

CALIFORNIA LAND CONSERVATION ACT (CLCA) PROPERTY AUTHORITATIVE CITATIONS

The following provides the authoritative citations for the California Land Conservation Act (CLCA) Property Survey Topic. In general, citations include Constitutional provisions, sections of the Revenue and Taxation Code, other applicable statutes, court cases, Property Tax Rules, *Assessors' Handbook Sections*, Letters To Assessors, and legal annotations pertaining to the topic.

CITATION	DESCRIPTION
California Constitution	
Article XIII, §8	The Legislature may define open space land and may provide for an assessment scheme that recognizes enforceable restrictions on the use of such land for production of food and fiber, recreation, scenic beauty, or resource conservation.
Civil Code	
§815-815.3	A "conservation easement" is a limitation in a deed, will, or other instrument in the form of a condition, easement, restriction, or covenant which the owner executes and is binding upon successive owners of the land, which is intended to retain land in its natural, scenic, historical, agricultural, forested, or open-space condition. It is a perpetual interest in real property. Such an easement may only be acquired and held by IRC §501(c)(3) organizations dedicated to open-space preservation, or by a state, county, city, or other local governmental entity.
Government Code	
§16140-16154	Subvention funds provide replacement revenue to local government to offset the loss of property tax on open-space lands valued under Sections 423, 423.3, 423.4 & 423.5. On or before October 31 each year, the governing body of each county, city, or city and county shall report to the Secretary of the Resources Agency the number of acres of land under its regulatory jurisdiction which qualify for state payments pursuant to the various categories enumerated in Section 16142. Effective January 1, 2011, if the payment pursuant to this section for the previous fiscal year is less than one-half of the participating county's actual foregone general fund property tax revenue, the county may make a determination to implement subdivision (b) of Section 51244 and Section 51244.3.
§51040-51042	These sections collectively constitute Chapter 6.3 of the Government Code and are known as the Urban Agriculture Incentive Zones Act. Highlights of the act include: <ul style="list-style-type: none"> • A county or city and county may, after a public hearing, establish by

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	<p>ordinance an Urban Agriculture Incentive Zone within its boundaries for the purpose of entering into enforceable contracts with landowners, on a voluntary basis, for the use of vacant, unimproved, or blighted lands for small-scale agricultural use (§51042(a)(1)(A)).</p> <ul style="list-style-type: none"> • A city may, after a public hearing and approval from the board of supervisors of the county in which the city is located, establish by ordinance an Urban Agriculture Incentive Zone within its boundaries for the purpose of entering into enforceable contracts with landowners, on a voluntary basis, for the use of vacant, unimproved, or blighted lands for small-scale agricultural use (§51042(a)(1)(B)). • The city, county, or city and county shall impose a fee equal to the cumulative value of the tax benefit received during the duration of the contract upon landowners for cancellation of any contract prior to the expiration of the contract, unless a determination that the cancellation was caused by extenuating circumstances despite the good faith effort by the landowner (§51042(a)(2)(B)). • Following the adoption of the ordinance, a city, county or city and county may enter into a contract with a landowner to enforceably restrict the use of land subject to the contract to uses consistent with urban agriculture. Any contract entered into pursuant to this chapter shall include, but is not limited to, all of the following provisions (§51042(b)). <ul style="list-style-type: none"> ○ An initial term of not less than five years. ○ A restriction on property that is at least 0.10 acres, and not more than three acres. ○ The entire property shall be dedicated to commercial or noncommercial agricultural use. ○ Any dwellings on the property while under contract are prohibited. ○ A notification that if a landowner cancels a contract, a city, county, or city and county is required to assess a cancellation fee. • Structures that support agricultural activity such as toolsheds, greenhouses, and produce stands are allowed (§51042 (c)). • A city, county, or city and county shall not enter into a new contract, or renew an existing contract after January 1, 2019 (§51042 (e)). • Property subject to a contract shall be assessed pursuant to Section 422.7 of the Revenue and Taxation Code during the term of the contract (§51042 (f)). • An Urban Agriculture Incentive Zone shall not be established in any area that is currently subject to, or has been subject to within the previous three years, a contract pursuant to the Williamson Act (§51042 (h)).
§51200-	These sections collectively constitute Chapter 7 of the Government Code and

