

Answers to common PDR questions

What is the purpose or idea behind a PDR program?

Studies show that continued residential growth costs more in infrastructure needs than it pays in taxes. Primarily this is due to the increased needs to pay for new schools. School taxes make up more than two-thirds of your property tax bill, so if we can slow the rising cost of schools, we can reduce our taxes.

In addition, for Dunn to retain its quality of life, we need to work toward preserving a "critical mass" of farmland and open space and discouraging the spread of development.

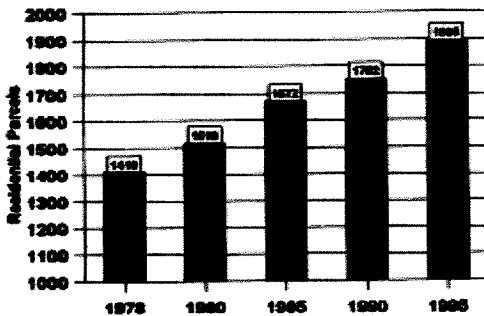
That critical mass of farmland and open space would enable farms to remain in business and ensure our rural quality of life.

How much does increased growth cost us in Dunn?

Current population trends indicate that Dunn's population, now at 5,407, will increase by 8% in the next five years. Increased residential growth means increased needs for schools, roads, police and fire services, and waste disposal. A 1994 study of the town revealed that residential land uses cost \$1.06 for every dollar they generate in revenue. On the other hand, agricultural and open space land uses cost only 18 cents for every dollar generated. This means that taxes go up with increased residential development.

Studies by the American Farmland Trust and others also show that increased public services are more expensive than programs to preserve farmland and open space.

While the town's land use plan is considered restrictive, we continue to see growth: 485 new lots have been created in the last 18 years.



Doesn't the town's land use plan limit growth?

The town's land use plan allows one split per 35 acres zoned exclusive agriculture and it has slowed development. However, as a result of those splits — 485 since 1978 — development is continuing and is slowly reducing the quantity of prime agricultural land and open space remaining in the town.

In addition, the land use plan is not a permanent means of protection. It is subject to annual review and could be altered with a change in the town board. One way of achieving permanency in the land use plan's goals is by purchasing development rights in areas likely to come under pressure to develop.

Will a PDR program work with the current land use plan?

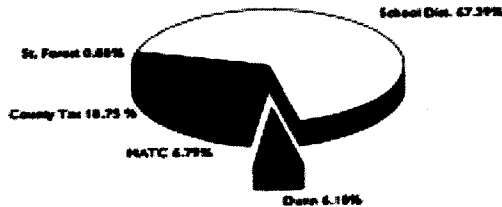
The two programs would complement each other. The PDR program is not intended to cover the entire town. It is intended to permanently protect lands under extreme development pressure. The land use plan controls overall growth in the town.

Will any development and growth be allowed?

Yes, the land use plan determines how much development is allowed in the town.

A PDR program is entirely voluntary for landowners. Even in areas under severe development pressure, it will still be a landowner's choice whether to split off allowable parcels under the land use plan, permanently protect the entire property by selling development rights, or do nothing.

Dunn takes the second smallest share of your property tax. By slightly increasing Dunn's slice of the "tax pie" now, we can slow the growth of the entire pie.



How will the town fund a PDR program?

PDR programs have been funded by general obligation bonds (borrowing), by a town tax, and by donations.

Towns can issue bonds with a majority vote of the town electorate. General obligation bonds are repaid through property taxes. The major drawback to bond indebtedness is that the interest charges increase the total cost of the program and this is something we want to avoid.

An alternative is a slight increase in the property tax to fund the program directly. Peninsula Township in Michigan instituted a local tax that amounted to \$62 on a \$100,000 home. (A mill rate increase of 0.62 in Wisconsin.)

Dunn's Rural Preservation Committee has looked at this option and has considered a mill rate increase of 0.5 to 1.0. This would generate \$50 to \$100 on a home assessed at \$100,000.

This source of funding could be supplemented by grants from other organizations, including possibly the state of Wisconsin.

My taxes are high enough. Why should I vote to pay more taxes?

Dunn's local property tax is lower than that in surrounding communities, (see the chart on page 1) so even with a slight increase to fund a PDR program, our local tax should remain either the lowest, or among the lowest.

We believe that by paying a little more in taxes now, we will be able to save more in taxes in the long run.

Numerous studies from across the nation and locally have shown that increased residential development costs more than it pays in taxes. If we pay just a little more than we currently are, we will still be paying less than other communities and working to reduce our property taxes in the future.

What if the program doesn't work or gets too costly?

Then we would stop funding or reduce the program. We would have to honor contracts in process, but the program could be stopped by referendum, or by a majority vote of town residents at a town's annual meeting.

It sounds interesting now, but it may not look so good when all of the information is in. If I say "yes" now does this mean the program will go into effect?

No. The Rural Preservation Committee wants residents to fully understand the program. We also want the townspeople to vote on this program in a well-advertised, well-attended referendum. Residents will have the final say.

