

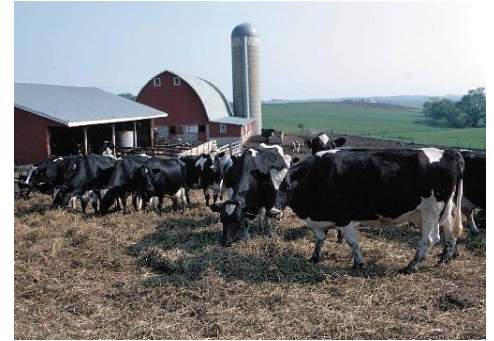


Disappearing Idaho Farmland:

- Why worry?
- What can be done?

Don Stuart
Pacific Northwest Field Office
American Farmland Trust

The Accelerating Loss of American Farmland



- 1.2 million acres developed every year
- 15,000 acres lost in ID yearly to development
- Lose most productive lands first
- Consider % of active farmland with market value exceeding its agriculture value
- Loss is 2-3 times rate of population growth
- Losses are accelerating

Why be concerned?

(1) Economics & Trade

- **\$1 trillion value to U.S. economy – 17% of jobs with 23 million people depending for jobs**
- **U.S. losing our food pre-eminence (comparison with OPEC & oil) (now net food importer) (food security on starving planet)**
- **Energy future using agricultural lands**
- **Idaho – top industry? \$5.6 billion farmgate**



Why be concerned?

(2) Social heritage & food connection

- Open space and aesthetic values
- Community history, identity & character
- Cultural heritage
- Food safety
- Food security
- Health and access to quality food (86% of fruits & vegetables threatened by sprawl)
- Public connections to local food



Why be concerned?

(3) Cost of Community Services

- **100 COCS studies – (Skagit County example)**
- **Implications for farmers:**
 - Farmer taxes too high
 - Farmer public services too low
- **Implications for communities:**
 - Impacts on “bedroom” communities
 - “Balanced growth” not balanced



Why be concerned: (4) Environmental



- Water quality protection – non-point pollution (well-managed farms do not pollute)
- Aquifer recharge – impervious surfaces
- Floodwater detention – loss of cover
- Riparian and upland habitat
- Wildlife migration corridors – development barriers
- Soils irreplaceable – thousands of years

Lost Opportunities for Restoration and Habitat



- Well managed farms do NOT pollute
- Intensive, site-specific, owner managed solutions become more difficult
- Efficient voluntary management options disappear
- Landowner involvement no longer viable
- Intensive regulation Increasingly necessary

Why are we Losing our Farmland?



- **Farms are a business – so saving farmland is about saving farm businesses**
- **Our farm businesses are struggling**
 - Globalization and international competition
 - Cost & availability of labor
 - Production input costs (equipment, fertilizers, services, etc. compete with urban demand)
 - Costs of environmental compliance
 - Cost of land – farmers can no longer afford to own it

High Land Cost Discourages Investment – Esp. in Conservation



- Rising land prices increase the annual investment carrying costs for land making remaining farms less profitable
- Investment in competitive farm business improvements dries up in the face of non-farm land markets
- Communities also back away from investments in the future of agriculture
- Vicious cycle created

What is an Agricultural Conservation Easement?

Easement:

- Recorded restriction on land binding future owners

Conservation Easement:

- Restriction conserves some conservation value

Agricultural Conservation Easement:

- Conservation value conserved is AGRICULTURE

**Prevent subdivision & development
inconsistent with farming**

What is a Purchase of Agricultural Conservation Easement (PACE) Program?

- Program that purchases development rights for the future protection of land for agriculture
- Participation is voluntary
- Price offered is market-based
- Land continues in private fee-ownership
- No other restrictions necessary

How does a PACE transaction work?

A hypothetical:

Hypothetical 100 acre farm parcel:

- Step 1: Appraisal

- Full fair market value \$10,000/ac: \$1,000,000
- Farm business value \$2,000/ac: \$ 200,000
- Easement value \$8,000/ac (difference): \$ 800,000

- Step 2: Easement restricts development

- Step 3: Payment:

- Landowner receives payment of: \$ 800,000

What is the effect of a PACE sale?

(1) Effect on farmer's net worth

- Landowner continues as fee owner – no other restrictions or requirements needed
- Future owners also bound, so land sells for only its restricted value (e.g. \$200,000)
- Landowner has received \$800,000 in cash that can be placed in other investments
- Landowner's total net worth remains the same at \$1,000,000
- Creditworthiness improves

What is the effect of a PACE sale?

(2) Effect on options for the future:

- Land remains available for future farmers preserving their opportunity to farm
- Ag industry infrastructure preserved
 - Benefits ALL farmers in community
- Young farmers can afford to buy farmland
- Property remains on tax rolls
 - Future development restricted
 - Future community service costs also avoided
- Economic independence of rural communities preserved

Why might a farmer wish to participate in a PACE program?

- Keep farm business intact while being fully compensated for its value
- Capital need for business investments – e.g. in additional land
- Purchase land at affordable farm values rather than at full market/development values
- Semi-retirement cash without selling land
- Secure estate liquidity to:
 - Allocate fairly among multiple heirs
 - Cover estate taxes and expenses
 - Pay off debt

Why can't this problem be solved by simply making farms more profitable?

- PACE is only part of the solution – also need:
 - Regulatory accommodation
 - Tax relief
 - Economic development assistance
 - Environmental cost incentives
- That is what this does – farmer reduces land investment in and reduces its carrying cost
- Farming is land-extensive business
- Farm vs. market value differences too great

PACE experience in other states

- Programs in 27 states & 55 local communities
- Studies of outcomes
 - Satisfaction by participants incredibly high
- PACE investments go straight back into the local community
- Programs are strongly supported by local agriculture industries in those communities that have them

Contact information



American Farmland Trust

Don Stuart

Pacific Northwest Field Director

3211 Beacon Ave. S. #26

Seattle, WA 98144

(206) 860-4222

dstuart@farmland.org