

## PRELIMINARY DRAFT SUBJECT TO FURTHER REVISIONS

# PROPOSED YOLO COUNTY WILLIAMSON ACT GUIDELINES

## **Sec. 101 Purpose**

The Yolo County Williamson Guidelines are intended to summarize the County's existing policies regarding the California Land Conservation Act of 1965, as amended, also known as the Williamson Act. These Guidelines summarize the provisions of the State act that are most relevant to the Yolo County Williamson Act program, and set forth the County's procedures for implementing the act (see Government Code Section 51200 *et seq.*).

Yolo County contains thousands of acres of prime agricultural land, characterized by an optimal combination of soils, climate, water, topography, lot size for viable production, and geographic configuration. The Williamson Act has been a cornerstone of the County's agricultural preservation program. More than 90 percent of the land surface of Yolo County is designated for agricultural uses that preclude residential, commercial, and industrial development that is not consistent with agriculture. Approximately three quarters of the unincorporated area of the County is protected under Williamson Act contracts that provide long-term protection of these lands.

More specifically, the purpose and intent of the Yolo County Williamson Act program is to:

1. Preserve farmland to ensure a secure food supply for the state, nation, and future generations;
2. Maintain agriculture's contribution to local and state economic health;
3. Provide a tax incentive to farmers and ranchers who keep their land in agricultural use through long-term contracts;
4. Promote orderly city growth and discourage leapfrog development and the premature loss of farmland; and
5. Preserve open space for its scenic, social, aesthetic and wildlife values.

As statutes and ordinance provisions are amended from time to time, those amendments are incorporated herein. Nothing herein is intended to restrict or abate the enforceability of mandatory provisions of State law or County ordinances.

## **Sec. 102 Definitions**

The definitions below are provided to assist the reader. Many are a summary of State law. For completeness and accuracy, the specific statutes should be consulted.

### *Agricultural Commodity*

Any and all plant and animal products produced for commercial purposes. [See Government Code Section 51201(a)]

*Agricultural Preserve*

Agricultural Preserves define the area within which the County may enter into contracts with landowners. The Board establishes Agricultural Preserves. Only land located within an Agricultural Preserve is eligible for a Contract. As defined in Government Code Section 51201(d), land within an Agricultural Preserve can be devoted to either agricultural, recreational, or open space use, or any combination of these. An Agricultural Preserve must consist of no less than 100 acres.

*Agricultural Use*

Use of land for the purpose of producing an agricultural commodity for commercial purposes. [See Government Code Section 51201(b).]

*Board*

Board of Supervisors for Yolo County.

*Cancellation*

The immediate termination of a Contract pursuant to provisions of the Government Code.

*Contiguous Parcel(s)*

Parcel(s) that touch or abut at least one other parcel, but not all other parcels.

*Contract*

As used in these Guidelines, the term Contract means a Land Use Agreement (Williamson Act Contract) and a Farmland Security Zone (FSZ) Contract, collectively. An FSZ Contract lasts twice as long as a standard Williamson Act Contract.

*Contract Area*

The acreage or property which is under a single Contract. The boundaries of the Contract Area are coterminous with parcel boundaries and may include multiple parcel boundaries.

*Farmland Security Zone (FSZ)*

A Farmland Security Zone is an area created within an Agricultural Preserve by the Board upon request by a landowner or group of landowners. Once the designation has been made, the property owner may enter into a FSZ Contract. [See Government Code Section 51296 et seq.]

*Farmland Security Zone Contract (FSZ Contract)*

A contract between a private landowner and the County that enforceably restricts land to agricultural or open space uses. The minimum initial term is 18 years. FSZ Contracts automatically self-renew annually unless either party files a Notice of Nonrenewal. In return, restricted parcels are assessed for property tax purposes in accordance with Revenue and Taxation Code Section 421, et seq.

*Land Conservation Act*

The California Land Conservation Act, also known as the Williamson Act (Government Code Section 51200 et seq.), allows, among other things, private landowners to contract with counties and cities to voluntarily restrict their land to agricultural and open space uses in exchange for potential property tax benefits.

