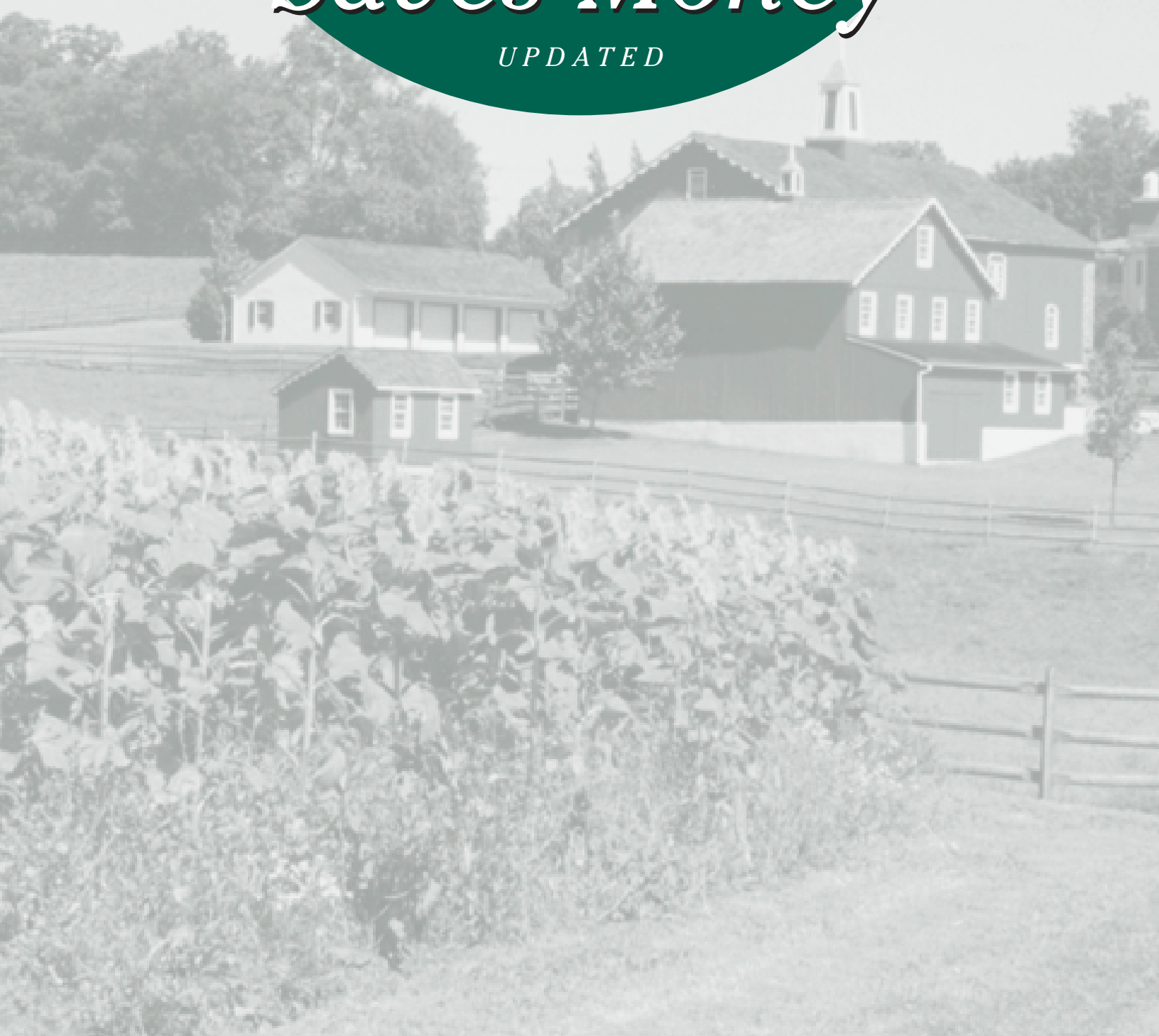


Saving Land Saves Money

UPDATED



Montgomery County Lands Trust

a non profit conservancy

Saving Land Saves Money



*"Buy land. They ain't
makin' any more of it."*

Will Rogers



The Window of Opportunity is Closing

The clock is running. Farmers and landowners in Montgomery County are under pressure to sell their land for development. On a weekly basis, they receive offers from people who want to buy and develop their properties.

