

Farm Preservation: Funding and Project Identification

Overview

Clark County places a high value on the preservation of farmland and support of farm operations and markets. Moreover, during the past 15 years, Clark County has developed a variety of plans, programs, and resource documents that highlight strategies for preserving farmland in the county. These include the Current Use Taxation Program; Comprehensive Land-Use Plan; Conservation Areas Acquisition Plan; and Analysis of the Agricultural Economic Trends and Conditions in Clark County, Washington (Globalwise, 2007). In addition, Clark County initiated in January 2008 development of a comprehensive farm preservation plan, which is supported by a technical assistance grant from the Washington Conservation Commission.

These various documents identify rapid growth and the high cost of farmland as major barriers to farming in Clark County. However, they also emphasize that a variety of supporting actions—such as improved marketing and promotion, technical support, and farm-sensitive regulations—are needed to sustain local farming. The farm preservation plans compile a list of tools to sustain and enhance agriculture in Clark County.

Funding Options:

Collectively, the planning documents mentioned above identify rapid growth and the high cost of farmland as major barriers to farming in Clark County. Fortunately, in the state of Washington, a variety of funding programs are immediately available that support farmland preservation. These programs can help farmers buy new farmland, expand existing operations, or compensate land owners who wish to dedicate their lands in-perpetuity for farm production. These programs most often involve purchase of development rights. However, they may also involve funding support for long-term leases, or the fee-simple purchase of property by a government or private nonprofit agency, which then records a perpetual farm-easement on the subject property and seeks to sell the underlying interest for farm use. The various funding sources occur at the local, state, and federal level. Three key programs—which are now available in Clark County—are described below:

Conservation Futures: RCW 84.34 allows boards of county commissioners to adopt a property tax of up to 6 ¼ cents per \$1,000 assessed value to acquire fee simple or lesser interest in land to be protected as open space, critical habitat, farm or timber land. It may only be used for acquisition of land. Clark County adopted the Conservation Futures levy in October 1985. Historically, funds have been used to purchase wildlife habitat and light-impact recreation properties. Some of these areas have been leased for farming, but no site has been purchased specifically to support farming. Since enacted, the Conservation Futures Levy has enabled acquisition of over 4,000 acres of natural areas, open space, greenways, regional parks and trail corridors. That said, farmland preservation is a primary purpose of the Conservation Futures program, and future distributions of Conservation Futures funds could be used increasingly to support farm preservation programs.

Notwithstanding the enabling statute which states the conservation futures levy is exempt from the 1% limitation on property tax growth each year, the Department of Revenue interprets administrative rules otherwise. As a result, the actual levy rate has fallen from 6.5 cents per thousand dollars in valuation in 2006 to 4.9 cents per thousand

dollars in valuation in 2008. Revenue forecasts expect the levy rate to continue to decline in the future. The actual revenue forecast to be generated by the levy is a little over \$2 million per year. Conservation futures revenues are a principal matching source of local funds for the state and federal grant programs discussed below.

Washington Wildlife and Recreation Program (WWRP) – Farm Preservation

Grants: The Washington State Legislature approved in 2005 a farmland preservation program as part of the larger Washington Wildlife and Recreation Program. The FPP, which is administered by the Washington Recreation and Conservation Office, provides matching grants to cities and counties to support farmland acquisition. The primary focus of the program involves the purchase of development rights. Other options include the purchase of long-term leases and the fee-simple acquisition of property, where the project sponsor plans to record an in-perpetuity easement on the subject property and sell the underlying interest for farm purposes. A secondary goal of the program is to enhance or restore ecological functions on the farm site.