*Land Use Agreement or Williamson Act Contract*

A contract between a private landowner and the County that enforceably restricts land to agricultural or open space uses. The minimum initial term is ten (10) or nine (9) years, depending upon whether the County is implementing Assembly Bill 1265 at the time of contract approval. Williamson Act Contracts automatically self-renew annually unless either party files a Notice of Nonrenewal. In return for signing a Contract, parcels are assessed for property tax purposes in accordance with Revenue and Taxation Code Section 421 et seq., which usually assesses the parcel at a lower rate (i.e., not the market-value rate).

*Legal Lot*

A lot that met all local Land Development regulations and Subdivision Map Act requirements when it was created, and still exists, and can lawfully be conveyed in fee as a discrete unit separate from any contiguous lot. "Legal Lot" also means a lot for which a Certificate of Compliance or Conditional Certificate of Compliance has been issued under the State Subdivision Map Act and Yolo County Land Development regulations, and the boundaries of which have not been subsequently altered by merger or further subdivision. For the purposes of these Guidelines, the word "parcel" shall have the same meaning as the word "lot".

*Lien Date*

Date upon which a Contract becomes effective. The lien date is always January 1 of the year following recordation of the Contract. It also is the date upon which the Assessor determines the value of property for property tax purposes each year.

*Material Breach of Contract*

Construction of a building on property under Contract when both of the following conditions are met: (1) the building is not allowed under these Guidelines, the County General Plan or Zoning Ordinances, and is not related to an agricultural or compatible use; and (2) the total area of the non-agricultural building(s) exceeds 2,500 square feet (Government Code Section 51250).

*Non-Prime Agricultural Land*

Agricultural land other than "Prime Agricultural Land" as defined below.

*Notice of Nonrenewal*

Application for the Withdrawal of land under Contract whereby the Contract stops self-renewing each year, but remains in effect for the remainder of the term (i.e., nine (9) years for a Land Use Agreement and 18 years for a FSZ Contract).

*Open Space (Wildlife Habitat Area)*

A Land Use Agreement between a private landowner, including a non-profit conservation organization, and the County can also enforceably restrict land to open space (wildlife habitat area) uses.

*Prime Agricultural Land*

Farmland that is described as any of the following:

1. Land which qualifies for rating as Class I or Class II in the Natural Resource Conservation Service land use capability classifications;
2. Land which qualifies for rating 80 through 100 in the Storie Index Rating;
3. Land which supports livestock used for the production of food and fiber and which has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture;

4. Land planted with fruit- or nut-bearing trees, vines, bushes, or crops which have a nonbearing period of less than five years and which will normally return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than two hundred dollars (\$200) per acre; or
5. Land which has returned from the production of unprocessed agricultural plant products an annual gross value of not less than two hundred dollars (\$200) per acre for three of the previous five years.

*Property Owner*

Includes stockholders in family corporations, beneficiaries of family trusts and estates, owners of undivided partial interests, and joint tenants.

*Public Improvement*

Facilities or interests in real property, including easements, rights-of-way, and interests in fee title, owned by a public agency or person. [See Government Code Section 51290.5.]

*Rescission/Reentry*

The process of simultaneously voiding an existing Contract(s) and entering into new Contract(s) where there is no reduction in the amount of land under Contract.

*Wildlife Habitat Area*

A land or water area designated by the Board, after consulting with and considering the recommendation of the California Department of Fish and Wildlife, as an area of great importance for the protection or enhancement of the wildlife resources of the state. [See Government Code Section 51201(j).]

## **Sec. 103 General policies**

The Williamson Act was adopted by the State Legislature in 1965, and the Legislature continues to amend, revise, and add sections to the Government Code and Revenue and Taxation Code that directly affect the Yolo County Williamson Act program.

There are a number of policies and requirements established in State law and local ordinance that direct the County's implementation of the California Land Conservation Act. Foremost are those actions taken by the State in 2009 to withdraw its contribution to financially support the Williamson Act by eliminating subvention contributions to participating counties. Without such funding, rural counties such as Yolo County have been hard pressed to fund the Act to ensure agriculture is adequately preserved. Consequently, in anticipation that the State would discontinue all subvention payments, Yolo County placed a moratorium on accepting applications for new contract(s) on October 13, 2009. The moratorium was rescinded in January, 2017.