Although the primary reason to protect important parts of the community is to ensure a high quality of life, **saving land saves money for the taxpayers**. Land preservation is a fiscally sound activity. It is an investment in your community's future. In order to compete, a community must be committed to invest the funds necessary to provide landowners with alternatives other than selling for development.

There are opportunities in life that need to be grasped before they disappear forever. When they are gone, they are truly gone...forever.

For many Montgomery County municipalities, the ability to preserve and protect open space and farmland before they are developed is one such opportunity. When the land is developed, it is truly gone...forever.

Areas considered rural a decade ago are now under intense development pressure. The only places in Montgomery County that are not experiencing dramatic development pressures are those already developed. What do we want our county to look like in the future? Must every open field be covered with houses? Between 1970 and 2000, Montgomery County lost 91,000 acres of farms and open space to development. That is 142.2 square miles or 30 percent of the county's total 482.4 square mile land area.

Our communities must make choices now about how they will grow. They are not limited to what the marketplace chooses in terms of land use. People have the option to design a community landscape that will provide for a mix of land uses including open space and farmland. The community has choices and the preservation of open land helps control the costs of rapid development.

Athletic fields, municipal parks, beautiful stands of trees, farmlands, historic sites, nature preserves and other open lands are valuable community assets that make a place desirable to live and work. These quality of life assets make a community unique. They make a township or borough a home town rather than "Anyplace USA." In recent referenda, both locally and nationwide, voters have overwhelmingly supported public funding to preserve open spaces.

Studies show that quality of life resources which enhance a sense of place, particularly natural, recreational and lifestyle amenities, are key factors in attracting and maintaining businesses and jobs. Homeowners and business owners must join with elected officials to make the choices that assure our communities are good for business and good for living.

Options are important for landowners. In the past, their options were pretty much limited to selling to a developer. More recently, county and municipal preservation programs provide for the purchase of conservation easements as well as acquisition of the land outright. The ability to sell the land's development value while still holding onto the ground is an important choice for many. Land preservation through the purchase of development rights is a win – win option.

Rapid development requires new or expanded roads, recreation facilities and programs, municipal police and fire protection, more computers and equipment, municipal staff and other community services. The financial impact can be great. Recent studies show that residential development requires more tax dollars for public services than are paid from the tax revenues provided from new homes. Everyone in the community pays for the increased costs of new residential development.

The greatest impact is felt by the school system, which takes the largest portion of local taxes. If the development potential of selected parcels is removed, the community will avoid the shortfall between school costs and tax revenues from new residential development. The community can raise taxes to accommodate new development, to preserve selected pieces of land or to balance the two.

What do we want our county to look like in the future? Must every open field be covered with houses?

Keep in mind that, when land is preserved forever, it is the quality of life and the character of your community that you are protecting. Should this important decision be left to those who do not live in your community and whose interests are substantially different from those who call this place home? **A top quality community includes both good schools and protected lands.**

Timing is critical. The window is closing, not opening, on this opportunity, and once the land is gone, it's gone forever.

How Saving Land Saves Money

Some say that spending money to save open space for parks and to preserve farms for farming is too expensive. Others say that preserving the lands that define our community character is money well spent. But for those concerned about the financial impact of using tax dollars to purchase land or development rights, a good way to evaluate the relative costs of land preservation and school costs is to look at the "100 Acre Farm." What would it cost to purchase the land or development rights? If the farm is developed, what would be the shortfall between the costs to educate the public school students and the tax revenues generated from the development? What's the difference? If preservation is less costly, doesn't it make prudent fiscal sense to try to preserve the land?

