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The Economics of Ag Land

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Spring in the vineyards of Napa Valley.

Robb McDonough

2018 marks the beginning of the 50-year anniversary of Napa County's Agricultural Preserve — the first of its kind in the nation. This landmark set of zoning laws, which encompasses AP and AW lands, established agriculture as the highest and best use of the land in Napa County.

As grapegrowers, we believe this is a time to recognize the County's successes that have resulted from its commitment to preserving ag land. This is the second article in a three-part series commemorating 2018 as the 50th anniversary of the Ag Preserve.

As a community, we have much to celebrate as a direct result of our agricultural based local economy. As touched upon in the first article of this series — in addition to curbing the urban sprawl that the Bay Area has experienced over the past 50 years, by designating “agriculture as the highest and best use of the land,” we have provided our small California county with a windfall of economic benefits.

Through the adoption of land use policies that promote and protect agriculture, our community has established Napa County as one of the top agricultural areas in the world; so much so, that municipalities all around the world look to Napa County as a model for their own success.

When citing the economic benefits of agriculture in Napa County, one may aptly refer to job creation statistics. Locally, more than 46,000 jobs are attributed to the wine industry. Furthermore, the overall local economic impact from Napa County's wine industry is

currently estimated at \$13 Billion. A lesser known and equally compelling point relates to the growth of the county's tax roll since the adoption of the Ag Preserve and the subsequent boon in services that promote community wellness.

In July 2017, the Napa Register reported that the value of our tax roll was \$37.462 billion, while back in 1980 the entire value of the Napa County tax roll was \$2.37 billion. That means that in less than 40 years, Napa County's tax roll increased by 1,480 percent, making our current tax roll the third highest per capita assessed value of California's 58 counties, just behind Marin and San Mateo, and just ahead of San Francisco. Other California regions have similarly grown, but via capitalizing on urban growth and commercial development; whereas Napa County managed this accomplishment through our unprecedented protection of agricultural open space. In this way, we have done what no California county has achieved before.

Why does the tax roll matter — and how exactly does this affect the community as a whole? This provides benefits beyond sweeping viewsheds. A little-known fact is that agricultural lands pay more in property taxes than the cost of the services they require. To put it more succinctly, ag land gives more than it takes from a tax perspective. This net positivity will continue to result in our county's ability to subsidize other community needs such as increasing much-needed housing stock within our town centers.

There are many known environmental benefits to open space, including agricultural open space. However, in the case of parks and other public green spaces, counties can often struggle to make the required economic argument to invest in them. Ag land provides the best of both worlds — the benefits of open spaces with the assurance of economic viability of the land. Furthermore, in Napa County, it is common practice to ensure the protection of ag land in perpetuity through mechanisms such as conservation easements and deed restrictions.

Even so, in Napa, we are privileged to live in a county that values and protects open spaces of all kinds. In addition to the 45,000 acres planted to vineyards (representing 9 percent of county land), we can boast 89,823 acres of designated parks and open space (representing 18 percent of county land), as well as 167,000 acres of oak woodlands (representing 43 percent of county land). These remarkable statistics puts Napa County in a class of its own.

In comparison, other Bay Area counties contain very little agricultural land and are nearly “built out” with residential and commercial development. Here, agriculture actually helps pay the bills, and we don’t find ourselves stuck on the urban development treadmill like other municipalities throughout the state.

Recognizing agriculture as the “highest and best use of the land” in Ag Preserve and Ag Watershed zoning policies ensures that this tax benefit (more formally known as the Cost of Community Services metric) will continue to collectively serve our community well for many years to come. However, this is still not the whole picture with regard to all of the benefits that agricultural land can provide to the community at large.

As the next article in this series surrounding the 50th anniversary of the Ag Preserve will address, many climate benefits are directly correlated to a community’s investment in ag land and sustainable agriculture.

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The Economic Benefits of Ag Land

-- The Ag Preserve was established as AP and AW zoning in 1968 as the first zoning ordinance of its kind in the country

-- Napa County’s open spaces include:

-- Planted vineyard represents 9 percent of Napa County (45,000 acres)

-- Designated parks and open spaces represent 18 percent of Napa County (89,823 acres)

- Oak woodlands represent 43 percent of Napa County (167,000 acres)
- The American Farmland Trust tallies the net impact of tax revenue by type of land use with a metric 'Cost of Community Services'. The median cost for different types of land uses from least to most costly across the country are:
 - Commercial and Industrial: \$0.29
 - Agriculture, Working Lands and Open Space: \$0.35
 - Residential land use: \$1.16
- Overall local impact of Napa County's wine industry is \$13 billion
- 46,000 local jobs are attributed to the Napa County wine industry
- As of July 2017, Napa County's tax roll was valued at \$37.462 Billion