In late 2010, Senate Bill 863 (SB 863) was enacted. SB 863 provided for a reduction in the term of Williamson Act contracts from ten (10) years to nine (9) years, accompanied by an addition to the assessed value of affected properties. The addition was based on a formula that allowed landowners to retain at least 90 percent of the tax savings created by participation in the Williamson Act while also replacing a portion of the County's lost tax revenues.

The County implemented SB 863 promptly after its adoption. On March 24, 2011, a few weeks after the County had fully implemented SB 863, it was repealed by the Legislature. All of the basic provisions of SB 863 were restored by a new bill, AB 1265, which was approved by the

Legislature and signed into law in July 2011. As AB 1265 specifically included an effective date of January 1, 2011, it assured the continuing validity of the County's prior actions to implement SB 863. The Board of Supervisors has since taken actions to implement AB 1265, most recently on October 23, 2012.

- (a) These Guidelines shall be interpreted in a manner consistent with the overall intent expressed above. If any provision of the Guidelines is found to be invalid, it shall not invalidate the remaining provisions.
- (b) Whenever a land use entitlement including, but not limited to, zone changes, subdivisions, and conditional use permits is requested for land subject to a Contract, the entitlement should not be approved unless it is consistent with the provisions of State law and these Guidelines. Entitlement requests that are inconsistent with these Guidelines may be considered and acted upon only after the Contract has expired through the non-renewal process or is terminated.
- (c) No entitlement, subdivision of land, rescission/re-entry, partial nonrenewal, or partial cancellation shall be approved which would result in Contracts or lots under Contracts which do not meet the standards and requirements of these Guidelines and State law.
- (d) When changes in existing uses on contracted land result in agricultural uses which are inconsistent with State law or these Guidelines, making the land ineligible for the type of Contract that is in effect, the landowner or the County may record a Notice of Nonrenewal for that Contract (Government Code Section 51245.) Further, if a Material Breach of Contract is determined to exist, the County shall either (1) order the property owner to eliminate the conditions that created the Material Breach of Contract within 60 days; or (2) assess a monetary penalty and terminate the Contract on that portion of the property that has been made incompatible by the material breach (Government Code Section 51250(i)).
- (e) In exchange for agreeing to restrict the use of property by entering into a Contract, special rules are applied by the Assessor in assessing the contracted property (see California Revenue and Taxation Code Sections 421 et seq.). The Land Conservation Act Tax Provisions are complex and should be consulted; these Guidelines are only intended to provide an overview. Due to numerous factors and the rules involved in assessing property subject to a Contract, it is not possible to state in advance what, if any, tax benefit would inure to individual property owners.
- (f) Prior to the County acquiring land in an Agricultural Preserve or Farmland Security Zone for a public improvement, the County shall comply with the noticing procedures and make the findings required by Government Code Sections 51290 through 51295. Acquisition of land under a Contract by eminent domain or in lieu of eminent domain for a public improvement shall cause the Contract to be deemed null and void as to the land actually condemned or acquired (Government Code Section 51295).

## **Sec. 104 Agricultural Preserves**

Government Code Section 51230 requires that an Agricultural Preserve consist of no less than 100 acres, unless the Board determines that the unique characteristics of the agricultural operations in the area call for smaller preserves, and that the establishment of the preserve is consistent with the General Plan. Agricultural Preserves may be made up of land in one or more ownerships. Property owners with less than 100 acres may combine two or more contiguous parcels to form standard-size preserves. Owners of parcels smaller than 100 acres, who are unable to combine their properties with adjacent parcels to create a standard-size Agricultural Preserve, may request the establishment of a substandard Agricultural Preserve contingent upon meeting the requirements of the Land Conservation Act (Government Code Section 51230). Substandard-size Agricultural Preserves shall be considered only for unincorporated areas comprised of a number of contiguous parcels currently in crop production. Land isolated from existing agricultural production areas is not eligible for a substandard-size Agricultural Preserve.