As an example of this type of analysis, this study looked at three Montgomery County school districts presently experiencing different rates of growth. Information was provided for the costs and revenues related to new residential land uses in the Methacton, Souderton Area and Upper Perkiomen school districts. The costs to purchase either the land or conservation easements on the "100 Acre Farm" was divided by the annual shortfall in public school costs to calculate a break even time period. The case studies, based on fairly conservative factors, suggest that the timeframe to recover the costs of land preservation is fairly short. The analysis can be done for any school district.

Spending Money to Save Land – Break Even Periods

Cost Recovery Timeframes

School District	Easement Purchase	Fee Simple Purchase
Souderton Area	5.2 years	7.2 years
Methacton	5.2 years	7.9 years
Upper Perkiomen	1.3 years	2.2 years

Montgomery County Examples

These studies focused specifically on the costs to the school districts due to residential development. School district tax revenues from homes include real estate, earned income and per capita tax revenues. Not include in the revenues are those from nonresidential land uses, real estate transfer taxes, supplements from state and federal programs, rentals and tuition payments, or interest earnings where a school district may have a fund balance.

Costs were based on the districts' reported annual cost to educate a public school student in the 1999 – 2000 school year. The costs per household were multiplied by an estimate of the number of homes that could be built on undeveloped land under the municipal ordinances in the districts and by the average number of school-age children per home. The average number of school-age children per home, 0.8265, was based on the number expected from a 3 or 4-bedroom single-family home in the Northeast region of the country. This is taken from the *Development Impact Assessment Handbook* by Burchell, Listokin, Dolphin and others from the Center for Urban Policy Research at Rutgers University and published by the Urban Land Institute. **In fact, the family sizes in all the townships included in this**

A top quality community includes both good schools and protected lands.

study ranged from 3.06 people per family in Marlborough Township to 3.27 in Lower Salford Township according to the 2000 federal census. Therefore, it appears that much of the new residential development will be family households that will add proportionately more students, estimated to be 1 to 1.3 children, to the public school system. As such, the average number of school children per household used in the calculations should be considered as conservative in relation to school system impacts.

Land and easement values were taken from actual appraisals prepared for the Montgomery County Farmland Preservation Program from 1999 through mid 2001. Homes-per-acre used in the case studies was based on what was considered a reasonable number after a review of the permitted lot sizes and densities under the municipal zoning ordinances.

Case Study: Souderton Area School District

The boroughs of Souderton and Telford and the townships of Franconia, Salford, Lower Salford and Upper Salford make up the Souderton Area School District. Much of the undeveloped land is zoned for lot sizes between one and five acres. A lot size of 1.8 acres (0.5 homes per acre) was used in this study. Recent appraisals show high land values.

In the 1999/2000 school year, the average cost to educate a public school student was \$8,888 and the average school tax revenues per household were \$2,787.

Development of the “100-Acre Farm” – Costs to the Community

	100	Acreage of the Farm
x	<u>0.50</u>	Homes per Acre
	50	New Homes
	50	New Homes
x	<u>0.8265</u>	School-age Children Per Home
	41	School-age Children in the Subdivision
x	<u>\$8,888</u>	Public School Costs Per Student
	\$364,408	Public School Costs for the 50 New Homes Per Year
	50	New Homes
x	<u>\$2,787</u>	Average School Tax Revenues Per Home
	\$139,350	Public School Revenues for the 50 Homes Per Year

\$139,350 (revenues) - \$364,408 (costs) = - \$225,058 (shortfall) Per Year

Preservation of the “100-Acre Farm” – Purchase the Conservation Easement

	100	Acres Purchased
x	<u>\$11,666</u>	Average Cost Per Acre – Easement Purchase
	\$1,166,600	Purchase Price of the Easement

\$1,166,600 / \$225,058 (shortfall) = 5.2 Year Break Even Period

Preservation of the “100-Acre Farm” – Purchase of Land

	100	Acres Purchased
x	<u>\$16,108</u>	Average Cost Per Acre – Fee Simple Purchase
	\$1,610,800	Purchase Price of the Farm

\$1,610,800 / \$225,058 (shortfall) = 7.2 Year Break Even Period

If the development potential of selected parcels is removed, the community will avoid the shortfall between school costs and tax revenues from new residential development.