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51297.4	<p>are known as the California Land Conservation Act of 1965 or Williamson Act. Highlights of the act include:</p> <ul style="list-style-type: none"> • An exclusive administrative procedure is created that involves the landowner petitioning cancellation; the assessor establishing the cancellation value; and either the Department of Conservation or the affected landowner requesting a formal review from the county assessor of the assessor's cancellation value (§51203). • Greenhouses are included as a qualifying agricultural use (§51201(b)). • "Compatible use" is any use determined by the city or county administering the preserve in conformance with §51238.1 (§51201(e)). • Utility and communication facilities, and agricultural laborer housing, are compatible uses within any agricultural preserve (§51238). • Approved compatible uses will not compromise current or long-term agricultural operations on the subject property or other contracted lands. • Any city or county may enter into Williamson Act contracts with landowners. The terms of such contracts may be more restrictive or in addition to those provided by Chapter 7 (§51240). • Every Williamson Act contract must exclude uses other than agricultural and agricultural-compatible ones for its duration, and must bind on all successors in interest of the owner (§51243). • Each contract must be for an initial term of at least 10 years and must provide that a year is added to the remaining term on each anniversary date unless nonrenewal has been initiated (§51244, 51244.5). • If the county makes a determination pursuant to subdivision (e) of Section 16142 or subdivision (d) of Section 16142.1, contracts shall be for a term of no less than nine years for contracts currently 10 years or 18 years for contracts currently 20 years in length (§51244). • Years in which a reduced term is utilized the addition to the assessed value shall be conveyed to the auditor, consistent with the 10-percent reduction in the length of the restriction, equal to 10 percent of the difference between the valuation pursuant to Section 423, 423.3, or 423.5 of the Revenue and Taxation Code, as applicable, and the valuation under subdivision (b) of Section 51 or Section 110.1 of the Revenue and Taxation Code, whichever is lower. The increased amount of tax revenue that results from the decrease in restriction shall be separately displayed on the taxpayer's annual bill (§51244). • Either party to the contract may serve notice of nonrenewal of the contract to the other party (§51245). • After February 28, 1977, all land zoned TPZ that had been subject to an existing Williamson Act contract must be valued according to the TPZ provisions of §435 and not as open-space land per §423, and the existing contract is to be terminated, through nonrenewal or otherwise (§51246). • Lands subject to Williamson Act contracts must be considered enforceably restricted per article XIII, §8 of the Constitution and valued

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	<p>accordingly (§51252).</p> <ul style="list-style-type: none"> • To facilitate a lot line adjustment, parties may mutually agree to rescind the contract or contracts and simultaneously enter into a new contract or contracts provided certain requirements are met (§51257). • Only the landowner may request cancellation of a contract (§51281). • The city or county may require that certain conditions be met before approving cancellation of a contract (§51282). • The city or county will collect a minimum cancellation fee of 12.5 percent of the current market value of the land as if unrestricted as determined by the assessor. The assessor must certify that value to the county board or city council and also send a notice to the landowner and the Department of Conservation indicating the current market value of the land. The notice shall advise the landowner and department of the opportunity to request a formal review from the assessor. The fee may be waived under certain conditions (§51283). • A Williamson Act contract is deemed null and void when the restricted land is acquired for a public improvement by a government agency or person through eminent domain or action in lieu of eminent domain, and the land shall be removed from the contract (§51295). • An owner of predominantly prime farmland, as defined by statute, may petition the city or county to rescind an existing Williamson Act contract and instead enter a 20-year Farmland Security Zone contract, which would allow the property to be assessed at the lower of 65 percent of its §423 value or its §110.1 value (§51296). For land subject to a FSZ contract, the cancellation fee is 25 percent of the current market value of the land as if unrestricted as determined by the assessor.
Public Resources Code	
§10211	An "agricultural conservation easement" means an interest in land less than fee simple representing the right to prevent development for any purpose other than agricultural production; granted by the fee owner to local government, nonprofit organization, resource conservation district, or regional park or open-space district or authority; and granted in perpetuity as a covenant running with the land. Land subject to an agricultural conservation easement must be valued under R & T Code §423. (See R & T Code §421.5(b) and §422.5.)
Revenue and Taxation Code	
§52, sub.(a)	Property enforceably restricted per article XIII, §8 must be valued according to Revenue and Taxation Code §421 et seq.
§75.14	Portions of CLCA property not subject to the assessment limitations of article XIII A (i.e., the restricted property) do not receive supplemental assessments.
402.1	In the assessment of land, the assessor shall consider the effect upon value of any enforceable restrictions to which the use of the land may be subjected.

