

## **Farmland Preservation Committee Report**

### **August 17, 2006**

The Farmland Preservation Committee consisting of Don Gill, Craig Giese, Tony Reynolds, Ronnie Forrester and John Nickens met as scheduled on Thursday, August 3 and Thursday, August 10, 2006. Lowell Starr was unable to attend due to health reasons. A few members of the community attended and participated in these public meetings as well as Mr. Philip Reed representing the Northern Neck Land Conservancy and Mr. William Latane representing the Virginia Farm Bureau. The committee researched and obtained information on policies and programs that other Virginia localities are employing to preserve farmland and Mr. Robert Westbrook provided information from other states on their battle with this issue. This created a wealth of information to read and study to determine what may or may not work in Lancaster County. Two things became clearly evident: Virginia lags well behind our neighbors in actions taken to preserve farmland, and Lancaster County has done very little to preserve its rural heritage.

The benefits of farmland are obvious. It provides food for people, feed for livestock, food and shelter for wildlife, a plant habitat that replenishes the air, watershed protection and filtering for groundwater recharge, not to mention the beautiful views of green, open space that have attracted so many of our new residents here to live. Yet, development pressure is slowly, but surely depleting this resource. According to the current comprehensive plan, there were 21,605 acres of farmland in Lancaster County in 1990. A recent build-out analysis by Lands End Planners in June 2005 put that number at 15,071. That represents a 30% decline in farmland in Lancaster County in the last 15 years. While 34% of Virginia is in farmland, only 18% of Lancaster County remains in farmland.

If nothing is done to stem this tide, all farmland may be lost. At current zoning (the most stringent being A-1 with a 2 acre minimum lot size), there is the potential for 107,755 building lots in the A-1, A-2, and R-1 districts combined. The recent Lands End build-out analysis took into consideration existing homes, poor septic soils, steep slopes and restrictions of the Waterfront Residential Overlay Zone to "weed out" unbuildable land, but still shows the potential for 12,633 additional homes which would double the county's population. This does not include public water and sewer availability (which further decreases minimum lot size) nor the build-out of the three incorporated towns which would augment the number of homes and population tremendously, creating a nightmare for the county to provide the supporting infrastructure while seriously depleting the groundwater and aquifer. The build-out scenarios include no remaining farms because existing zoning regulations do nothing to preserve large areas of open space. As a result, every farm and large tract of forest is vulnerable to subdivision. Therefore, when subdivision or development occurs on any parcel in any zone, this committee supports a conservation arrangement such as grouping or clustering the development into a compact area leaving as much undeveloped land as possible outside the developed area. This will retain the maximum amount of farmland and avoid the creation of "checkerboard" blocks of land that are too big to mow and too small to farm.

Farm and forest land are good values for Virginia counties, costing only 15 - 19 cents in services for every \$1 collected from property taxes, whereas residential land costs from \$1.25 - \$2.56 in services for every \$1 collected. Simply put, farm and forest land generate more in taxes (even at land use tax rates) than they receive in services, a surplus, whereas residential land runs a huge deficit. Is this fair? The extra tax revenue from farm and forest land helps pay for the services used by the residential land, that ironically, is consuming much of the farm and forest land. It would seem fair for the residential land to generate the income to pay for the services used by the farm and forest land since it provides the aforementioned benefits craved by the

residential side.

Therefore, based on our research, and given the county's reluctance in the past to increase minimum lot sizes, (the proposed increases still being insufficient to effectively preserve large areas of open space), and given the fact that down zoning traditionally means decreasing the value of one's property (although some studies suggest otherwise) possibly resulting in legal issues, the committee suggests the county create a Rural Conservation District with sliding scale zoning where density of dwelling units decreases as acreage increases. Owners of 25 acres or more of farm or forest land could voluntarily enroll their land in this conservation district. The land would have to meet and be subject to criteria such as:

- A) One dwelling unit per 25 acres for the first 100 acres.
- B) One dwelling unit per 50 acres for the next 200 acres.
- C) One dwelling unit per 100 acres for acreages over 300 acres.
- D) Maximum dwelling lot size of 2 acres.
- E) Uses limited to agricultural or forestal, including hunting.

In exchange for, and as an incentive to get acres into this district, real estate taxes should be eliminated in the Rural Conservation District.