## **Sec. 105 Land Use Agreements and FSZ Contracts**

- (a) The eligibility of agricultural land for Land Use Agreements (Williamson Act Contracts) and Farmland Security Zone Contracts shall be determined pursuant to the requirements of the Land Conservation Act, the 2030 Countywide General Plan and Zoning Ordinance, these Guidelines, the Williamson Act Eligibility Guidelines adopted separately by the County and included below in Section 106, and the Board of Supervisors. The Yolo County Community Services Department and the Clerk of the Board of Supervisors handles the processing of all Land Use Agreements.
- (b) In accordance with Government Code Sections 51231, 51238, and 51238.1, “compatible uses” are those which are permitted, or conditionally permitted, by the Yolo County Zoning Ordinance in the A-N, A-X, A-C, A-I, and POS Zones, except as otherwise precluded in such ordinance or these Guidelines. The establishment of any use other than a permitted agricultural use or compatible use shall constitute a Breach of Contract.
- (c) Up to two (2) housing units may be permitted on agriculturally-zoned parcels, provided the units are clustered within 250 feet and meet all other development standards. In the Clarksburg Agricultural Overlay Zone, up to three (3) dwellings may be permitted. In addition, providing housing opportunities in order to accommodate farm operators, their families, and their agricultural employees is consistent with the primary purpose of the Williamson Act to maintain agricultural land in commercial agricultural use. Housing for agricultural laborers is a compatible use and the State Legislature has declared that such use of agricultural land is in the public interest.
- (d) In addition to agricultural uses, open space uses are allowed under the Williamson Act pursuant to Government Code Section 51201(o). For parcels devoted primarily to open space uses, an open space contract shall be required, rather than a standard contract involving agricultural land. An open space contract shall also be required for existing farmland under contract that is converted to an open space use.
- (e) Tables 8-2.304(a) through (e) in the Yolo County Zoning Code identify all of the use types that are allowed “by right” (without a zoning permit), those uses that are permitted through issuance of a Site Plan Review or Use Permit, and those uses that are not allowed, in the

A-N, A-X, A-C, and A-I zones. Table 8-2.804 identifies all of the use types that are allowed “by right” or with a Site Plan Review or Use Permit, in the POS zone.

- (f) The Yolo County Board of Supervisors has determined that all of the uses for these agricultural and open space zones that are permitted by right or allowed by non-discretionary permit by the Zoning Code are compatible with agriculture for lands under Land Use Agreements and FSZ Contracts. Uses that are specifically not allowed according to the Zoning Code tables (designated with an “N” in the tables) are determined to be incompatible uses Any use requiring a Use Permit or other discretionary review which is located on lands under a Williamson Act contract must be found to comply with the Williamson Act statutes, including Government Code Section 51238.1.

## **Sec. 106 Eligibility Criteria**

Property owners may request to enter into a Williamson Act Land Use Agreement or Farmland Security Zone (FSZ) Contract. A single application to establish one Contract consisting of two or more legal parcels may be made by a single applicant only if the applicant owns all the parcels and the parcels are contiguous. Contiguous parcels under different ownership require separate applications. Williamson Act Land Use Agreements and FSZ Contracts shall run with the land and are binding upon any heir, successor, lessee, or assignee. The requirements are as follows:

- (a) The property must be designated “Agricultural” or “Open Space” under the Countywide General Plan and be located within an Agricultural Preserve.
- (b) The property must be zoned Agricultural Intensive (A-N), Agricultural Extensive (A-X), or Public Open Space (POS).
- (c) The applicable minimum legal lot size set by the Yolo County Zoning Code must be met. Only whole, legally created parcels shall be accepted under a Williamson Act Land Use Agreement or FSZ Contract. The minimum acreage of each parcel subject to a new Williamson Act Land Use Agreement shall be no less than 40 gross acres where the soils are capable of cultivation and are irrigated (prime agricultural land); 80 gross acres where the soils are capable of cultivation but are not irrigated; and 160 acres where the soils are not capable of cultivation, including rangeland and lands which are not income producing (non-prime agricultural land).
- (d) In addition to agricultural uses, open space uses are allowed under the Williamson Act pursuant to Government Code Section 51201(o). For parcels devoted primarily to open space uses, an open space contract shall be required, rather than a standard contract involving agricultural land. An open space contract shall also be required for existing farmland under contract that is converted to an open space use.
- (e) Property owners already subject to a ten (10) or nine (9)-year Williamson Act Land Use Agreement (depending upon whether the County is implementing Assembly Bill 1265) may request to rescind the existing contract and enter into a new 20- or 18-year Farmland Security Zone (FSZ) Contract (Government Code Section 51296 et seq.). FSZ Contracts self-renew each year like other Contracts. To qualify for a FSZ Contract, all of the requirements set forth in subsections (a) through (d) above (i.e., land use designation, zoning, minimum legal lot/contract size, land uses) must be met.

