

# Lexington-Fayette County's PDR Program Info Sheet

## **What is the Purchase of Development Rights (PDR) Program?**

**PDR** is a *voluntary* program that enables property owners to sell their development rights to the Fayette County Rural Land Management Board, while holding fee simple title to the land and continuing to farm. If your property is selected, the Board will pay you for the development rights. After selling the development rights, the land is restricted to agricultural uses and cannot be developed in the future. The legal contract used to restrict development is called an Agricultural Land Easement.

## **How does the PDR program benefit farmers?**

The PDR program offers farmers an effective technique to preserve their land for farming, and to protect against encroachment of non-farm development. Farm owners will receive a cash payment for their development rights. These funds can help farmers invest in new crops; purchase needed equipment; invest in new agricultural infrastructure; or purchase additional land for farming. Farm owners retain the ownership of the land and continue to farm the land, and the farmland is preserved for future generations.

## **What farmland is eligible?**

Any farmland in the Rural Service Area is eligible for consideration for development rights purchase, provided the applicant has good, marketable, fee-simple title to the land and the farm is at least 20 acres in size. Priority is given to farms located in the A-R zone due to their higher percentage of prime farmland and statewide important soils.

## **How are farms selected for purchase of development rights?**

The PDR program will announce an annual application deadline and host a public information session for farm owners. Farm owners who wish to participate will submit their PDR application. The applications will be reviewed by the PDR staff and scored by selection criteria found in the LFUCG Ordinance 4-2000, Section 26-10. The farms are then ranked according to the LESA point system, and farm owners are notified in writing of their ranking. The highest ranked farms will be placed on our federal application for funding.

## **Where is the funding to purchase development rights obtained?**

For the majority of easements, the money paid to farm owners will be 50% local and 50% federal funding. It is important to be aware of the rules required by our federal partners, including but not limited to: no landowner may have an Adjusted Gross Income (AGI) of more than \$900k per year, all participants must be U.S. citizens, and no counter appraisals may be obtained by landowners. If a farm is owned by an LLC, neither the LLC nor any member may have an AGI over \$900k per year. Please contact the Farm Services Agency Office at (859) 233-0194, if you have any questions about the AGI.

## **How are development right values determined?**

An independent certified real estate appraiser will be retained by the Rural Land Management Board to complete an appraisal of the development rights. The development rights value will be the difference between the current unrestricted value of the land, and the value as restricted by an Agricultural Land Easement at the time of appraisal. Upon completion of the appraisal, the land owner will be contacted by the Board with an offer for purchase of the development rights.

## **Can farmland be developed in the future if development rights are sold?**

No, the property may not be developed for non-agricultural uses unless the parcel being developed was excluded from the Agricultural Land Easement. This restriction remains in effect even if the property is sold or transferred. Be sure you understand how the Agricultural Land Easement will affect your land and your estate planning, and talk with your attorney or CPA if you have questions. The PDR staff is not qualified nor permitted to provide tax or legal advice.

For further information, please contact:

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