

Headline:

Virginia Town Realizes \$22 Million Cash by Selling Zoning Changes in Land Use Policy Switch

Summary:

A new land use policy allowed The Town of Warrenton to permit zoning changes that resulted in a \$22 million cash payment representing 50 percent of the land's enhanced value, instead of the small amounts typically allocated (10 percent to 15 percent) to municipalities.

Body text:

Chevy Chase, MD (PRWEB) August 3, 2006 -- The Fauquier County Town of Warrenton, a Washington, D.C. suburb, received \$22 million in cash for agreeing to zoning changes, annexation and sewage connection for a new real estate development of 300 luxury homes. Prior land use policy allowed fewer homes on the 492 acre farmland.

By approving the zoning changes and land use policy changes, Warrenton increased the land value and received a \$22 million cash payment representing 50 percent of the enhanced value. The negotiation signifies a land use policy change as municipalities typically only receive 10 percent to 15 percent of the increased land value in the form of public amenities, such as low-income housing subsidies (or MPDUs), open spaces or cash payments.

For example, in 2004 and 2005, Maryland's Montgomery County (another Washington, D.C. suburb) increased the allowable building density (air rights) of substantial commercial property in its Bethesda and Shady Grove communities, enhancing the land's market value by about \$200 million. According to a Maryland Tax Education Foundation study, the County realized only 15 percent of this value through MPDUs and other public amenities. The remaining 85 percent of value accrued to wealthy land owners and real estate developers, many of whom form the funding base for the Montgomery County Council members' reelection campaigns.

In academic research, public testimony and a Washington Post op-ed column, the Maryland Tax Education Foundation encouraged legislators to examine market-based systems for approving zoning changes. Appraising the value of added density and negotiating public benefits accordingly enables local governments to reap higher percentages of the wealth they convey to landowners and real estate developers. The higher percentages can translate into additional cash for social purposes or for tax relief.

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