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Robert J. Etgen,
EXECUTIVE DIRECTOR

December 9, 2008

Commissioners
Queen Anne's County Planning Commission
160 Coursevall Drive
Centreville, Maryland 21617

RE: Ord. 08-25 and
Land Valuation

Dear Commissioners:

I am writing regarding possible impacts on Queen Anne's County land values from Ord. 08-25 - the Rural Preservation and Development Act (the Act). Some community members have testified about expected loss in value for farms under the Act, and I have testified about research which found no impact on land values from several downzonings on the Eastern Shore. By this letter I am providing an overview of the research available on this issue and attaching the actual reports so that you can review the literature and make up your own mind.

The attached Research Synthesis is a chronological listing with summary information of research on downzoning and land valuation with citations. This listing is based on a synthesis by Professor John D. Echeverria from Georgetown University in January of 2007 and literature reviews from some of the cited reports. The summaries were written by ESLC based on the original research and/or the Echeverria report.

Of the eleven studies on topic that were found, seven found that downzoning did not decrease land values and four found that it did. Of the four that found a loss in value from downzoning, the only one more recent than 1988 was the Calrion/Samuels study from New Jersey cited below which was not published nor peer reviewed. Of the seven that found no loss in value from downzoning, five were published and peer reviewed. ESLC also reviewed the two additional research reports cited by opponents of Ord. 08-25 in Planning Commission testimony and found them not on point.




Although the research on downzoning and land values is not unanimous, the majority of the research has found no impact on land values from downzoning. A subset of these studies, those undergoing thorough peer review, also had a majority finding that there was no impact on land values from downzoning.

If you have questions about decreases in land values from downzonings or Ord. 08-25, I encourage you to look for yourself at the enclosed studies and draw your own conclusions. We also encourage you to invite a presentation on Eastern Shore downzoning and valuation research by the Hughes Center for Agro-Ecology in Queenstown. Perhaps most importantly, when considering impacts of Ord. 08-25, the give back to rural landowners in the form of TDR's at a trading density of one TDR per eight acres is the most aggressive TDR give back in the region thus further mitigating any possible land value impacts.

Thank you for your consideration of this important background.

Sincerely,



Robert J. Etgen,
Executive Director

cc: Queen Anne's County Commissioners

Prepared by Eastern Shore Land
Conservancy for consideration by the
Queen Anne's Planning
Commission. December 9, 2008

Downzoning and Impacts on Land Valuation Research Synthesis.

Clarion / Samuels Ass. For the New Jersey Farm Bureau, The Impact of Downzoning on Agricultural Land Value in New Jersey, November 2004.

This study found a dramatic adverse effect (0-76% loss in value) on land values from agricultural zoning in six municipalities in New Jersey. Unlike most studies, this study did not look at actual land sales data. Rather, this study relied on specialized appraisals for a State easement purchase program, appraisal formulas for municipal tax valuations, and comparable sales and income appraisal approaches to estimate property values for specific properties. The study then extrapolated from these figures to estimate value losses for larger agricultural parcels. The authors acknowledged that their results diverged from the literature and suggest that "the results of this study not be extrapolated to areas outside the State of New Jersey."

Sarah Taylor-Rogers and Rob Etgen et. al Downzoning: Does it Protect Working Landscapes and Maintain Equity for the Landowner." Published by the Hughes Center for Agro-Ecology, 2003. This study looked at farm sales over twenty years leading up to and following downzonings in Talbot, Kent, Dorchester and Calvert counties, and compared these values with similar counties not subject to downzonings. The statistical analysis showed farm values did not decrease in the downzoned counties. There was also a literature review and a series of personal interviews which came to similar results. A later analysis by Dr. Jeffrey Michael et. al. criticized the experimental design of this study. However, the Hughes Center stands behind the research and it remains a credible part of the research literature.

Fiorenza Spalatro and Bill Provencher, An Analysis of Minimum Frontage Zoning to Preserve Lakefront Amenities, Land Economics, 77(4): 469, November 2001. This study examined sale prices of 893 undeveloped properties, some of which were subject to a 100 foot minimum lake frontage requirement and some which were subject to a more stringent 200 foot lake frontage minimum. The study found that the properties with the more restrictive zoning were worth 21.5% more than properties with less restrictive zoning and concluded that the better scenery ("amenity effects") in the restrictive area more than made up for the loss of development rights when compared to the less restrictive area.

