



URBAN AGRICULTURE INCENTIVE ZONE PROGRAM GUIDELINES

Background

The Urban Agriculture Incentive Zone Act (UAIZ) was enacted in 2013 by the State of California to enable local jurisdictions to enter into a contract to restrict the use of vacant, unimproved, or otherwise blighted lands for small-scale production of agricultural crops and animal husbandry. In return, property owners would have their property valued at the lowest of three values; the value based on the average per-acre value of irrigated cropland in California, the current fair market value, or the factored base year value (Proposition 13 value). The goal is to provide a tangible financial incentive for a landowner who may not be interested in immediately developing vacant land to utilize their property for small-scale agriculture. The savings varies from property to property depending on how the parcel is currently assessed. The Chula Vista City Council adopted Chula Vista Municipal Code Chapter 19.100 (the "Ordinance") to establish an Urban Agriculture Incentive Zone Program in the City of Chula Vista.

The State act defines "agricultural use" as: the cultivation and tillage of the soil; the production, cultivation, growing, and harvesting of any agricultural or horticultural products; the raising of livestock, bees, fur-bearing animals, dairy-producing animals, and poultry; agricultural education; and the sale of produce through field retail stands or farms stands.

Scope of the Urban Agriculture Incentive Zone Program

Targeted Population

The state legislation permits urban agriculture incentive zones to only be established in "urban areas" with populations of 250,000 or more. The San Diego Association of Governments (SANDAG) estimated the City of Chula Vista over that requirement with a population of 265,070 as of January 1, 2016. The boundaries of the program are the City of Chula Vista boundaries. Participants in the program would be owners of vacant, blighted, or unimproved land interested in or already active in small-scale agriculture.

Determining Eligibility

This potential property tax reduction is an incentive offered citywide to property owners of vacant, blighted, or otherwise unimproved properties. Vacant is defined as a parcel with some form of improvement such as a slab, but with no structures. Unimproved is defined as an empty parcel with no form of improvements on it. Blighted is defined by California Health and Safety Code Section 33030.

The property must meet the standards established in State Code and the City of Chula Vista ordinance. Properties must be at least 0.1 acre in size and no larger than 3 acres (between 4,356 and 130,680 square feet). They must be completely dedicated toward agricultural use, free of any dwellings and only have physical structures that support the agricultural use of the site. Allowed structures include, but are not limited to, toolsheds, greenhouses, produce stands, and instructional space.

Urban Agriculture Incentive Zone Agreement

The Urban Agriculture Incentive Zone Program agreement is a legal contract binding the owner of a designated property to restrict the subject property to agricultural use consistent with California State Code and Chula Vista Municipal Code for a minimum of 5 years. In exchange for the dedication of property to agricultural uses, the owner will potentially receive reduced property taxes. The agreement is recorded with the County, which allows the Assessor to determine the property value at the lowest of three values; the value based on the average per-acre value of irrigated cropland in California, the current fair market value, or the factored base year value (Proposition 13 value). The agreement runs with the property despite individual ownership.

The Urban Agriculture Incentive Zone Program agreement must be entered into or renewed prior to January 1, 2029. The City of Chula Vista may propose to end the Urban Agriculture Incentive Zone Program agreement if the property is not maintained in accordance with the contract provisions. The City of Chula Vista may propose to extend the program, contingent on the California State Legislature passing legislation extending the state bill. Maintenance of agricultural use is required for the entire duration of the contract.

Inspection Schedule/Monitoring

The City is responsible for assurance that a property remains in compliance with the provisions of the Urban Agriculture Incentive Zone Program agreement. Properties must begin urban agriculture operations within 60 days of contract filing. Annual monitoring will entail site visits, staff review of compliance with contract requirements, and will provide adequate review to ensure that agricultural use is occurring on the property. If there has been a change in ownership the City will contact the new owner to explain the responsibilities and provisions under the Urban Agriculture Incentive Zone Program agreement.

The City will work with property owners to remedy any problems identified through the inspection process. A restoration plan may be prepared as part of a renewal of an agreement to assure the necessary remedy. The yearly inspection is the minimum that will occur, the City of Chula Vista has to the right/ability to inspect more frequently if concerns have been raised in relation to the property.

Fiscal Impact

Property Owner Tax Savings

The County Assessor determines the property value at the lowest of three values; the value based on the average per-acre value of irrigated cropland in California, the current fair market value, or the factored base year value (Proposition 13 value).

Fees

This program includes the following fees, adopted by the City Council, effective __, to recover the costs of staff time devoted to the tasks specifically related to all components of the Urban Agriculture Incentive Zone Program: \$__ zoning determination fee, \$__ County filing fee.

Annual Threshold of New Reduction in Property Tax Revenue

Based on the current level of agricultural use within the City of Chula Vista, the City Council does not establish an annual threshold. The City Council reserves the right to establish a threshold in the future.

Fiscal Impact to Taxing Agencies

In establishing a UAIZ encompassing the entire city boundaries, over 150 separate properties are identified as possibly eligible. If 100% of all potentially eligible properties participated in the UAIZ, all taxing agencies combined could see that annual revenue drop by \$394,210.