According to the Commissioner of Revenue, Lancaster County has 702 parcels greater than 20 acres (570 parcels of 20-100 acres and 132 parcels greater than 100 acres). They generate only \$591,617 in tax revenue out of the county total of \$7.74 million, just 7.5% of the total tax. The county already has non-taxable property (churches, schools, government owned land) that totals \$249,805 of "would be" tax. Compared to the alternative (referring to the build-out scenarios described earlier), that \$591,617 would be money well spent to preserve farm and forest land to help retain the rural landscape of our county. Also, much of the farm and forest land in the county is owned by elderly natives living on fixed incomes, whose families once farmed the land, but whose younger generations moved away for "greener pastures". The prospect of no real estate taxes on that land may convince those elderly owners to keep the land instead of selling it. This conservation zoning will help, but as the research implies, it must be combined with other measures to successfully preserve large amounts of farm and forest land. The Rural Conservation District would be a relatively quick solution and a good starting point, but would not be enough by itself. For some people, the prospect of saving a few tax dollars would pale in comparison to the lure of mega dollars from developers. To compete, Purchase of Development Rights programs and Transfer of Development Rights Programs should be developed.

In a Purchase of Development Rights (PDR) program, the landowner voluntarily sells his or her rights to develop a parcel of land to a public agency and a permanent conservation easement is placed on the land and recorded on the deed. The landowner retains all other rights to the land including farming it, but the land can never be developed. This is similar to traditional conservation easements that can be entered into currently through organizations such as the Northern Neck Land Conservancy with the difference being that the landowner realizes a monetary benefit immediately under a PDR program while the traditional easement consists mainly of tax credits spread out over time. Nineteen states and six localities in Virginia currently have PDR programs. Former Governor Warner set up the Farmland Preservation Task Force which identified PDR programs as the primary way to preserve farmland. By 2007, the state intends to have \$1 million in matching funds available annually to each locality with a PDR program to purchase conservation easements. Also, the state has set goals of having 30 additional localities with PDR programs by 2010, and 70 localities with PDR programs by 2020. With only 95 counties, this anticipated high percentage of participation shows a clear commitment by the state to preserving farmland through the PDR concept.

Transfer of Development Rights (TDR) programs are in use in other states, but are brand new to Virginia, with enabling legislation passed at the 2006 General Assembly. The concept allows landowners to transfer the right to develop a parcel of land to another parcel of land, thereby shifting development from agricultural areas (called sending zones) to designated growth areas close to already developed areas (called receiving zones). TDR programs differ from PDR programs in that transactions are between private land owners and developers, overseen by local government. TDR programs also permanently preserve open space because once the development rights are sold and transferred, they are gone for good.

The committee suggests the county encourage the use of conservation easements through private organizations such as the Northern Neck Land Conservancy, and pursue the creation of Purchase of Development Rights (PDR) and Transfer of Development Rights (TDR) programs as longer range goals. These three programs along with creating a Rural Conservation District will give Lancaster County a strong farm and forest land preservation package that is completely voluntary and emphasizes landowner choice.

However, merely prohibiting development of a parcel of land does not guarantee that the land will be farmed. Farmland cannot exist without the farmer, and the best way to protect farmland is to make the industry of agriculture more profitable. That's easier said than done. Farming is one of a couple of occupations where you must take what you are offered for what you have to sell. Market prices are at or below levels of 35 years ago while expenses have increased ten fold. The resulting slim profit margin has caused many farmers to leave the business while others have sought off-farm employment to make ends meet, and a few have tried to increase acres to increase profits, sadly at the smaller farmer's expense. According to the current comprehensive plan, Lancaster County has seen a 66% decline in farm jobs since 1990. There are currently only a dozen or so of the traditional grain farmers left. These farmers are aging and many of their children have moved away for better paying, more secure jobs. There will be few young people to take their place. Several sources estimate that 70% of Virginia's farm and forest land will change hands in the next 15 years. Simple economics dictate that it is more profitable to "sell the farm than farm the farm".

In order for farmers to stay in business, their bottom line must improve. One small way the committee has identified would be the elimination of personal property taxes on farm machinery. According to the Commissioner of Revenue, the tax generated from farm personal property is only \$13,227 out of the county total of \$2.69 million, just one-half of one percent of the total personal property tax. This "drop in the bucket" to the county would be better served reinvested in the farming operations of the dozen or so of us this affects. The committee suggests the county follow the lead of many other counties across the state and eliminate the personal property tax on farm machinery.

The land-use tax rate applied to farm acreages greater than 5 acres has been helpful, but many landowners still are not aware that it exists and the short enrollment period is a hindrance. Also, Virginia allows forest land of 20 acres or more to be taxed at its use-value rather than market value, but Lancaster County does not. A forest is a harvestable crop, provides green, open space and should be preserved as well as farmland. The committee suggests that the county provide additional educational materials and advertising to inform all residents of the land use taxation program, open its enrollment period year round with deadlines corresponding to year end, and make the program available to forest land as allowed by the state.