- (f) The establishment of a Farmland Security Zone and subsequent FSZ Contract(s) in Yolo County shall include only those lands located within three miles of a LAFCo-adopted city Sphere of Influence.
- (g) In addition, the subject property must be designated by the Board as a Farmland Security Zone (FSZ). FSZs shall meet all of the following requirements (Government Code Sections 51296.1, 51296.8.):
  - (1) The land must be within an Agricultural Preserve.
  - (2) The land must be designated on the Important Farmland Mapping Program ("Map") as predominantly one of the following:
    - i. Prime Farmland
    - ii. Farmland of Statewide Significance
    - iii. Unique Farmland, or
    - iv. Farmland of Local Importance.
  - (3) If the proposed FSZ is not designated on the Map, the land shall qualify if it is predominately prime agricultural land as defined in Government Code Section 51201 (c) (Government Code Section 51296.8).
  - (4) No land shall be included in an FSZ unless expressly requested by the owner.
  - (5) Any land located within a city sphere of influence shall not be included in an FSZ, unless the creation of the FSZ has been approved by resolution by the city with jurisdiction within the sphere.
  - (6) If more than one owner of contiguous properties requests the creation of an FSZ, the County shall place those properties in the same FSZ.
  - (7) Upon termination of a FSZ Contract, the Farmland Security Zone shall simultaneously be terminated.

## **Sec. 107 Rescission/reentry**

- (a) If a landowner wishes to transfer contracted land from one type of Contract to another, or subdivide property that is under an existing Contract(s), this can be accomplished by rescinding the existing Contract(s) and simultaneously reentering into a new Contract(s) pursuant to Government Code Section 51254, referred to colloquially as "rescission/reentry." Where property under an existing Contract(s) is adjusted through a Lot Line Adjustment, subdivided into new lots, or merged, the Contract(s) must be rescinded and new Contracts must be entered into. The boundaries of the new Contract(s) must coincide with the boundaries of the subdivided lots. New Contract boundaries, and all rescission/reentries, must be in compliance with the current Government Code provisions, Yolo County General Plan and Zoning regulations, and these Guidelines, and shall not be for less aggregate acreage than originally contracted.
- (b) Government Code Section 51257 authorizes rescission/reentry as an appropriate method to facilitate a lot line adjustment (LLA), pursuant to Government Code Section 66412, involving contracted land. Such LLA requests often involve the exchange of land between



Contracts. In a typical case, the County and landowners mutually agree to rescind a Williamson Act or FSZ Contract(s), and simultaneously reenter into new Contract(s) to coincide with, or be contained within, the new legal lot boundaries.

- (c) To approve a rescission/reentry and prior to recording a lot line adjustment (LLA), and pursuant to Government Code Section 51257 and these Guidelines, the Board of Supervisors must make all of the following findings:
- (1) The new Contract(s) would initially restrict land within adjusted boundaries of legal lots for at least nine (9) years for Land Use Agreements, or at least 18 years for FSZ Contracts (or 10 and 20 years for Land Use Agreements and FSZ Contracts, respectively, if the County ceases implementing AB 1265).
  - (2) There is no net decrease in the amount of the aggregate acreage (total Contract acreage combined between the parcels involved in the lot line adjustment) subject to the existing and proposed Contract(s).
  - (3) At least ninety percent (90%) of the originally contracted land is included within a new Contract(s).
  - (4) The resulting legal lot area subject to Contract is large enough to sustain qualifying agricultural uses.
  - (5) The lot line adjustment would not compromise the long-term agricultural production of land within the proposed legal lots or other agricultural lands subject to Contract(s).
  - (6) The lot line adjustment is not likely to result in the removal of adjacent land from agricultural uses.
  - (7) The lot line adjustment does not result in a greater number of developable legal lots than existed prior to the adjustment or an adjusted lot that is inconsistent with the County General Plan.
  - (8) Rescission/reentries to accommodate parcel map waivers/LLAs on contracted land are subject to Board approval and action (Government Code Section 51257).

