

# Uniform Rules for Agricultural Preserves and Farmland Security Zones



Santa Barbara County

September 2007

# INTRODUCTION

## I. PURPOSE OF AGRICULTURAL PRESERVE PROGRAM AND UNIFORM RULES

The *Santa Barbara County Uniform Rules for Agricultural Preserves and Farmland Security Zones* (hereafter referred to in this document as Uniform Rules or Rules) is the set of rules by which the County administers its Agricultural Preserve Program under the California Land Conservation Act of 1965, better known as the Williamson Act. The purpose of the Williamson Act is the long-term conservation of agricultural and open space lands. The Act establishes a program to enroll land in Williamson Act or Farmland Security Zone contracts whereby the land is enforceably restricted to agricultural, open space, or recreational uses in exchange for reduced property tax assessments. Participation in the program is voluntary by the County and by the eligible landowners.

The Act requires that each participating local government have a set of uniform rules for administering Williamson Act and Farmland Security Zone contracts within its jurisdiction. The County's Uniform Rules establish the basic requirements of all contracts and are incorporated as a part of each contract. As a part of every contract, therefore, any change in the County's Rules applies to every contract currently in effect with the exception of rules specifically applied prospectively and those compatible uses permitted under Section 51238.3 of the Williamson Act.

Conservation of agricultural and open space land benefits the general public by discouraging premature conversion of land to urban land uses, thereby curtailing sprawl and promoting logical urban growth and provision of urban services. The Agricultural Preserve Program both protects agriculture and retains open space for its scenic qualities and value as wildlife habitat. Most directly, it contributes to the state's agricultural economy and the availability of fresh, nutritious, varied and affordable food. To ensure the long-term retention of these benefits, land enrolled in the program is prevented from being readily converted to urban or other non-agricultural uses. This is achieved by the County through conscientious and consistent enforcement of the Uniform Rules and the terms of the contracts, which also maintains the constitutionality of administering preferential property tax assessments for these lands.

## II. AGRICULTURAL PRESERVES AND WILLIAMSON ACT CONTRACTS

As a participating county, the Williamson Act mandates that areas of the County be designated as agricultural preserves for application of the program. Land within the preserves that meets the eligibility requirements may enroll in the Agricultural Preserve Program through a Williamson Act or Farmland Security Zone contract with the County. It is Santa Barbara County's practice to establish the preserves simultaneously with enrollment in a contract, resulting in coterminous boundaries between the preserves and the contracts. Thus land anywhere within the County that

meets the zoning, size, use and other requirements set forth in these Rules may be eligible to participate in the program.

Farmland Security Zone contracts, also referred to as “Super-Williamson Act contracts” are a special type of Williamson Act contract that receive greater tax benefits (35% reduction from assessed Williamson Act or Proposition 13 value) in exchange for longer contracts. In Santa Barbara County, the Farmland Security Zone program is not yet widely used. For this reason, these Uniform Rules refer primarily to Williamson Act contracts when discussing eligibility requirements, compatible uses, and contract termination provisions. However, in most cases the requirements are the same for both Williamson Act and Farmland Security Zone contracts. Therefore, whenever these Rules mention Williamson Act contracts, it shall be presumed to include Farmland Security Zone contracts as well, unless specifically stated otherwise. Requirements specific to Farmland Security Zones are discussed in Rule 5.

Under the Act, contracts are automatically renewed each year following the first year of a 10-year Williamson Act contract (or 20 years for Farmland Security Zones), unless the owner or County serves a notice of nonrenewal or the contract is terminated as may be provided for by the Act and these Rules. When the County or a landowner serves a notice of nonrenewal upon the other party sufficiently prior to the renewal date (i.e. 90 days if served by the landowner, 60 days if served by the County), the contracted land must continue to meet County eligibility and compatible use requirements throughout the remaining duration of the 10-year or 20-year contract. For example, if a landowner nonrenews a Williamson Act contract in September of 2006, the contract remains in effect for 9 years from the start of the next calendar year (e.g. January 1, 2007). Therefore the contract would expire at the end of 2015.

### **III. CONTRACTS - ASSESSED VALUE OF LAND, IMPROVEMENTS AND LIVING IMPROVEMENTS**

The State Legislature enacted the California Land Conservation Act (Williamson Act) in 1965, with the intent of preserving agricultural lands for food and fiber production. At the time, property taxes were recalculated yearly, on the basis of market value. The Williamson Act changed this practice for open space and agricultural lands. With California taxpayer approval, the law prescribed specific methods for appraising properties under the Williamson Act. The Legislature determined that the assessed value of the agricultural use would be calculated based on the income approach to value, rather than the market approach. Adopting the Williamson Act was an effort to motivate landowners towards the goal of the program. It was “*an attempt to stop or at least slow down increases in real property taxes on farmland by providing methods for restricting land to agricultural purposes.*”<sup>1</sup>

---

<sup>1</sup> SBE Assessment of Agricultural and Open Space Properties, AH521 II-1.

