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to Urban Places in New York

by

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The public has shown concern with patterns of farmland use near cities. Some of that concern is reflected in revisions of property tax codes to allow farmland to be assessed at its current use rather than full market value. Forty-two States now provide for use-value assessment so that farmland owners can have a lower property tax bill [Council on Environmental Quality].

State legislatures probably have several objectives in mind when property tax relief is granted to a particular class of property owners. A key objective in the case of farmland owners has been to influence patterns of land use on the rural-urban fringe [Council on Environmental Quality, Hady, Gloudemans]. Reduced property tax bills have been thought of as a device to give owners monetary incentives to keep land in a farm use.

The land use objective commonly associated with farmland use-value assessment programs has turned out to be controversial. Some argue that this approach successfully confers tax savings upon owners (even if they are not interested in farming) but it does not provide sufficient monetary incentives to maintain land in its current use [Council on Environmental Quality]. The contention is that the property tax savings which accrue to maintaining a farm use can rarely, if ever, offset the capital gains to be had from converting one's land to a

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nonfarm use. At the other extreme, some are more optimistic and point to situations where, in their way of thinking, farming would be completely disrupted by high property tax bills [Conklin, 1975].

The debate will probably not be resolved for some time but, regardless of the outcome, it seems clear that other approaches are called for in some situations. A possible remedy--short of abandoning use-value assessment as a technique to influence decisions made by private landowners--is to couple property tax relief with other measures designed to promote or provide incentives for the continuance of agriculture on the rural-urban fringe.

New York has taken that approach since 1971 with a law that combines use-value farmland assessment with other provisions which allow farmland owners to petition for the creation of Agricultural Districts [Leshner and Conklin]. Between September 1971 and August 1976, districts involving more than 3.8 million acres were created in 45 counties [Agricultural Resources Commission]. Agricultural Districts now take up about 13 percent of New York's 30.6 million acre land area. ^{1/}

The purpose of this paper is to analyze the location of Agricultural Districts relative to urban population concentrations. The locations need to be known before the effectiveness of the law can be examined. If owners of farmland which is situated on the rural-urban fringe do not participate, Agricultural Districts obviously will have only limited

^{1/} About 9.4 million acres are owned or rented by farmers State-wide [U.S. Department of Commerce, 1976] but districts often include land not used for farming purposes. About 47 percent of all farms with gross sales of \$10,000 or more are included in Agricultural Districts [Bills, 1977].

effects on allocations of land between farm and nonfarm uses in those fringe areas. The results also allow comparisons with previous studies of more narrowly focused use-value assessment programs employed in other states.

This paper falls in two sections. The first contains a brief summary of the Agricultural District law. ^{1/} The second examines patterns of landowner participation near cities. When possible, the patterns are contrasted with those found in California where landowners receive use-value farmland assessments after signing long-term agreements to restrict the use of their land [Council on Environmental Quality, Gloudemans, Hady].

The New York Agricultural District Law

The Agricultural District law is designed to encourage the continuance of a commercial farm industry in the face of growing urban pressure [Leshner and Conklin]. The law specifies that it is a matter of State policy to ... "conserve and protect and to encourage the development and improvement of its agricultural lands for the production of food and other agricultural products ... "[Leshner and Conklin]. The law is based upon the premise that many of the State's agricultural lands are jeopardized by urban growth. The legislature's particular concern is scattered urban-related development in wide belts around urban areas.

^{1/} Time and space limitations place the burden of obtaining a thorough description of the law's provisions on the reader. The New York law has been previously discussed at length in the literature--see Bills (1975 and 1977), Bryant 1975, Bryant and Conklin, Conklin (1973), Conklin and Bryant, Council on Environmental Quality, Hady, Leshner and Conklin.

Provisions of the Law: Once created, six major provisions apply in all agricultural districts:

1. Owners of 10 or more acres with \$10,000 or more in yearly gross farm sales may make an annual application for a use-value assessment of farmland. If any land so assessed is converted to a non-farm use, a rollback of taxes must be paid (the rollback is limited to 5 years). ^{1/}
2. Local jurisdictions of government are constrained from regulating farm structures or practices by ordinance. Any new regulations must bear a direct relationship to the public health and safety.
3. State agencies must modify regulations and procedures to encourage commercial farming.
4. The right of public agencies to acquire land through eminent domain is modified if actively farmed land is involved. Reviews are required at the state level. If the review shows that public acquisition would have unreasonable effects on viable farmland, public hearings and reports conducive to a wide dissemination of the findings must be made.
5. The right of public agencies to provide funds for public facilities that would encourage non-farm development is modified.
6. The power of public service districts to tax farmland for sewer, water, and non-farm drainage is restricted.

