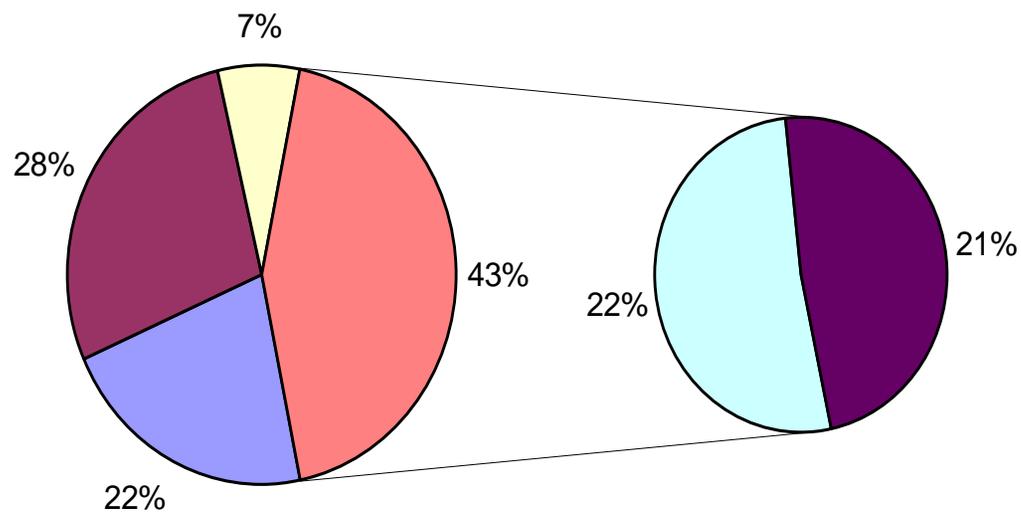
Estimated Non-Renewal Land Value

Year 0	15,057
Year 1	258,837
Year 2	280,676
Year 3	304,466
Year 4	330,383
Year 5	358,616
Year 6	389,373
Year 7	422,878
Year 8	459,377
Year 9	499,137
Year 10	542,448

Non-Renewal Impact on Assessed Value



- The most significant increase in value occurs in the first year of non-renewal
- The greater the difference between the Williamson Act restricted value and the Proposition 13 factored base year value the greater the first year increase will be
- Analysis of 268 Assessor's parcels that may be in Phase I of the non-renewal program



- Land Value Increase from \$10 K to \$50 K
- Land Value Increase from \$50 K to \$200 K
- Land Value Increase over \$200 K
- No Impact, at FBV
- Land Value Increase up to \$10,000

Contract Monitoring/Enforcement

- Enhanced public education/outreach
- Increased follow-up on Assessor's annual agricultural questionnaire
- Development proposals will trigger compliance review
- Review of all parcels on a regular basis
- Enforcement/penalties for “material breaches” under new state law
- Monitoring / enforcement fees

Open Space Easements

- State law allows owner to exchange Williamson Act contract for an Open Space Easement
- Definition of “open space” is very broad
- Easement must last at least 10 years
- Termination is similar to Williamson Act
- **PUBLIC ACCESS IS NOT REQUIRED!**

Open Space Easement Proposals

- 10 acre minimum for exchange
 - *Option: No minimum acreage requirement. Would allow any non-renewed parcel to transfer into Open Space easement and be developed*
- Two levels of easements proposed:
 1. Development restricted to 1,000 sq.ft. residence; no secondary dwellings
 2. Development of larger residence (subject to Design Review)
 - Option: Tier 3 -- No development allowed; should provide greater tax benefits to owners who simply wish to hold land (or certain parcels) in natural state.*

Open Space Easements

- Development restricted to 5% of parcel, not to exceed 5 acres
- Tax benefit is questionable, as it depends upon how the easement affects property value
 - Option: Tier 3 should allow a greater tax benefit
- If less restrictions, likely to be less tax benefits
- Owners of Williamson Act properties which do not have an agricultural use and meet minimum acreage requirements for Open Space Easement may be allowed to construct a residence

Web Sites

<http://www.sccplanning.org>

<http://www.sccgov.org/agenda/home>