Applied Data Resources, Inc. For the Maryland Environmental Trust, Report to the Valleys Planning Council on the Trading Value of RC-2 Zoned Land Compared with RC-4 Zoned Land in Northern Baltimore County, 1996. This study examined sales prices of unimproved land in Northern Baltimore County between 1986 and 1996 that were subject to two different zoning classifications in the same area. The authors found that there was no statistical difference between the per acre value of land under one house per fifty acre zoning and one house per five acre zoning. Several reasons were cited for the findings including a more demanding review process, mandated infrastructure, and longer absorption rates for larger subdivisions in the five acre zoning.

W. Patrick Beaton and Marcus Pollock, Economic Impact of Growth Management Policies Surrounding the Chesapeake Bay, Land Economics 68 (4): 434-53, November 1992. This study tracked vacant land and residential property values in the Critical Area in four Maryland counties over a six year period - four years prior to enactment of the Critical Area Act and two years after. The authors concluded that vacant land values in the Critical Area did not decline due to the Act, while the value of developed residential properties grew significantly.

W. Patrick Beaton, The Impact of Regional Land Use Controls on Property Values: The Case of the New Jersey Pinelands, Land Economics 67 (2) 172-94, May 1991. This study looked at property sales from 1966 through 1986 in two areas of the New Jersey Pinelands - one subject to stringent development controls and the other subject to more modest restrictions - and compared these values to sales in a control area subject to similar development pressure but not the stringent restrictions. The study concluded that the most restricted lands in the Pinelands area increased in value over the twenty year time more than properties in the control area. The study also concluded that developed properties in the more restrictive area appreciated faster than vacant land in the more restrictive area.

Robert J. Gray et. al., Resource Management Consultants, Inc., for the Maryland Office of Planning, The Effects of Agricultural Zoning on the Value of Farmland, February 13, 1991. This study looked at trends in sales prices of agricultural properties over a decade or longer in four Maryland counties that had adopted agricultural zoning (Anne Arundel, Baltimore, Carroll, and Montgomery) and in two counties that had not adopted such restrictions (Cecil and Howard). The authors found no evidence of decreases in land values in counties with agricultural zoning.

David M. Henneberry and Richard L Barrows, Land Capitalization of Exclusive Agricultural Zoning into Farmland Prices, Land Economics 66(3): 249-58. August 1990. This study examined 120 farm parcels sold in 1980 - 1981 in Rock County Wisconsin. They found that agricultural zoning positively

influences land capitalization for large farm parcels somewhat removed from urban areas. They also found a negative capitalization from agricultural zoning for smaller parcels close to urban areas.

Arthur C. Nelson, An Empirical Note on How Regional Urban Containment Policy Influences on Interaction between Green Belt and Exurban Land Markets, APA Journal: 178-184, Spring 1988. This study reviewed 41 vacant exclusive farming use parcels and 109 rural residential parcels in Washington County near Portland, Oregon. This study found that land values were approximately 25% higher in the rural residential zone (lot sizes of 5, 10, or 20 acres) when compared with exclusive farm use zones.

Francois Vaillancourt and Luc Monty, The Effect of Agricultural Zoning on Land Prices, Quebec 1975 - 1981, Land Economics 61 (1) 36-42, February 1985. This study analyzed 1284 land sales between 1975 and 1981 in an area of Canada subject to a new agricultural zoning program. The results compared parcel prices in the agricultural zoned area and similar unrestricted parcels and found that the unzoned properties were worth between 14.7% and 30.5% more than the agriculturally zoned properties.

Michael E. Gleeson, Effects of an Urban Growth Management System on Land Values, Land Economics, August 1979 55(3) 350-365. This study looked at the value of agricultural lands and vacant non-agricultural lands after a new growth management system was adopted in Brooklyn Park, Minnesota. The authors found values of land in the agricultural area were approximately one-third of the values of land in the development area.

Note: This Research Synthesis is a chronological listing with summary information of research on downzoning and land valuation with citations. This listing is based on a synthesis by Professor John D. Echeverria from Georgetown University in January of 2007 and literature reviews from some of the reports. The summaries were written by ESLC based on the original research and the Echeverria report.