

BONUS LOT PRESERVATION PLAN

By leveraging new development, the Bonus Lot Preservation Plan preserves farmland and open space *without* taxpayer investments, complex development rights transfers, or annual building caps.



Introduction

Future population growth in many areas of Wisconsin will continue to require innovative tools to encourage a balance between land development and preservation. The tool described below is a promising way to achieve this balance without increasing taxes or the cost of housing. The Bonus Lot Preservation Plan (BLPP) is a mitigation program *not* a restrictive program.

How BLPP Works

The Bonus Lot Preservation Plan is an additional zoning district that “overlays” certain residential zoning districts on undeveloped lands in a town or county. This overlay zone contains incentives in the form of bonus lots that become the mechanism for funding a program to preserve lands elsewhere in the town or county. If the overlay zoning is chosen by the developer, he/she is able to create several more lots than the standard zoning would have normally allowed. Developers keep the profits from half of these bonus lots, but to earn this bonus they must donate the proceeds from the sales of the other half of the bonus lots (known as “preservation lots”) to a town or county land preservation fund. The funds from the donated lots are used to purchase development rights from willing landowners on high-priority lands in appropriate areas of the town or county.

With each development, the number of preservation lots is roughly calculated to generate enough money to purchase development rights that will preserve an amount of priority farmland or open space elsewhere that is equal to the number of acres being developed.

Development rights are sold in exchange for cash and a conservation easement, which is a voluntary agreement between a landowner, a local land trust, and a town or county. Landowners continue to own their land, farm it, hunt on it, etc., while being paid not to develop it. Easements are purchased from area farmers who submit applications and score the highest in comparison to other applicants. Priority is given to proposals that are in harmony with the local land use plan, represent agriculturally and/or environmentally significant parcels, and extend a corridor of existing preservation.

EXAMPLE: Let’s say Joe owns an 80-acre parcel and wants to subdivide it. If the R-1 zoning on Joe’s parcel has a minimum lot size of 60,000 square feet, Joe would be allowed to create up to 58 lots. Under BLPP, if Joe chooses the bonus lot overlay zoning, he would be able to create a 66-lot subdivision instead of a 58-lot subdivision, with 4 extra lots to keep as a bonus and 4 extra lots to donate to the land preservation fund (he is still able to build and profit from the homes on these donated lots – it is only the value of the lots themselves that is donated).

At today’s prices in Sheboygan County, for example, the 4 preservation lots would generate approximately \$160,000 to be used for development rights purchases. If Joe agrees to sell the development rights on his property for \$2,000 per acre, the money generated by the sale of Joe’s preservation lots could be used to preserve about 80 acres of land elsewhere – the same amount of land that is being subdivided.

Frequently Asked Questions about the Bonus Lot Preservation Plan (BLPP)

1. Are profits taken away from developers?

No. In fact, developers can profit from several more lots under BLPP than they can under standard zoning. Second, if the developer is also the homebuilder, he can build more homes on the site than he would have been able to otherwise.

2. Are public funds needed for this program to work?

Unlike traditional Purchase of Development Rights (PDR) programs that require large outlays of taxpayer dollars, BLPP automatically generates the funds needed to preserve farmland.

3. Aren't some communities opposed to the higher densities caused by the bonus lots?

Clearly, participating communities are making a compromise, since the density bonus means there may be a, say, 66-lot subdivision instead of a 58-lot subdivision. This is undeniably a slightly more intense use of the land. In the big picture, however, the increase in lots in such a subdivision will hardly be noticeable and is likely worth the benefit of preserving substantial acreages of land elsewhere in the area without using any public money.

4. Why not just use cluster/conservation subdivisions to preserve land?

Clustering homes in a conservation subdivision is an effective tool in certain situations. However, many developers and homebuyers simply do not like a clustered design. Such developments also tend to be complex—often regulated by an additional ordinance—as they require natural resource inventories, open space management plans, and homeowners associations. Further, clustered developments can only preserve land “on-site” even though there may be higher preservation needs elsewhere in the area, especially in communities focused on preserving tracts of agricultural land.

5. Could a developer still cluster under this program?

Yes (assuming, of course, the jurisdiction has a history of allowing such developments). A developer could do a conservation subdivision and either participate or not participate in BLPP.

6. Who decides which lands are preserved?

Applications from willing landowners are scored by the plan commission based on soil productivity, the size of the property, the proximity to other significant lands, the amount of development pressure in the area, the presence of special natural or cultural features, consistency with local land use plans, and so forth. The highest scoring applications receive top priority.

7. Are there lot credits to purchase or costs that developers end up passing on to homebuyers?

No. In Transfer of Development Rights (TDR) programs, a developer must purchase lot credits in order to densify a subdivision. This cost is usually passed on to the eventual homebuyers, which adds to housing costs. Because of the way BLPP is structured, developers do not need to purchase lot credits, so there are no costs to pass on to homebuyers. Developers do incur nominal costs for creating and marketing the extra preservation lots, but these costs are easily offset by the profits from the bonus lots and homes they are allowed to retain.

8. Are there sending or receiving districts?

Programs such as TDR mandate that developers can only subdivide in designated “receiving” districts. To do so, they must purchase lot credits from designated “sending” districts. This mechanism predetermines precisely the location(s) where new homes can be built and where land will be preserved. BLPP does not limit development or preservation to any predetermined districts. Under BLPP, development can occur anywhere the jurisdiction’s zoning or re-zoning allows.

10. Are there annual building caps under BLPP? No.

11. Does BLPP curtail sprawl?

Not necessarily. BLPP does not by itself restrict development to certain predetermined locations, so subdivisions can continue to go wherever the local zoning allows them. Landowners retain all of the opportunities they had to develop after BLPP as they had before BLPP. This program does not seek to *constrain* development. Its primary objective is to *mitigate* development by ensuring that an equal amount of preservation occurs nearby.

12. Has a program like BLPP been tried elsewhere?

A pilot program has been set up in the Town of Mosel, in Sheboygan County, Wisconsin. The City of Davis and Yolo County, California and King County, Washington have enacted ordinances that *require* mitigation—developers must protect one acre of farmland for every acre they develop. Unlike BLPP, these programs are mandatory not voluntary, and they do not provide additional lots to help developers with their mitigation efforts.

13. Where can I get more information?

Please contact Kevin Struck, UW-Extension, at 920-467-5740.