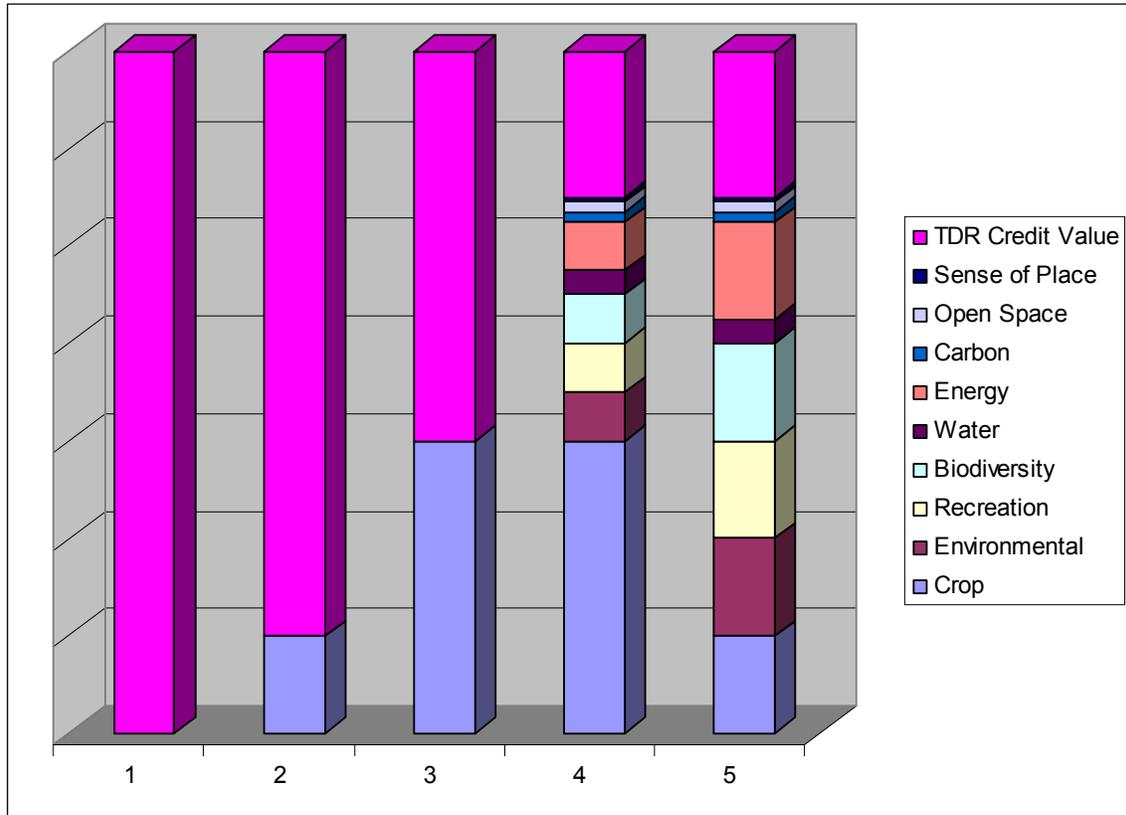


# Agricultural Profits, and New Services and Values, Are Important For TDR Programs

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“The Three Things”:

From the report of the Committee for Sustainable Treasure Coast, in order to achieve rural lands preservation, 3 Things must occur:

1. Agriculture must be profitable. If it's not profitable, ag operators will not remain.
2. There must be TDR programs that allow landowners to separate and be rewarded for the development value of the land and.
3. The dollar value of the combination of expectation of future ag profits and sale of TDR credits must be equal to or greater than selling the land for development.

The above chart shows the intertwined relationship of ag profits and TDR values. The basic premise is that the higher the ag profits, the less valuable the TDR credits need to

be in order to meet criteria number 3 above. The heading numbers below correspond to the numbers below the bars on the table above.

1. If agriculture is not profitable, the TDR credit value must approach full land value to achieve rural land preservation.
2. The profits from crops that are commodities are low. The commodity model is to drive profit to as close to \$0 as possible so that only large, efficient producers will survive. This is the Wal-Mart model. TDR credit value would still need to be high to carry the load.
3. Specialty crops have higher profit potential. They require a shift in farming techniques, so capital would be required. The source of capital would not be the crop revenues from a commodity crop, so it must come from borrowing and sale of TDR's. The TDR value would therefore need to be high in order to provide capital for the shift to specialty crops, hold land values high to provide collateral, and mitigate the risks associated with crop production. County government would need to become involved to facilitate this shift.
4. Providing services and values by rural lands can become part of the ag business plan. These services and values can generate profits, or reduce costs, thereby adding profit to the farm. As profits increase, the reliance on TDR credit value diminishes. It should be noted that the value attached to "Open Space" is minor and doesn't add much to the ag profits. There are more active and necessary roles that rural lands can play. County governments will need to be heavily involved with this shift, since many of the services and values should be part of the urban development process.
5. As population increases, the services and values become more in demand and are therefore more valuable, perhaps more so than the crops themselves. As the benefits from services and values increase, crop revenues – the most risky part of farming – and TDR credit values are no longer the primary determinants of land value. Rural lands therefore preserve themselves, because it is more profitable to retain them than sell the land for development.

There are successful examples of these principles in Florida and around the country. The shifts require deliberate planning and execution on the part of the ag industries, government, and residents. The USDA has opened departments to promote many of these values and services, and offer cost-share programs available to interested landowners. County governments play perhaps the most important role – land use planning, landscape scale design, and integration of ag with county-provided services are critical to stacking the values as deeply as possible.