Farmland Protection Program: The 2008 Federal Farm Bill renewed and increased funding authorization for the Farmland Protection Program (FPP). This program will pay up to 50% of the cost for purchases of agricultural easements by a local PDR government program or land trust. This source can provide as much as several million dollars annually for Washington State. FPP funds can be matched by private, county, or state funds, and up to 25% of the purchase price can be contributed by the landowner (if so desired) in the form of a bargain sale. (American Farmland Trust, October 2008)

Identification and Prioritization of Farm Areas/Projects

In general, these kinds of funding programs involve limited resources and project selection often involves competitive evaluation systems. Community based plans may be required or encouraged to help establish project priorities. In the case of the WWRP Farm Preservation Program, for example, comprehensive farm plans are not required, but the project evaluation system includes various questions about plan consistency, local priorities, and community support. (A copy of the WWRP Farm Preservation Evaluation Criteria is attached.) The various planning documents and programs established in Clark County help provide guidance for selecting projects and enhance opportunities for funding success. Key documents and programs are listed below:

Current Use Taxation Program: Washington State's Open Space Taxation Program allows property owners to place qualifying tracts of open space, farm, and forest lands in the current use taxation program. This program reduces tax obligations by valuing property based on current use rather than the highest and best use. The Legislature adopted this program to help preserve farming, forest growth, and open space in areas where market value taxation would otherwise economically prohibit the continued use of property for these purposes. Eligibility requirements (see below) have been established for qualifying parcels, and penalties are imposed if properties are removed from the current use program during the 10-year enrollment period.

Farm and Agricultural Land – Current Use Eligibility Requirements

- Any parcel or contiguous parcels 20 acres or larger devoted primarily to commercial agricultural uses, or enrolled in the federal conservation reserve program or its successor program

- Any parcel greater than five acres but less than 20 acres devoted primarily to commercial agricultural uses, with gross income of \$200 per acre per year for three of the five calendar years preceding application
- Any parcel of land less than five acres, devoted primarily to commercial agricultural uses, with gross income of \$1,500 per year for three of the five calendar years preceding application

More than 45,000 acres are currently enrolled in the current use taxation program based on farmland criteria. This report includes a map that identifies the specific properties enrolled in the program (see attachment). These current-use designations help highlight concentrations of agricultural activity and provide focus for farm preservation programs.

GMA Farm Resource Land Designations: The Washington State Growth Management Act requires counties to designate farm, forest, and mineral resource lands. The GMA defines farm resource lands as “land primarily devoted to the commercial production of horticulture, viticulture, floriculture, dairy, apiary, vegetable, or animal products or berries, grain, hay straw, turf, seed, Christmas trees or livestock, and that has long-term commercial significance for agricultural production.” In addition, the Washington Administrative Code establishes guidelines for “classifying” agricultural lands of long-term commercial significance. Counties are required to use the USDA’s land-capability classification system, and shall also consider the combined effects of proximity to population areas and the possibility of more intense uses of the land as indicated by factors such as the availability of public facilities and services, proximity to urban growth areas, intensity of nearby land uses, history of land development permits issued nearby, and the proximity of markets.

Clark County currently has about 32,500 acres of designated farm resource lands. Approximately 21,700 acres are both enrolled in the farm current use program and designated as farm resource districts in the county’s zoning code. This report includes a map that identifies property that is designated as farm resource land or enrolled in the current use program or both. Again, these designations help highlight concentrations of agricultural activity and parcel groupings that meet GMA/WAC guidelines for farm resource land.

Conservation Areas Acquisition Plan: Clark County adopted in December 2004 a Conservation Areas Acquisition Plan that identifies needs and priority acquisition areas for three types of conservation lands: farm, habitat, and greenways. The county appointed an 18-member task force to help develop the plan, and work groups were established to identify needs and project priorities for each program element.

To help identify project area priorities, the farm work group divided the county’s designated farm resource lands into 42 project areas. Next, measures were developed to help provide a profile for each farm area and to help evaluate relative values among these areas. These measures included soil quality (expressed as a percentage of prime and unique soils within each area); parcel size (expressed as total acres within each area that are in parcels 40 acres or larger); ability to support farming (based on ratings by staff from the county’s farm service agencies); and proximity to habitat and greenway systems (sites were separated into “attached” and “detached” groupings to help highlight areas which may benefit from close proximity of farm and other conservation lands.) The original maps and farm area matrix are included at the end of this section, and help provide focus for farm preservation programs. (It should be noted that in 2008 the

county expanded its urban growth boundaries, which then extended into some of the GMA-designated farm resource lands; the attached map shows the modified coverages.)