The committee's task is one of trying to find the best ways of preserving farmland and open space while reducing our local property taxes. We believe this is the answer.

You have the committee's assurance, as well as the town board's assurance, that this program will not be implemented against the will of the majority of residents.

PDR programs help keep farmland affordable ...

The landowner still retains all other rights ...

Increased public services are more expensive than programs to preserve farmland and open space.

continued on page 4

Written by Vicki Elkin (from Dunn)

Conservation easement is a general term used to describe a legal agreement a property owner makes to restrict the type and amount of development that may take place on the land. Every easement results in a different set of restrictions tailored to that particular property and landowner's interests.

The principal economic incentives for landowners are income and estate tax deductions equal to the value of the development rights retired. However, many landowners pursue the transaction out of a sense of stewardship. The simplicity of the easement transaction gives it the advantages of flexibility and swift completion.

Purchase of development rights (PDR) programs are conservation easements that are bought from landowners. The attraction of direct financial compensation is the main advantage of this approach. Farmers are generally paid the difference between the fair market value of their land, or the price a developer would pay, and the price the land would command for agriculture.

PDR programs help keep farmland affordable for farmers entering into agriculture or needing to expand to stay competitive, compensates farmers for the equity in their land, so that fewer farmers, for instance, have to sell the family farm in order to have a retirement income, supports local economies, and preserves a well-managed open space.

Transference of development rights (TDR) identifies "sending" and "receiving" areas for development rights. Developers can purchase development rights from the owners of identified conservation lands and use them in approved locations. TDRs have the advantages of financial compensation and involvement of the private sector — essentially the marketplace funds the system. High administrative costs and the difficulties of explaining the system to citizens has limited the application of this system. This system is currently being discussed at the county level.

Special zoning districts include farm-forest-resource zones in the state of Oregon and large-lot agricultural zones in Black Hawk County, Iowa. The advantages of this approach are the low initial administrative and management costs of securing open space. Because zoning lacks direct economic compensation, it is typically unpopular with landowners. The protection against development offered by special zoning districts may be temporary, since any zoning can be altered, amended, or done away with.

Fee simple land acquisition is the "just buy it" method of setting aside open space. The main problems are the extremely high costs of acquisition, management, and liability. Then, too, most landowners are not likely to respond favorably to government purchases, and the public looks askance at removal of land from the property tax rolls. In the case of agricultural land, this system has high maintenance costs, and puts the municipal government in the position of landlord.

Open Space is land designated to remain open and undeveloped. This includes greenways, parks and state-owned lands such as the Hook Lake Preserve. It is a catch-all term that often includes farmland.

Development Rights are a landowner's rights to develop his or her property. When an entity, such as a town or private organization, purchases the development rights they are buying that landowner's right to develop that land. The landowner still retains all other rights, including posting the land as private land, and responsibilities associated with being a landowner. The landowner simply receives a one-time financial compensation for keeping the land in agriculture or open space. The sale of the development rights is recorded as an easement attached to the landowner's deed, and the easement stays on the deed even if the land is sold or passed on through inheritance.

Learn more about Purchase of Development Rights

**Investing in a
Purchase of
Development
Rights program is
an investment in
our future.**

Where else can I find information about PDRs? Several national and local organizations have additional information about PDR programs. We encourage you to find out more by contacting them, or visiting the town hall to look through our collection of books, surveys, articles and related information.

American Farmland Trust
1920 N. Street N.W., Suite 400
Washington, D.C. 20036
(202) 659-5170
AFT Center for Agriculture in the Environment
148 N. Third Street
DeKalb, IL 60115
(815) 753-9347
National Agricultural Lands Study
New Executive Office Building
722 Jackson Place, N.W.
Washington, D.C. 20006

National Audubon Society (local office)
222 S. Hamilton Street
Madison, WI 53703
255-2473

The Nature Conservancy (local office)
633 W. Main Street
Madison, WI 53703
251-8140

Land Trust Alliance
1319 F Street N.W., Suite 501
Washington, D.C. 20004-1106
(202) 638-4725

Wisconsin Farmland Conservancy
500 Main Street, Suite 307
M&I Bank Plaza
Menomonie, WI 54751
(715) 235-8850

For further reading:
Forging New Protections: Purchasing Development Rights to Save Farmland a study of Peninsula Township, Michigan, developed their PDR program. Published

April 1996. Copies are available for \$15 through the American Farmland Trust by calling 1-800-431-1499.

The Protection of Agricultural Land: A Reference Guidebook for State and Local Governments, by Robert E. Couglin and John C. Keene; National Agricultural Lands Study, 1981, Washington D.C.

The Conservation Easement Handbook: Managing Land Conservation and Historic Preservation Easement Programs, by Janet Diehl and Thomas S. Barrett; San Francisco, California, 1988.

Protecting Farmland Through Purchase of Development Rights: The Farmer's Perspective, American Farmland Trust, Northampton, Massachusetts, June 1988.

Preserving Family Lands: A Landowners Introduction to Tax Issues and Other Considerations, Land Trust Alliance, Boston, Massachusetts, 1988.

Written by: Vicki Elkin (Farm Dum)