In combination, the provisions of the law are generally thought to be an integrated package which, on balance, will encourage the continuance of agriculture near cities [Bryant and Conklin]. Some provisions offer commercial farmers protection from public regulations that might be overly restrictive on farming practices while others offer owners of

^{1/} Owners who are not inside a district are also eligible for a use-value assessment under the Agricultural District Law. Their commitment, however, is for 8 years (renewed annually) and conversion to a nonfarm use involves a monetary penalty along with a rollback of previously exempted taxes. The commitment is not generally thought of as a restrictive agreement, however, because the owner may change the use of his land without petitioning for release from the agreement [Council on Environmental Quality, Hady].

farmland relief from property tax assessments which exceed the use-value of farmland. Eminent domain proceedings involving farmland will be widely discussed. Finally, the remaining provisions are oriented toward discouraging (but not prohibiting) residential, commercial and industrial development. Progress with implementation: Response to the New York Agricultural District law has been immediate. Within the program's first year, two districts involving roughly 6,000 acres were formed by county legislatures (Table 1). The program rapidly gained momentum and nearly 500,000 acres were added during the second year. By September 1976--5 years after the program's inception--slightly over 3.8 million acres were included within the boundaries of an Agricultural District.

The trend has been toward larger districts. Districts initially created were under 3,000 acres on the average (Table 1). Districts created during the fifth year average 24,657 acres. The average district in New York now contains just under 14,000 acres.

Overall, county legislatures and State agencies have been highly receptive to landowner initiatives to create Agricultural Districts. Only six petitions have ultimately been rejected after review at the county level, public hearings, and reviews of the proposal by the New York State Department of Environmental Conservation, The New York Department of State and the Agricultural Resources Commission [Agricultural Resources Commission].

Table 1. --Number of Districts, Total Districted Acreage and Average District Size for New York State, 1971-76

Year Agricultural Districts		
	Number	Acreage	Acres per District
1971-72	2	5,928	2,964
1972-73	59	429,189	7,274
1973-74	89	849,330	9,543
1974-75	81	1,172,768	14,478
1975-76	56	1,380,839	24,657
Total	277	3,838,114	13,856

Source: Agricultural Resources Commission.

Location of Agricultural Districts

Forty-five of 57 county legislatures have created Agricultural Districts. ^{1/} Of those county legislatures which have not acted, four (Nassau, Putnam, Rockland and Westchester) are near New York City, suburban in character and lack concentrations of agricultural land uses. Efforts to create districts probably cannot be expected there. Similarly, three other nonparticipating counties (Fulton, Hamilton and Warren) are mountainous and have large land areas which are unsuited for farming. The remainder--Chemung, Jefferson, Schenectady, Schuyler and Suffolk--have commercial agriculture in varying amounts but have not yet created districts. ^{2/} The participating counties are urban in varying degrees.

^{1/} Five of New York's counties comprise New York City, and have neither legislative boards nor large acreages in agriculture.

^{2/} The Jefferson County legislature has rejected several proposals but new ones are currently pending. Proposals are also being discussed in Chemung and Suffolk counties.

Most observers would agree that the influence of cities on commercial farming tends to decrease as distance from the city increases but notions like "rural-urban fringe" or "city influence" are difficult to deal with analytically. Belts or rings of urban influence have been discussed in New York [Bryant, 1975a], but distinctions have yet to be drawn in quantitative terms. Previous studies of participation in use-value assessment programs near cities in California used a simple mileage gradient from all incorporated places [Carman and Polson; Gustafson and Wallace], yet one suspects that any farmland situated within a reasonable commuting distance of large central cities has relatively higher prospects for urban "influence" or "pressure" than farmland situated near a small incorporated village.

With these distinctions in mind, it seems useful to first look at the formation of Agricultural Districts in an arbitrarily selected commuting zone around large cities. In 1970 New York had 10 central cities with a population of 50,000 or more. Twenty-six counties containing or near them were defined as Standard Metropolitan Statistical Areas [U.S. Department of Commerce, 1973]. These counties accounted for 87 percent of New York's 1950-70 population increase [U.S. Department of Commerce, 1973].

Table 2 shows the volume of districted acreage located within and beyond an arbitrarily selected 25-mile radius of central SMSA cities (they are Albany-Schenectady-Troy, Binghamton, Buffalo, New York City, Rochester, Syracuse and Utica-Rome). About 23 percent of all acreage included in Agricultural Districts through the fifth calendar year of

Table 2. Districted Acreage and Total Land Area Within 25 Miles of a City With a 1970 Population of 50,000 or More.

Distance to Central City	<u>Land Area</u>		Districted	
	Total Acres (1,000)	Percent	Acres (1,000)	Percent
25 Miles or Less	6,673.6	21.8	896.8	23.4
More than 25 Miles	23,938.8	78.2	2,941.3	76.6
Total	30,612.4	100.0	3,838.1	100.0

the program is situated within a 25-mile radius of large central cities. The program acreage found there is more than proportionate to the total land area within the 25 mile zones. One can infer that efforts to form Agricultural Districts have been as intense in the vicinity of large cities as they have been in more rural areas of the state.

