



URBAN AGRICULTURE INCENTIVE ZONE PROGRAM GUIDELINES

Background

The Urban Agriculture Incentive Zone Act (Act) was enacted in 2014 by the State of California to enable local urban jurisdictions to enter into a contract (Urban Agriculture Contract) to restrict the use of vacant, unimproved, or otherwise blighted parcels 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 aim 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 or parcels are currently assessed. The San Diego City Council adopted Ordinance 20902 in 2018 to establish an Urban Agriculture Incentive Zone (UAIZ) in the City of San Diego.

The 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 US Census Bureau lists the City of San Diego well over that requirement with a population of 1.39 million as of the 2015 census. The boundaries of the UAIZ are the City of San Diego boundaries. Participants in the UAIZ program would be owners of vacant, blighted or unimproved parcels, 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 parcel or parcels. Vacant is defined as a parcel or parcels with some form of improvement such as a slab, but with no structures. Unimproved is defined as an empty parcel or parcels with no form of improvements on it.

The parcel or parcels must meet the standards established in State Code and the City of San Diego ordinance. The parcel or parcels 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.

The purpose of the UAIZ program is to encourage small-scale urban agricultural uses, chiefly on vacant or unimproved properties. The goal of urban agriculture is to provide the benefits of increasing vibrant, open green spaces; building community; providing education about the production of fresh food; improving public health; and increasing access to affordable fruits, vegetables, and other produce, particularly in areas that currently lack fresh food.

If the City deems that an application does not meet the purposes, provide the benefits, and further the goals of the City in creating the UAIZ, that application may not be approved.

Urban Agriculture Contract

The Urban Agriculture Contract is a legal contract binding the owner of a designated property to restrict the subject parcel or parcels to agricultural use consistent with California State Code and San Diego 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 Urban Agriculture Contract 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 Urban Agriculture Contract runs with the property despite individual ownership.

The Urban Agriculture Contract must be entered into or renewed prior to January 1, 2029. The City of San Diego may propose to end the Urban Agriculture Contract if the property is not maintained in accordance with the contract provisions. Maintenance of agricultural use is required for the entire duration of the Urban Agriculture Contract. The City of San Diego has no obligation to enter into any Urban Agriculture Contract and may deny contract execution at its sole discretion.

Inspection Schedule/Monitoring

The City is responsible for assurance that a property remains in compliance with the provisions of the Urban Agriculture Contract. 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 parcel or parcels. 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 Contract.

The City will work with property owner or owners to remedy any problems identified through the inspection process. A restoration plan may be prepared as part of a renewal of an Urban Agriculture Contract to assure the necessary remedy. The yearly inspection is the minimum that will occur: the City of San Diego has to the right/ability to inspect more frequently if concerns have been raised in relation to the parcel or parcels.

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

The UAIZ program includes a \$17 zoning use certificate (if required) and County filing fee for recording Urban Agriculture Contract.

Annual Threshold of New Reduction in Property Tax Revenue

Based on the current level of agricultural use within the City of San Diego, the City Council does not establish an annual threshold. The City Council reserves the right to establish a threshold in the future. The City will review the need for an annual threshold if \$175,000 in new tax revenue reduction to the City's General Fund is reached on an annual fiscal basis.

Fiscal Impact to Taxing Agencies

In establishing a UAIZ encompassing the entire city boundaries, over 2,000 separate properties are identified as possibly eligible. Properties within any particular agency's jurisdiction represent a much smaller portion. If 100% of all potentially eligible properties participated in the UAIZ Program, all taxing agencies combined could see that annual revenue drop by \$1,354,142.