The purchase of land or easements for preservation is a fiscally sound way to provide a high quality environment in your community and to help manage rising costs of the public school systems.

Case Study: Methacton School District

The Methacton School District serves the townships of Lower Providence and Worcester. Much of the undeveloped land is zoned for lot sizes between 25,000 and 80,000 square feet. Most of the zoning in undeveloped areas exceeded one acre. A lot size of 1.44 acres (0.65 homes per acre) was used in this study.

In the 1999/2000 school year, the average cost to educate a public school student was \$10,444 and the average school tax revenues per household were \$3,668.

Development of the "100-Acre Farm" – Costs to the Community

	100	Acreage of the Farm
x	<u>0.65</u>	Homes per Acre
	65	New Homes
	65	New Homes
x	<u>0.8265</u>	School-age Children Per Home
	54	School-age Children in the Subdivision
x	<u>\$10,444</u>	Public School Costs Per Student
	\$563,976	Public School Costs for the 65 New Homes Per Year
	65	New Homes
x	<u>\$3,668</u>	Average School Tax Revenues Per Home
	\$238,420	Public School Revenues for the 65 Homes Per Year

\$238,420 (revenues) - \$563,976 (costs) = - \$325,556 (shortfall) Per Year

Preservation of the "100-Acre Farm" – Purchase the Conservation Easement

	100	Acres Purchased
x	<u>\$16,987</u>	Average Cost Per Acre – Easement Purchase
	\$1,698,700	Purchase Price of the Easement

\$1,698,700 / \$325,556 (shortfall) = 5.2 Year Break Even Period

Preservation of the "100-Acre Farm" – Purchase of Land

	100	Acres Purchased
x	<u>\$25,822</u>	Average Cost Per Acre – Fee Simple Purchase
	\$2,582,200	Purchase Price of the Farm

\$2,582,200 / \$325,556 (shortfall) = 7.9 Year Break Even Period

Case Study: Upper Perkiomen School District

The Upper Perkiomen School District serves the boroughs of East Greenville, Pennsburg, Red Hill and Green Lane as well as the townships of Marlborough and Upper Hanover in Montgomery County and Hereford in Berks County. The minimum lot area requirements for undeveloped land ranged between 20,000 square feet and two acres. A lot size of 1.42 acres (0.66 homes per acre) was used in this study.

In the 1999/2000 school year, the average cost to educate a public school student was \$7,995 and the average school tax revenues per household were \$1,779.

Development of the “100-Acre Farm” – Costs to the Community

	100	Acreage of the Farm
x	<u>0.66</u>	Homes per Acre
	66	New Homes
	66	New Homes
x	<u>0.8265</u>	School-age Children Per Home
	55	School-age Children in the Subdivision
x	<u>\$7,995</u>	Public School Costs Per Student
	\$439,725	Public School Costs for the 66 New Homes Per Year
	66	New Homes
x	<u>\$1,779</u>	Average School Tax Revenues Per Home
	\$117,414	Public School Revenues for the 66 Homes Per Year

