

Memo

To: City Council

From: Bryan Myrkle, Community Development Director

Date: October 23, 2019

Re: Farmland and Open Space Preservation agreements in proximity to City of Charlotte future growth areas

Michigan's Farmland and Open Space Preservation Program, formerly known as PA 116, is "designed to protect farmland and open space through agreements that restrict development and provide tax incentives for program participation."

Individual property owners can apply to the State of Michigan for inclusion in this program, in order to both shield their farmland from development and receive an individual income tax benefit.

As part of the application process, the City of Charlotte is given an opportunity to comment on program applications for property within 3 miles of the city limits. In most of these cases, the property is not in a proposed future growth area of the City. However, City Manager Guetschow asked me to consider one of the recent applications to this program, because of its location and proximity to the city.

I am happy to provide information about this single parcel, and thoughts about how the City Council may want to approach it. However, I think it is also important for the City to consider creating a policy to guide it in the future. As the program is promoted throughout the state, and more and more properties are added to it, it is very possible that this same question

will be raised again. Rather than taking each of these requests on a case-by-case basis that could be subject to a different ad hoc process each time, it would be more equitable to establish and use a policy that provides information, assurances and predictability to potential future applicants, as well as to the City, County and State officials who review these applications.

The City's role in the process –

The City is invited to comment and make recommendations on applications within three miles of its boundaries. This recommendation is taken under advisement by the Eaton County Board of Commissioners, which votes on whether to recommend the application to the State of Michigan for approval.

The Eaton County Planning Commission also makes a recommendation to the Board of Commissioners. There may be other agencies, boards or commissions who also make recommendations.

While the Eaton County Master Plan includes sections that appear able to provide guidance in these decisions, it is not clear to me from conversations with County officials whether these tools are used during review of the applications.

After receiving the local recommendation from Eaton County, the ultimate decision on whether to approve an application is made by the State of Michigan Department of Agriculture. It can deny applications the County recommended to approve, and it can approve applications the County recommended be denied. In my conversations with a representative of the State's program, however, it appears this is largely procedural. Most applications denied by the State are due to application errors not identified at the local level, and they could not think of an example where one was approved after a local recommendation to deny, even though there is an appeals process for property owners making it possible.

In my conversation with the Department of Agriculture, it did seem like the process is weighted in favor of property inclusion, i.e. its goal is to get properties into the program; and they stated that conflicting local land use

planning is not something they would necessarily consider a good justification for rejecting an application. I do not know, however, if this is an official policy position, or simply the opinion/preference of the agency representative I talked to.

Potential local effects –

The program effectively removes the potential for future development from individual parcels of farm property through an agreement with the State. It also exempts the property owner from having to participate in special assessments related to development, such as for water, sewer, utility and drain improvements.

Program applications range from as short as 10 years, to as long as 90 years. However, once approved, there is a strong incentive to remain in the program beyond 10 years: Any property owner who uses the income tax credits they receive has to repay the previous 7 years of credits if they leave the program. Therefore, in practice, most of these applications are renewed at the end of their term. This was confirmed to me by the State representative I talked to. Furthermore, there is no local review at the end of 10 years (or the end of the initial term, whatever it is). That is handled between the property owner and the state, so the *initial application process is the only opportunity for local comment and recommendation.*

Because the decision to approve an application may have effects lasting nearly a century, it is therefore important to take the long view when considering one. Considering how Charlotte, and most others in Mid-Michigan cities, have grown and developed over the past 90 years, one can assume there may be similar growth and development over the next 90.

Shielding property from development in potential city growth areas, and ceding control to the State of Michigan for decades and decades does not seem like a wise community and economic development choice, especially for a city like Charlotte, which is largely 'built out.'

An Eaton County official pointed out to me that in areas with high property values and correspondingly high development costs, the added expense associated with overcoming the hurdles this program imposes might not be

a strong barrier to development. However, in rural communities like Charlotte, these added costs could very effectively thwart development. A nearby local experience that might inform Charlotte's decision-making on this issue relates to the City of Eaton Rapids, which encountered a parcel included in this program when developing an industrial park. As it was related to me, it was "not easy or cheap" to get the parcel out of the program when Eaton Rapids needed to.

The specific parcel –

The particular parcel in question (#23-110-030-300-030-16), is located between Charlotte and I-69 Exit 57 on South Cochran Avenue. The area around this expressway exit has long been considered a potential growth area. Whether for a logistics and distribution center, large industrial site or a 'highway services' style development (hotel, truck stop, gas station, restaurant, etc.), the potential for development has been considered very high for a long time. The primary barrier to development, up until now, has been the need for an extension of supporting municipal services (water and sewer).

The parcel is located approximately a ½ mile from the expressway exit, and is only on the fringes of what could reasonably be expected to be developed in the next 10 years. However, it is very clearly within an area that should be expected to develop over the next 50-90 years, which is what we have to consider, given the nature of the Farmland Preservation Program.

Therefore, I believe the City should recommend that Eaton County turn down this application.

As just one nearby example of similar development you may be familiar with – consider the speed and scope of commercial growth that has taken place between Ionia and the I-96 expressway exit several miles south of the city.

The Future –

A lot of thought and effort has already been put into the issue of future growth and local farmland preservation around Charlotte, and it would make sense to use that previous work to guide future decision-making.

The City has two cooperative development agreements with its neighboring townships. These agreements have been in place approximately 20 years, and spell-out the terms under which properties near the current city limits can be developed and, in some cases, brought into the City. These are important agreements, and the City should be making farmland preservation recommendations that do not contradict these established policies.

Furthermore, Eaton County, in its Master Plan, has delineated the extent of farmland it proposes for preservation, as well as areas around cities and villages in the county that are not designated for preservation. According to the Plan, “factors considered include . . . development pressure and proximity to sewer/water facilities.” Therefore the farmland around cities not proposed for preservation is likely excluded because it has a high potential for development.

The Eaton County Master Plan, with its Future Land Use Map, also recognizes the potential for development around I-69 Exit 57, designating the area for General Business.

Because they already exist and are guiding development in and around the City, using these documents as a basis for identifying Farmland Preservation Program applications that may not be in the best interests of the City of Charlotte seems like the obvious approach. Anything else would contradict these documents, creating internal conflicts that could be difficult to resolve.

I recommend the City Council establish an official policy that a.) supports farmland preservation in areas outside identified future growth areas, and b.) recommends rejection of applications that are inside these growth areas.

To the extent that it may not already be using its Agricultural Preservation Map and Future Land Use Map to inform its decisions on these

applications, I also recommend asking the Eaton County Board of Commissioners to use these tools when considering the issue. This would be a benefit to all cities and villages in Eaton County.

Other materials –

I am including several other items in support of this memo:

- 1.) A parcel map better illustrating the location of parcel #23-110-030-300-030-16.
- 2.) The Eaton County Agricultural Preservation Map.
- 3.) The Eaton County Future Land Use Map from its Master Plan.
- 4.) A brochure from the Michigan Department of Agriculture & Rural Development outlining the Farmland Preservation Program.