Districts located near large cities, however, are not situated immediately adjacent to them (Table 3). About 140,000 acres (less than 4 percent of the State's total districted acreage) are within 10 miles of cities with a 1970 population of 50,000 or more. Moreover, average district size increases as distance to the central city increases.

The bulk of New York's total land area and districted acreage is located some distance from large cities, yet pressure emanating from smaller urban places might be disruptive to agriculture in these areas too.

Table 3. Districted Acreage by Distance to Cities With a 1970 Population of 50,000 or More.

Distance to Central City (Miles)	<u>Districts</u>		<u>Districted Acreage</u>		Acres per District
	Number	Percent	Acres (1,000)	Percent	
0-5	2	0.7	2.6	*	1,300
6-10	23	8.3	138.0	3.6	6,000
11-25	56	20.2	756.2	19.7	13,504
26 or More	196	70.7	2,941.3	76.6	15,007
Total	277	100.0	3,838.1	100.0	13,856

* Less than 0.1 percent

When smaller urban places are taken into account, though, it can be seen that few Agricultural Districts are immediately adjacent to an urban place of any size (Table 4). Roughly 10 percent of all districted acreage is located within 5 miles of an urban place. The major portion of all acreage committed to Agricultural Districts in New York is located 11 or more miles from a place which contains 2,500 or more residents.

Discussion

Opinions concerning the land-use effects of farmland use-value assessment seem to be weighted toward the view that the incentives provided are insufficient to maintain current farm use. These opinions persist in states like California where owners must agree to restrict uses for a relatively long period of time in return for lower property tax bills [Carman and Polson, Council on Environmental Quality, Gustafson

Table 4. Districted Acreage by Distance to Incorporated Places With a 1970 Population of 2,500 or More.

Distance to Nearest Incorporated Place (Miles) ^{1/}	Number	Percent	Acres (1,000)	Percent	Acres per District
0-5	33	11.9	388.2	10.1	11,764
6-10	90	32.4	890.9	23.2	9,899
11-25	137	49.5	2,359.4	61.4	17,222
26 or more	17	6.1	199.5	5.2	11,735
Total	277	100.0	3,838.1	100.0	13,856

^{1/} Size of place is given precedence over distance for all districts within 25 miles of a central city with a 1970 population of 50,000 or more (see Table 3).

and Wallace]. The evidence cited in support of these opinions, in California at least, is the location of program acreage relative to all incorporated places [Carman and Polson, Gustafson and Wallace]. Their argument is apparently based on (1) the assumption that owners farmland near the boundaires of an incorporated place of any size have the best prospects for capital gains through conversion to a nonfarm use and (2) the observation that these owners appear to be unwilling to voluntarily trade restrictions on the use of their land for property tax relief (i.e., participation is low in areas that are in the immediate proximity of incorporated places).

Data presented in this paper are of no use in judging the validity of the assumption that owners of land situated, for example, 3 miles from an incorporated place have better prospects for capital gains than owners situated, for example, 10 miles from an incorporated place.

They do provide useful comparisons of voluntary participation in Agricultural Districts and voluntary participation in use-value assessment programs under restrictive agreements. In particular, results for New York parallel those reported for California. That is, if one's frame of reference is all incorporated places, relatively small amounts of districted acreage are situated adjacent to or within 10 miles of them.

However, it may be too simplistic to use these parallel results to conclude, as others have in the case of use-value assessments alone, that the Agricultural District mechanism will have no effect upon the use-decisions of farmland owners. The conclusion could merely reflect confusion over a suitable definition of "urban pressure" rather than an accurate assessment of the incentives and disincentives for maintaining farmland in a farm use. It seems more logical to at least account for the fact that some cities are very large and some are very small. The distinction is fundamental because citizens often choose to live or prefer to eventually live within commuting distance of jobs and services concentrated in larger cities. Concern over the implications of these residential choices for land use in general, and for agricultural land use in particular, seems to help explain why use-value assessment and other devices to influence farmland use have caught the attention of policy makers.

When large cities are separated from small ones, and when commuting distances to large cities are crudely identified, we find that more than one-fifth of New York's districted acreage--almost 900,000 acres--is located within a reasonable commuting distance of the State's largest

population and employment centers. These locations surely include situations where urban influences are leading to increasing expectations about future nonfarm growth, on the one hand, and to disruptions to commercial farming on the other. It is of interest to know that substantial numbers of farmland owners are opting for Agricultural Districts in these kinds of settings.

At the other extreme, more than 2.4 million acres--some 66 percent of all program acreage--is (1) more than 25 miles from a large central city and (2) more than 10 miles from any incorporated place with a population of 2,500 or more. It seems likely that farmland owners in these settings will have fewer city-related problems imposed upon them in the future.

In any setting or situation, though, judgements on land use effects attributable to the New York law must await more detailed analyses which allow one to measure the economic performance of commercial farming within the boundaries of Agricultural Districts. Performance-oriented studies in other states which rely solely upon use-value assessment also seem to be warranted. The results might lend more precision to the advice policy makers are currently receiving on options for influencing patterns of farmland use near cities.

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