\$117,414 (revenues) - \$439,725 (costs) = - \$322,311 (shortfall) Per Year

Preservation of the “100-Acre Farm” – Purchase the Conservation Easement

	100	Acres Purchased
x	<u>\$4,349</u>	Average Cost Per Acre – Easement Purchase
	\$434,900	Purchase Price of the Easement

\$434,900 / \$322,311 (shortfall) = 1.3 Year Break Even Period

Preservation of the “100-Acre Farm” – Purchase of Land

	100	Acres Purchased
x	<u>\$6,952</u>	Average Cost Per Acre – Fee Simple Purchase
	\$695,200	Purchase Price of the Farm

\$695,200 / \$322,311 (shortfall) = 2.2 Year Break Even Period

The break even points vary substantially based on the factors included in the evaluations. However, for communities that are under intense development pressure, such as those in the Methacton and Souderton Area school districts, the preservation of important lands is critical and pressing. The break even periods are reasonable when measured, as an example, against the time taken to move a school student through the public school system. For more rural municipalities, similar to the Upper Perkiomen area, the break even period is very short and aggressive land preservation efforts could be initiated before development pressures and property values increase significantly. When considering the long-term future of the communities, these are all short periods. However, a house continues to exist and to generate new students as neighborhoods “turn over” and older residents move out and make room for new families. Land preserved, on the other hand, stays open forever.

The purchase of land or easements for preservation is a fiscally sound way to provide a high quality environment in your community and to help manage rising costs of the public school systems. It’s almost inevitable, particularly in rapidly growing communities, that taxes will go up to provide municipal and school district services. People can choose to pay for these ever increasing school costs. Or they can choose to spend the money, in part, to preserve selected areas of their communities and thereby reduce the need to provide these other services with higher taxes. There are choices. What would you prefer to buy with your tax dollars?

It is important to consider that, after the development rights purchases are paid off, the community costs end. For all practical purposes, the shortfall related to school costs will continue as long as the homes exist...and likely increase each year.

It is important to consider that, after the development rights purchases are paid off, the community costs end.

Local Governments' Authority to Preserve Land

Local governments have been authorized to acquire land for public purposes for many years. In 1996, Act 153 was enacted to broaden the ability of municipalities to acquire real estate and development rights for open space purposes. Under this law, local governments may levy real estate and earned income taxes above the existing limits of the Local Government Unit Debt Act after voters approve a referendum. This law deals with the need to prepare a land use or open space plan, procedures for the resale and disposal of land or development rights, and a number of related matters.

Act 153 permits payments to property owners over a number of years. As such, the annual costs to the community may be more manageable and a property owner's capital gains tax may be reduced.

Under Act 138 of 1998, local governments are authorized to purchase agricultural conservation easements in established agricultural security areas. Municipalities may undertake these efforts singly or in cooperation with the county or the Commonwealth as joint owners. These partnerships provide the financial leverage to protect significant areas of farmland.

The ways the public money may be raised include bond referenda, regular budget measures, earned income taxes, designated real estate taxes, and other forms of taking on debt. Each has advantages and disadvantages which would be discussed when a municipality considers raising funds for land preservation. A municipality may choose the methods that work best for its citizens.

Montgomery County Leadership in Land Preservation

Investing public money to protect the best land resources of Montgomery County is nothing new. In 1993, the Montgomery County Open Space Program began providing \$100 million for open space planning and acquisition. Much of that money was granted to local governments for the acquisition of important pieces of land outright or through the purchase of conservation easements and for the preparation of open space plans. All of Montgomery County's 62 municipalities have prepared open space plans with the help of county funds.

Montgomery County municipalities have raised money on their own to purchase key properties or to supplement county funding. Among others, Lower Gwynedd Township raised money to preserve the Penllyn Woods. Lower Merion Township preserved Rolling Hill Farm. Lower Providence Township purchased the General Washington Golf Course and Whitpain Township purchased the Thompson Tract. Upper Salford Township has helped preserve Spring Mountain.

In many areas of Pennsylvania, municipalities and counties have raised funds to preserve the landscape. Through various initiatives, counties have approved \$383 million and municipalities have raised \$144 million plus additional funds through real estate and earned income measures. These significant numbers show the broad commitment to preservation and the establishment of a community's legacy. They also show that these preservation efforts are viewed as money well spent...investments rather than fleeting expenditures. (Please refer to the appendix which provides a list of the many county and municipal initiatives.)