As the population of Lancaster County increases so does traffic, and it becomes more and more difficult to move farm machinery on the road. Our newer residents may not understand that farm machinery doesn't run as fast as cars and doesn't always fit on one side of the road. Most of us try, if possible, to avoid heavy traffic

times and pull off the road when there is adequate room to allow traffic to pass. We still often get "one-finger waves" as cars go by. We cannot keep half the wheels in the ditch at all times. How much damage or how many flat tires would a regular vehicle sustain if it did that? The small tractor and implement tires typically cost hundreds of dollars to replace, but if a large tire has to be replaced, costs run well over \$1,000 per tire. The committee suggests making Lancaster County a "farm-friendly" community, and in cooperation with VDOT, place tractor "Share the Road" signs throughout the county.

Lancaster County farmers are predominantly traditional grain farmers. In previous years alternative crops have been tried, but without reliable markets nearby, resulted in two or three year experiments. Large scale vegetable farming probably will not occur here due to the lack of a volume market, labor force and irrigation infrastructure. Processors are unlikely to locate facilities here due to dwindling farmland acreage in Lancaster and adjacent counties. Nevertheless, because small vegetable farms and alternative crop growers fill a niche, the committee suggests the county pursue the creation of a countywide farmers market and cooperate with neighboring counties and the state to investigate regional opportunities such as biodiesel or ethanol plants.

Lastly, but most importantly at the present time, is the protection and preservation of the only local market for our grain, the Perdue grain elevator on Waverly Avenue outside Kilmarnock. Recent uncertainty surrounding the proposed boundary line adjustment by the Town of Kilmarnock has sent shock waves through the farming community. Perdue leases the elevator from Southern States, which has experienced financial difficulties recently, and with the lease set to expire in a few years, rumors abound as to what the Town of Kilmarnock would like to do with that spot. The Town expresses a desire to be a waterfront community, but how does a grain elevator fit into that definition? The loss of that elevator would create a tremendous hardship for our farmers, forcing them to choose between two options: Either transport many loads of grain 45 miles away to already crowded elevators in Tappahannock or West Point; or put up additional storage tanks on our farms that would hold an entire harvest. The increased transportation expense of fuel and labor, and the harvest delays caused by more time hauling, getting dumped and back to the field make the first option unattractive. The increased debt that would be required to erect adequate storage tanks on our farms makes the second option unrealistic. The loss of the local Perdue grain elevator would "slit the throat" of traditional farming as we know it in Lancaster County and much of Northumberland County as well. Lancaster County simply cannot sit back and allow a boundary line adjustment to occur which threatens the existence of the only local market for our grain. Therefore, the committee implores the county to do whatever necessary to protect and preserve the Perdue grain elevator on Waverly Avenue outside Kilmarnock.

The following page lists the committee's recommendations in the "Goals and Objectives" format used in the comprehensive plan. We believe they fulfill the original objective of creating a list of ideas to help preserve farmland and farming as a viable business, and we ask that these recommendations be included in the revised, updated comprehensive plan.

**GOAL #1** - Preserve farm and forest land to help Lancaster County retain its rural character.

- **Objective:** When subdivision or development occurs on any parcel in any zone, encourage a conservation arrangement such as grouping or clustering the development into a compact area leaving as much undeveloped land as possible outside the developed area, thus retaining the maximum amount of farm or forest land and avoiding “checkerboard” blocks of land that are too big to mow and too small to farm.
- **Objective:** Create a Rural Conservation District with sliding scale density that decreases as acreage increases, including a maximum dwelling lot size, with uses limited to agricultural or forestal, including hunting.
- **Objective:** Encourage the use of permanent conservation easements with private organizations such as the Northern Neck Land Conservancy.
- **Objective:** Create a Purchase of Development Rights (PDR) program consistent with state guidelines to receive matching funds to purchase permanent easements on farm and forest land.
- **Objective:** Create a Transfer of Development Rights (TDR) program consistent with state guidelines to permanently steer development pressure away from farm and forest land and toward already developed areas.

**GOAL #2** - Preserve the industry of farming to help Lancaster County retain its rural heritage.

- **Objective:** Eliminate the personal property tax on farm machinery consistent with other counties in the state.
- **Objective:** Provide additional educational materials and advertising to inform all residents of the land use taxation program, open its enrollment period year round with deadlines corresponding to year end, and make land use taxation available to forest land as allowed by the state.
- **Objective:** Make Lancaster County “farm-friendly” by putting up tractor “Share the Road” signs in cooperation with VDOT.
- **Objective:** Create a countywide farmers market to encourage small vegetable and alternative crop farms and cooperate with neighboring counties and the state to investigate regional opportunities such as biodiesel and ethanol plants.
- **Objective:** Protect and preserve the only local market for traditional grain crops, the Perdue grain elevator on Waverly Avenue outside Kilmarnock.