



Community Matters: Listen closely to talk of 'protecting agriculture'

By Bob Field/Contributing Writer

July 8, 2009

You may wonder what the ongoing policy struggle over agricultural land-use is about, particularly since both sides in this debate claim to have the same goal: protecting agriculture.

Sometimes when people who say they have the same goal can't agree, it indicates that they do NOT have the same goal.

Not surprisingly, this issue is about money. Land-use decisions that increase the market value of ag land are profitable to the current owners but are detrimental to the economic viability of agriculture in the longer term. The increasing land cost makes it increasingly difficult for future buyers to make money through agricultural use of the property.

Since the high price of ag-zoned land is a primary threat to the long-term survival of agriculture in Santa Barbara County, it helps to understand the building blocks of the market price:

- 1) The *intrinsic value* : This basic value reflects the land's ability to produce economic profit through agricultural production. Factors include soil, climate, exposure and access to water, labor and markets. Alone, this should never be a problem because no rational agricultural businessman would pay more than would allow a reasonable return on investment.
- 2) The *development rights value* : Added to the intrinsic value is the value of the development rights available under the zoning. Quite simply, the more development rights, the more the market value. Aggravating the problem are development rights not related to agriculture, such as bed and breakfasts, non-agricultural housing or businesses, and so-called special events.
- 3) The *speculative value* : The price rises again when the buyer has reason to believe the market value of the land will go up over time, and return a profit upon sale. A trend in adding development rights increases the speculative value.

4) The size of the parcel is an additional and significant factor. A very reliable rule of thumb is that the smaller the parcel, the higher the cost per acre. A routine practice of allowing subdivision of ag-zoned lands also adds to the speculative value.

So, two of the worst land-use decisions we could make would be to add non-agricultural development rights to ag-zoned land, and to allow further subdivisions.

Interestingly, these actions are precisely what some agricultural landowners are lobbying for.

Their first argument goes like this: Anything that puts money in the hands of the current owners makes it more likely they will stay in agriculture. In the short term this may or may not be true, but in the long term it raises the market price of the land and certainly is detrimental.

Their second argument is the threat that if their requests are not granted, it will lead directly to urban development of the land.

First, this is not true because urban uses are not allowed under ag zoning. Second, and most ironically, the circular argument is that if we don't let them build houses, hotels and businesses on ag land, then the result will be houses, hotels and businesses on ag land! This argument invites intellectual whiplash.

In conclusion: Beware of proposals to "protect agriculture" by taking actions that will increase the market price of the land.

"Community Matters" analyzes and explains topics of public interest in the Santa Ynez Valley. Retired businessman Bob Field is volunteer president of his neighborhood's mutual water company and past chairman of the Valley Planning Advisory Committee.