The purchase of land or conservation easements is most effective for important pieces where no development is the best alternative. These purchases should be used with other, nonmonetary land preservation techniques to effectively protect open space and farmland throughout a community. Other strategies include development regulations that require the dedication of open space within developments, zoning ordinances that provide for transferable development rights, cluster housing standards and natural resource protection standards.

Nationwide, voters have been willing to raise taxes to maintain the quality of life they find important in their communities.

Voters Overwhelmingly Support Investing in Land Preservation

The public has shown overwhelming support for these measures. Nationwide, voters have been willing to raise taxes to maintain the quality of life they find important in their communities. The Land Trust Alliance, a national nonprofit organization that works with land trusts, publishes an annual survey of referenda on open space initiatives. The reports, titled *Voters Invest in Open Space*, list these trends over the past four years;

Year	Number of Referenda	Passed	Failed	Passage Rate
1998	148	124	24	84%
1999	102	92	10	90%
2000	209	174	35	83%
2001	196	137	59	70%

In the Delaware Valley, results have been comparable. Chester County's \$50 million bond referendum in 1997 received an 81 percent approval of the voters. In Buckingham Township, Bucks County, a \$4 million ballot initiative was approved by 82 percent in 1995 and a second \$9.5 million measure was approved by 85 percent in 1999. In Bucks County, Solebury Township's \$4 million referendum in 1996 received a 93 percent favorable vote. A second, \$10 million measure in 1999 had 90 percent support from those who voted. Earned income tax measures in East Vincent and Willistown townships, Chester County, were both approved by 80 percent. In the November 2001 elections, earned income tax measures passed by over two-thirds majorities in Franconia and Skippack townships, Montgomery County.

Important Issues to Consider... Before the Window Closes

- Growth is inevitable...sprawl is not. Community purchases of land or conservation easements will not stop development, but will help lessen sprawl and its costs.
- Land preservation underlines a community's commitment to protect the most important land resources for current residents and future generations.
- Lands to be preserved should be chosen by residents of the community in accordance with an open space plan.
- Costs associated with the purchase of land or easements are paid off in a relatively brief time. The costs to the community from residential development continue and usually increase over the years.
- Control of school system costs benefits those with modest and fixed incomes, often the elderly, and farmers who tend to be land rich with limited incomes.
- Money raised at the municipal level can be leveraged to secure substantial additional money from county and Commonwealth preservation programs.
- Land preserved through the purchase of conservation easements remains on the tax roles, although at a lower value than developable land. These properties remain in private ownership and do not need public money for maintenance.

Time to Act – The Price is Right

As Will Rogers advised, "Buy Land. They ain't makin' any more of it." In Montgomery and the other suburban counties, it isn't getting any cheaper, either. Annual per family cost for land preservation is often quite low. In some programs, the annual tax is equivalent to one large pizza per week or the cost to take a family of four to a weekly movie plus popcorn.

For those who are interested in preserving key properties in a community, the time to move forward is now. When the land is gone, it is truly gone...forever.

If preservation is less costly, doesn't it make prudent fiscal sense to try to preserve the land?

Appendix – Bonds and Other Appropriations

These special places are where we recharge our water, where we clean our air and where we find the soul of our community.

Protecting them is a matter of survival. We must act now.