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	The restrictions are listed in this section.
§421	An agricultural preserve is created pursuant to the California Land Conservation Act of 1965 (Williamson Act).
§421.5	Land subject to an agricultural conservation easement qualifies as "open-space land."
§422	Gives examples of "enforceable restrictions" for purposes of the CLCA.
§422.5	Land subject to an agricultural conservation easement is "enforceably restricted" for purposes of the CLCA.
422.7	Land subject to contract for an urban agricultural incentive zone qualifies as "open-space land and shall be valued at a rate based on the average per-acre value of irrigated cropland in California adjusted proportionally to reflect the acreage of the property. The BOE is required to post the published per-acre land values on its website within 30 days of publication by the USDA National Agricultural Statistics Service and provide county assessors, no later than January 1 of each assessment year, the per-acre value of irrigated cropland in California.
§423	Enforceably restricted open-space land (including any restricted improvements) shall be valued by the capitalization of income method period based on income from the production of food or fiber. The capitalization rate is built up annually from the following: (1) a BOE-announced interest component (announced no later than October 1 and being the arithmetic mean, to the nearest 1/4 percent, of the yield rates for long-term U.S. government bond rates for the most recent five years); (2) a risk component; (3) a property tax component, and (4) a component for the amortization of living improvements (trees and vines). Unless specifically prohibited, the capitalized value cannot exceed the lower of the land's current market or factored base year value. A Williamson Act contract may provide for the restricted valuation of nonliving improvements as well as land.
§423.3	Allows a city or county to limit assessments of CLCA land in each category to a value no higher than a given percentage (70, 80, or 90 percent) of the property's factored base year value.
§423.4	Land subject to a "farmland security zone contract" (see Govt. Code §51296 - §51297.4) shall be assessed at 65 percent of the lower of its restricted CLCA value (§423 value) or factored base year value.
§423.7	Sets forth valuation method for wildlife habitats. These properties are not valued by the capitalization of income approach (§423), but by a restricted comparative sales method.
§426	Parcels in nonrenewal status shall be valued in accordance with §426. Under §426, the restricted value (§423 value) is subtracted from the factored base year value and the difference is discounted for the number of years remaining in the contract, using the interest rate component announced annually by the BOE. The discounted difference is then added back to the restricted value (§423 value) to arrive at the value of the restricted property in nonrenewal status.

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§427	In valuing open-space land, the assessor or Board is not prevented from taking into consideration the existence of mines, minerals, and quarries; or oil, gas, and other hydrocarbon substances.
§428	Restricted CLCA valuation is not applicable to any residence and homesite on open-space land, including agricultural laborer housing. These portions of the property are assessed at the lower of their factored base year value or current market value.
§429	Non-exempt trees and vines shall be assessed as land. The value of non-exempt trees and vines on land subject to open-space restrictions shall be established by capitalizing the net income attributable to them using the method prescribed in §423.
§430	It is rebuttably presumed that the present use of open-space land is its highest and best agricultural use.
§430.5	To be eligible for assessment under the CLCA, there must be a qualified enforceable restriction signed, accepted, and recorded before the lien date.
Property Tax Rules	
Rule 51	To qualify for assessment under §423 and §426, a CLCA agreement executed prior to November 10, 1969 must meet certain criteria.
Rule 52	The restricted value of trees and vines on CLCA land shall be determined by capitalizing the net income attributable to land and perennials (trees and vines) under the §423 formula. Such value shall not be less than would be generated if the land were planted to typical annual crops.
Assessors' Handbook	
AH 521	<i>Assessment of Agricultural and Open-Space Properties</i> (October 2003). Part I deals with unrestricted agricultural property. Part II deals with land subject to the CLCA and other types of open-space restrictions. The two appendices provide excellent information on court decisions and attorney general's opinions regarding the assessment of land subject to the CLCA, as well as sources of agricultural information.
Special Topic Survey	
1997	<i>Assessment of Properties Under California Land Conservation Act Restrictions</i> (1997). Chapter 3 expounds BOE staff position on issues of compatible use, living improvements, and residential sites.
Attorney General Opinion	
98-1106	Revenue and Taxation Code §423.4 is constitutional in authorizing land subject to a Farmland Security Zone contract to be assessed at 65 percent of its §423 restricted value. NOTE: The lowest of 65% of the restricted value, 65% of the factored base year value, or the current market value is the taxable value enrolled for the lien date.
Letters to Assessors	

