

FAQ: Urban Agriculture Incentive Zones Legislation ([AB 551](#))

What does AB551 do?

AB551 will incentivize the use of private land for urban agriculture. In exchange for signing a contract with a county to place privately held land into urban agricultural use for 10 years, private landowners will have their property assessed at a lower property tax rate based on its agricultural use rather than its market value.

Should a landowner take action principally effecting a premature termination of enrollment in the program, the legislation will require them to pay back the tax benefits garnered from the program.

How does AB551 work?

AB551 will permit counties to pass ordinances establishing “Urban Agriculture Incentive Zones” within their jurisdictional boundaries. Within the Incentive Zones, private property owners will be eligible to apply to enter a contract with the county restricting their privately owned undeveloped property to urban agricultural use in exchange for a revised tax assessment based on the agricultural use of the land. Counties may opt in to the program but will not be required to do so. Similarly, private landowner participation will be completely voluntary.

Why is AB551 important?

Urban agriculture provides many benefits to city residents including: education about fresh, healthy food and the effort it takes to produce it; environmental benefits for the city including modeling grounds for new, energy saving and environmentally sustainable technologies; community-building; vibrant green spaces and recreation; and a source of economic development including increased neighboring home values. One of the biggest obstacles to expanding the number of Californians who enjoy these benefits of urban agriculture is access to land--both its supply *and* cost in urban jurisdictions. This legislation provides an incentive to private landowners to make more land available for urban agriculture, while at the same time enabling them to do so at a lowered cost.

For commercial urban farms and gardens specifically, this legislation will help improve their financial viability by reducing the business cost of property taxes to a level that reflects the agricultural use of the property, rather than its potential residential or commercial uses. In rural areas of California, the state has worked to address the negative impact of property taxes on farm enterprises near urban areas through passage of the Williamson Act (California Land Conservation Act of 1965). This legislation uses a similar strategy but within urban areas.

How much will AB551 cost?

The legislation is targeted to apply to only a small number of parcels in any given county. The property most likely to be involved is privately-owned land that does not have near-term development potential because of unusual lot size, shape, location, ownership structure or other reasons. These vacant, potentially blighted properties can be dedicated exclusively to agricultural use with tremendous benefits for neighboring residents and communities. The difference in property tax assessment for an enrolled property will vary from property to property, and will be based upon accepted standards for property tax assessment.