## **Presumptions for Williamson Act Valuation Today**

The spirit and intent of the Williamson Act remain today under Proposition 13. Foremost in the appraisal process is the presumption that the agricultural (restricted) use of the land will continue into the foreseeable future and that the restrictions affect value. The non-restricted uses are valued at their market value, in accordance with Proposition 13.

## **Valuation Procedures for Enforceably Restricted Property**

The basic appraisal method for Williamson Act valuation is by the income approach to value. The assessor capitalizes all income attributed to the agricultural use of the land, (along with income from compatible uses such as radio towers, television repeaters, cell sites, commercial enterprises, the sale of water, mineral exploration leases, production contracts and recreation) into an indication of value. The assessor also capitalizes income produced from living improvements (fruit and nut bearing trees and vines) into an indication of value. The land and living improvement values comprise the restricted portion of the total assessment.

Under the 1999 Farmland Security Zone Act, landowners that enter into a 20-year Farmland Security Zone contract can benefit from an additional 35% reduction on the restricted portion of their assessment.

## **Valuation Procedures for Unrestricted Property**

Non-restricted portions of the contracted property are valued at their market value, in accordance with Proposition 13. For example, residences and residential home sites are expressly excluded from the restricted calculation. If a 100-acre avocado ranch has a home with garage, pool, tennis court, guesthouse and an employee house, each home site and each of the structures will be assessed at market (Proposition 13) value. Any physical changes associated with the residential uses, such as driveways, grading, landscaping, domestic wells, etc. are also assessed at market value.

## **Total Assessed Value**

Each year the assessor sums the restricted and unrestricted values to calculate the final Williamson Act or Farmland Security Zone value for the contracted property. The Assessor also calculates the Proposition 13 base value and the current market value. The value placed on the tax roll will be the lesser of: 1) the Williamson Act value or Farmland Security Zone value, 2) the Proposition 13 base value, factored, or 3) the current market value.

## **IV. RELATIONSHIP OF PROGRAM TO OTHER LAND USE REQUIREMENTS**

The Uniform Rules implement the Williamson Act by defining eligibility requirements and compatible uses which each participating landowner must adhere to in order to receive a reduced

tax assessment. The Uniform Rules do not authorize any development on agricultural land that is not otherwise permitted by the applicable zone district. Often the Rules are more restrictive than the underlying agricultural zoning requirements. However, the Rules do not supersede the County's land use requirements contained in the Comprehensive Plan and zoning ordinances, nor obviate the need for permits. The Agricultural Preserve Advisory Committee (APAC) is responsible for reviewing a land use application for consistency with the Uniform Rules and the Williamson Act, but does not make a decision on the permit. The land use permit must be reviewed and approved by the appropriate decision-maker in the permit process.

A landowner can obtain an early indication whether or not a proposed land use or activity may be allowed by bringing their proposal to the Agricultural Preserve Advisory Committee (APAC) for advisory review and by consulting with Planning and Development or submitting a pre-application to the County for any required permits.

## **V. AGRICULTURE AND URBAN INTERFACE**

The Board of Supervisors recognizes not only agriculture's contribution to the County but also its vulnerability to conversion to urban or other non-agricultural uses. In addition to the Agricultural Preserve Program, goals and policies in the County's Land Use and Agricultural Elements afford protection to both prime and nonprime agricultural lands. This includes protection from urban expansion and urban influences. It is important to reaffirm these policies here in the Uniform Rules. Two primary considerations regarding the interface of agricultural and urban lands are:

1. Agriculture does not ordinarily require urban services such as sanitary sewers, transit and lighting, and therefore such service districts should not be extended to cover agricultural land in, or eligible for inclusion in agricultural preserves. Taxing agriculturists for these services may impose an unnecessary tax burden and could hasten conversion to urban land uses.
2. To deter expansion of urban areas onto productive agricultural lands, the County encourages the entry of prime and producing agricultural lands adjoining urban areas into the Agricultural Preserve Program.

## **VI. ROLE OF THE APAC**

The Agricultural Preserve Advisory Committee was created by, and is advisory to, the Board of Supervisors and includes representatives from the Agricultural Commissioner's Office, Assessor's Office, County Surveyor's Office, Cooperative Extension, Planning and Development and the agricultural community. The Committee is responsible for administering the County's Agricultural Preserve Program and the Uniform Rules. Its duties include reviewing applications and making recommendations for creating agricultural preserves, entering new contracts, making revisions to existing preserves or contracts, terminating contracts and disestablishing preserves. In conjunction with these duties, the APAC is responsible for monitoring and enforcement of the

Agricultural Preserve Program. When an application for a permit (or other County entitlement) involves land in a Williamson Act contract, the APAC has the responsibility to review the application to determine its consistency with the County's Uniform Rules. In addition, the APAC is responsible for determining the compatibility of land uses under the provisions of the Uniform Rules and the Williamson Act. From time to time it is also responsible for recommending revisions to the Rules to ensure their continuing consistency with the Williamson Act and suitability to Santa Barbara County. The APAC is a committee subject to the Ralph M. Brown Act and the public is welcome to attend meetings and provide input and comments on proposed recommendations or issues being discussed.