Jim Maza,
former
Montgomery
County
Commissioner

Municipal Level (County)	Amount Raised (\$)	Year Approved
Bedminster Township, Bucks	2.5 million	1997
Buckingham Township, Bucks	4.0 million	1995
	9.5 million	1999
Doylestown Township, Bucks	3.75 million	1991
Lower Gwynedd Township, Montgomery	2.0 million	1994
Lower Makefield Township, Bucks	7.5 million	1998
	7.5 million	1998
Lower Merion Township, Montgomery	1.885 million	1994
Lower Providence Township, Montgomery	3.1 million	1994
Middletown Township, Bucks	0.325 million	1998
Middletown Township, Delaware	5.4 million	1987
New Britain Township, Bucks	2.5 million	1996
Nether Providence Township, Delaware	2.8 million	1996
Newtown Township, Bucks	1.1 million	1998
	1.65 million	1998
Northampton Township, Bucks	5.0 million	1998
Patton Township, Centre	2.5 million	2001
Plumstead Township, Bucks	4.0 million	1996
	6.0 million	2001
Radnor Township, Delaware	10.0 million	1996
Solebury Township, Bucks	4.0 million	1996
	10.0 million	1999
Tredyffrin Township, Chester	8.0 million	1996
Upper Makefield Township, Bucks	6.0 million	1996
	15.0 million	2000
Upper Southampton Township, Bucks	2.0 million	2002
Warrington Township, Bucks	2.1 million	1995
Warwick Township, Bucks	1.5 million	2000
Whitpain Township, Montgomery	10.0 million	1999
Wrightstown Township, Bucks	1.5 million	1995
	1.5 million	2002
Total Municipal Appropriations: 144.61 million		
Real Estate or Income Taxes		
East Bradford Township, Chester	0.125 percent earned income tax	1998
	0.125 percent earned income tax	2000
East Marlborough Township, Chester	0.2 mills real estate tax estimated to produce \$95,000 per year	1999
East Rockhill Township, Bucks	0.125 percent earned income tax estimated to produce \$80,000 per year	1999
East Vincent Township, Chester	0.1325 percent earned income tax estimated to produce \$680,00 per year	2002
Franconia Township, Montgomery	0.25 percent earned income tax estimated to produce \$425,000 per year	2001
Halfmoon Township, Centre	2 mills real estate tax estimated to produce \$100,000 per year	1999
Hilltown Township, Bucks	0.25 percent earned income tax estimated to produce \$640,000 per year	2000
London Britain Township, Chester	\$20 per \$100,000 real estate tax estimated to produce \$35,000 per year	2000
Milford Township, Bucks	2 mill real estate tax estimated to produce \$43,000 per year	1997
New Britain Township, Bucks	0.125 percent earned income tax estimated to produce \$345,000 per year	2000
North Coventry, Chester	0.25 percent earned income tax estimated to produce \$300,00 per year	2002
Radnor Township, Delaware	0.25 percent realty transfer tax estimated to produce \$335,000 per year	1995
Skippack Township, Montgomery	0.25 percent earned income tax estimated to produce \$310,000 per year	2001
Springfield Township, Bucks	0.25 percent earned income tax estimated to produce \$232,500 per year	2000
Stroud Township, Monroe	0.25 percent earned income tax expected to produce \$600,000 per year	2001
West Rockhill Township, Bucks	0.125 percent earned income tax estimated to produce \$130,000 per year	2000
West Vincent Township, Chester	0.49 mill real estate tax estimated to produce \$145,000 per year	2002
Willistown Township, Chester	0.125 percent earned income tax	1999

County Bonds	Amount Raised (\$)	Year Approved
Berks County	30.0 million	1999
Bucks County	3.5 million	1994
	59.0 million	1996
Chester County	50.0 million	1997
	75.0 million	1999
Lehigh County	30.0 million	2002
Monroe County	25.0 million	1998
Montgomery County	100.0 million	1993
Northampton County	10.0 million	2000
Schuylkill County	0.65 million	2000
Total County Appropriations: 383.15 million		

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- Michael Frank, Director of Community Planning
Heritage Conservancy, 85 Old Dublin Pike, Doylestown, PA 18901-2489

*“By choice,
or by
default, we
will carve
out a land
legacy for
our heirs.”*

Stewart Udall,
The Quiet Crisis.
1963





Montgomery County Lands Trust

a non profit conservancy

P.O. Box 300, Lederach, PA 19450
Phone: 215 513-0100 • Fax: 215 513-0150
E-mail: info@mclt.com • Website: www.mclt.com