## **Sec. 108 Subdivisions**

- (a) Land subject to a Land Use Agreement shall not be subdivided unless all parcels created by the subdivision comply with policies in the 2030 Countywide General Plan governing the subdivision of agricultural lands, and will meet minimum parcel size requirements in the A-N, A-X, and POS Zones.
- (b) In addition to all other requirements applicable to subdivisions, a subdivision involving one or more parcels under a Land Use Agreement shall not be approved unless the Board of Supervisors makes the findings required by Government Code Section 66474.4(a). These Guidelines may be used to support the required findings, as follows:
  - i. The requirement that resulting parcels be large enough to support their agricultural use, using the presumption described in Section 51222, is satisfied by the

- requirement in Section 105(a)(3), that resulting parcels be at least 40, 80, or 160 acres; and
  - ii. The requirement that the subdivision will not result in residential development not incidental to the commercial agricultural use of the land is satisfied by the presumption described in Section 105(a)(8).
- (c) Subdivisions that alter the exterior boundary(ies) of land subject to a Land Use Agreement shall only be approved if the property owner(s) and the County mutually agree to rescind the Contract(s) and simultaneously reenter into a new Contract(s) pursuant to these Guidelines.

## **Sec. 109 Nonrenewal**

- (a) Because Contracts automatically renew each year, if either the landowner or the County desires to not renew the Contract, that party must serve on the other party a written "Notice of Nonrenewal." An application for a Notice of Nonrenewal, including all required materials and processing fees, must also be filed with the Clerk of the Board of Supervisors. If the County serves the notice, the landowner may protest (Government Code Section 51245).
- (b) Once a Notice of Nonrenewal is recorded, the Contract shall remain in effect for the balance of the period remaining since its previous renewal (9 years for a Land Use Agreement; 18 years for a FSZ Contract) (Government Code Section 51246).
- (c) Either the entire Contract or a portion of the Contract may be non-renewed.
- i. An application for nonrenewal on an entire contract must be submitted in advance (at least 90 days prior) of the annual renewal date of the Contract (Government Code Section 51245).
  - ii. An application for a partial nonrenewal must also be submitted to the Clerk of the Board in advance of the annual renewal date (see above). Because a portion of the property will remain under Contract, the size and agricultural use of that remaining portion must be found to be consistent with state law and these Guidelines before the Board approves the partial non-renewal.

## **Sec. 110 Cancellation**

- (a) A landowner who wishes to terminate a Contract without waiting for the nonrenewal period to expire may petition the Board to cancel (terminate) the Contract pursuant to Government Code Section 51280 et seq. Either the entire Contract may be cancelled, or just a portion of the Contract. Cancellation requests are often filed in conjunction with applications for land use entitlements, and can be submitted at any time. Cancellation of a Contract is difficult. The procedures and requirements for cancellation are briefly summarized below.
- (b) The petition for cancellation of a Contract must include a proposal for a specified alternative use and the required fee deposit. The Board reviews the petition to determine whether it can make one of the following findings necessary to tentatively approve a cancellation: (1) that the cancellation is consistent with the purposes of the Land

Conservation Act, or (2) that cancellation is in the public interest. Government Code Section 51282 elaborates further on specific determinations that must be made to make either of these two overall findings. If cancellation of a portion of a Contract is requested, the Board must determine that the portion of the property that would remain under Contract complies with the Government Code and these Guidelines.

- (c) Upon tentative approval by the Board, a Certificate of Tentative Cancellation (CTC) is executed and recorded. The CTC shall state the conditions that must be satisfied before the Contract may be cancelled. Once the conditions are met, the landowner must notify the Board. Within thirty days of the notice and upon determination that the conditions stated in the CTC are satisfied, the Board shall execute and cause a Certificate of Cancellation (CC) to be recorded. The CTC is then sent to the State Department of Conservation (Government Code Section 51283.4). If the Board determines the landowner did not satisfy the conditions, it shall execute and cause a Certificate of Withdrawal of Tentative Approval to be recorded. In addition to these provisions, the requirements of Government Code Section 51297 apply to cancellation of a FSZ Contract.
- (d) Cancellation of a Contract also requires the property owner to pay a "cancellation fee" (Government Code Sections 51283 and 51297). The required cancellation fee for a nine (9)-year Land Use Agreement is 12½ percent of the current fair market value of the property, determined as if the property were free of the Contract restriction. The cancellation fee for a 18-year FSZ Contract is 25 percent of the current fair market value of the property.