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79/54	Open-space contracts may provide for the restricted valuation of nonliving agricultural improvements.
79/131	Questions and answers about restricted versus unrestricted valuation procedures for land and trees and vines and about cancellation procedures. <i>NOTE: Q & A #6 (cancellation value) has been superseded. See Annotation 620.0002 and Government Code §51283(a).</i>
80/94	Determining cancellation fees and deferred taxes due upon cancellation of CLCA contracts. <i>NOTE: superseded after 1987. See Annotation 620.002 and Government Code §51283(a).</i>
80/150	Agricultural laborer housing should be valued as a compatible use on CLCA land, i.e., subject to the §423 restricted assessment. <i>NOTE: superseded after 1985. See LTA 85/126 and Revenue and Taxation Code §428.</i>
81/78	Absent objections by either party to a Williamson Act contract, CLCA land in nonrenewal status shall be assessed at factored base year value if that is lower than the §423 restricted value. §423.3 that allows for a percentage of the factored base year be compared to the restricted value (§423 value) and current market value is not valid for properties valued under §426.
81/160	Commencing with the 1982 lien date, land under CLCA contract and also zoned TPZ was to be assessed under the §434.5 TPZ guidelines, not under the §426 nonrenewal procedures for CLCA land.
85/126	Effective January 1, 1986, agricultural laborer housing (including a site for such housing) is to be valued under article XIII A, not §423.
87/56	In order to use Section 423.3, the county must have included these provisions in the original CLCA contract, or have passed a subsequent ordinance approving their inclusion.
2013/056	<p>Effective January 1, 2014, Assembly Bill 551 enacted the Urban Agriculture Incentive Zones Act (Act). This bill added Government Code §51040 and amended §402.1 and added §422.7 to the Revenue and Taxation Code.</p> <p>The Act authorizes, under specific conditions, a city, county, or city and county and a landowner to enter into a contract to enforceably restrict the use of vacant, unimproved, or otherwise blighted lands for small-scale production of agricultural crops and animal husbandry. Any contract entered into on or before January 1, 2019 is valid and enforceable for the duration of the contract. The bill requires a contract entered into pursuant to these provisions to be for a term of no less than five years and to enforceably restrict property that is at least .10 acres and no more than 3 acres in size.</p> <p>The Act requires the assessor to value land that is enforceably restricted by a contract at a rate based on the average per-acre value of irrigated cropland in California as most recently published by the National Agricultural Statistics Service of the United States Department of Agriculture (USDA).</p> <p>The bill requires the BOE to post the published per-acre land values on its</p>

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	website within 30 days of the publication by the USDA, and to provide to county assessors, no later than January 1 of each assessment year, the per-acre value of irrigated cropland in California.
2015/042	The BOE announced interest component of the section 423 capitalization rate for the 2016 assessment year is 3.25 percent. Rates for lien dates 1975 – 2015 are also provided.
2015/040	For contracts under the Urban Agriculture Incentive Zone Act, for the lien date 2016, the August 2015 report from the USDA indicates that the average per acre value of irrigated cropland in California is \$12,700
Annotations	
180.0085	Because §428 excludes residences and home sites from CLCA valuation procedures, they are a separate appraisal unit, the value of which may be appealed separate from the land under contract.
210.0025	The purchase of property subject to a CLCA contract by a public agency, if not by eminent domain or in lieu of eminent domain, does not cancel the contract. Such property would also be subject to assessment under section 11, article XIII of the California Constitution, if (1) the situs of the property acquired is outside the boundaries of the public agency, and (2) the property was taxable when it was acquired. C 10/25/2006.
210.0030	Unrestricted nonliving improvements should be treated as an appraisal unit separate from the restricted land and should be enrolled at the lower of current market value or factored base year value.
415.0001	References Attorney General Opinion 98-1106 which states that §423.4 is constitutional.
620.0002	For 1987 and prior years, the "cancellation value" referred to in Govt. Code §51283 was the lower of the land's current fair market value or factored base year value; for 1988 and subsequent years, it has been the current fair market value of the land.
620.0005	When CLCA land changes ownership, the assessor must establish a new base year value. Supplemental assessments are levied only for the unrestricted portions, if any, of the property (e.g., residences, homesites, and unrestricted nonliving improvements).
620.009	Williamson Act properties in nonrenewal status, valued according to §426, are not subject to supplemental assessment.
620.0015	Since January 1, 1988, §423(d) has required the assessor to enroll the lowest of three values for CLCA land: restricted value (§423 value), factored base year value, or current market value, as determined annually.
620.0020	Summarizes LTA 81/78.
620.0025	When only a portion of a parcel of land is subject to CLCA restrictions, two appraisal units result. The restricted portion should be valued using the three-way value comparison described in §423(d); the unrestricted portion should be assessed at the lower of current market or factored base year value.

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620.0050	If a local government passes a resolution authorizing an enforceable restriction on a retroactive basis, the parcel affected is not eligible for open-space valuation for any prior year. The law requires that the restriction be signed, accepted, and recorded on or before the lien date of the year in which it is to apply.