



What Is Purchase of Development Rights?

Purchase of development rights (PDR) programs pay landowners for the development rights associated with their land. Pioneered in Suffolk County, New York in 1974, PDR programs have since been used across the nation to preserve an estimated 400,000 acres of farmland and tens of thousands of acres of natural areas and other open space.

Description

Under a PDR program, an interested landowner voluntarily sells to a public agency or nonprofit conservation organization the development rights to a parcel of land. The landowner retains full ownership of the land, but the right to develop the property is retired and a conservation easement (see Fact Sheet No. 10) is placed on the land and recorded on the title. The buyer (often a local unit of government or nonprofit conservation organization) essentially purchases the right to develop the land and retires that right permanently, thereby assuring that development will not occur on that particular property. Generally PDR programs use public funds to purchase development rights and land eligible for inclusion in the program is required to meet certain criteria related to quality, size, and location. Typically the landowner is compensated for the value of the right to develop the land through the following formula:

Formula:	Example:
Appraised value of land for development	\$4,500/acre
Minus appraised value of land for agriculture	-\$1,200/acre
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Equals value of development rights	= \$3,300/acre

Considerations

In areas with high growth pressure, the monetary costs of a PDR program can be high because the cost of purchasing development rights—that is, the difference between the development value and the agricultural value of the land—will likely be greater. Used strategically, however, a PDR program can be an effective tool to help maximize a community's conservation efforts. Money for PDR programs can be raised through a variety of means, including bonding initiatives, private grants, and various taxation options. Many communities have found matching dollars from state and federal sources, and the 2002 Farm Bill contains provisions for matching grants for communities with PDR programs. Although they are easier to administer than transfer of development rights programs (see Fact Sheet No. 9), PDR programs do require administrative effort to track the status of development rights and monitor compliance.

Where It Is Working

One of the most successful PDR programs in the country is run by the Agriculture Preserve Board of Lancaster County, Pennsylvania. It has preserved more than 23,500 acres of farmland since 1981.

Closer to home, Dunn Township, which is located just outside Madison, Wisconsin, initiated a PDR program in 1996. To date, the township has preserved more than 1,700 acres of land through its PDR program and currently has a waiting list of 26 landowners.

In 1997, the Minnesota legislature passed enabling legislation to explicitly allow local units of government to develop and utilize PDR programs. The Green Corridor Project was successful in developing Minnesota's first purchase of development rights program in Washington County. In June 2001, the County purchased four properties totaling 142 acres of key open space and farmland. In June 2002, the county allocated an additional \$250,000 to continue the program. In November 2002, Dakota County passed a \$20 million bonding referendum to fund a PDR program to protect threatened farmland and natural areas (see Fact Sheet No. 11).