The County's Conservation Areas Plan included a phase 1 budget of \$45 million, which was divided generally into equal parts among the three program elements. The farm element established a phase 1 acquisition target of 1,750 to 2,400 acres, and emphasized the acquisition of conservation easements as the primary tool for preserving farmland. The farm element did not identify specific projects. Instead, it provided the farm area matrix as a tool to help select farms for preservation. Moreover, the farm work group emphasized that while the designated farm resource lands provide areas of focus for farm preservation programs, they did not want to exclude from consideration exceptional or unique farmlands that might lie outside these designated areas.

Farm Preservation Plan: Clark County initiated in January 2008 development of a comprehensive farm preservation plan. Clark County's Board of Commissioners appointed a 18-member advisory committee to help draft the plan; the committee included farmers from various farm sectors, as well as representatives from food cooperatives, farmers' markets, and farm resource agencies.

The farm plan identifies a wide range of actions and strategies that will be needed to support long-term farming in Clark County. In terms of farmland preservation, the plan identifies rapid growth and the high cost of land as major barriers to farming. The plan states: "The dramatic rise in land value during the past two decades has caused problems for many farmers in Clark County and other urbanizing counties in the state of Washington. Many farmlands are now much more valuable as potential residential or commercial lands. Today, most new farmers cannot afford to acquire good farmland. Existing farmers cannot acquire additional lands and many feel the economic pressures to sell their land and get out of farming."

Key strategies in the plan include the establishment of Agricultural Production Districts, where, regardless of zoning, farming will be actively supported by the county over the long term. The committee identified a goal of maintaining or aggregating contiguous blocks of land 100-150 acres in area as one tool to support farming. Agricultural Production Districts would become the focus of various strategies identified in the plan to achieve this objective, including purchase or transfer of development rights and use of cluster development concepts. However, pointing to the growth of small scale community supported agriculture and an increasing number of organic growers, the committee also concluded it is critical to support all scales of agriculture in Clark County. An Agricultural Production District may encompass one or more larger blocks, and there could be one or more producers within each area. However, application of various local, state and federal programs should not be to the exclusion of smaller scale producers that may not be located within a district, or that, while proximate to one another, are not immediately contiguous.

The current use and GMA resource lands designations identify property groupings that qualify for and have been enrolled in the farm current use taxation program or that meet state guidelines for farm resource land designations. While these groupings help focus limited resources on farm preservation areas, the farm committee, like the conservation areas acquisition plan task force, did not want to limit farm preservation programs solely to these areas. Moreover, the farm plan committee discussed the difficulty in setting criteria for prioritizing farm preservation projects when there are so many exceptions that

work, especially with smaller farms. Identifying lands on a map wouldn't accurately reflect that farming can occur anywhere in Clark County. The committee agreed that such criteria should not serve as the only factor in decision making.

In discussing criteria that might be used for consideration with farmland acquisition or assistance, the farm committee developed the list that appears below. The committee also specifically recommended that existing farm operations be inventoried and mapped to help identify agricultural production districts. To further this process, the Clark Conservation District conducted an initial aerial survey of the county and used aerial mapping to help identify and verify existing farm operations. These work products both support the farm preservation plan process, and help focus farm preservation activities in Clark County.

*Suggested criteria for identifying farm districts include:

- Availability of land
- Historic use of land for agriculture
- Soils quality
- Water and water rights availability
- Moderate or minor slope
- Location proximate to markets
- Availability of transportation infrastructure for agricultural product distribution
- Accessibility of producers to local consumers
- Compatible surrounding neighborhoods
- Proximity to other agricultural producers