



*VIRGINIA DEPARTMENT
OF AGRICULTURE AND
CONSUMER SERVICES*

OFFICE OF FARMLAND PRESERVATION
ANNUAL REPORT

By:

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EXECUTIVE SUMMARY

This report presents the primary accomplishments of the Office of Farmland Preservation (OFP) for the period of December 1, 2015 – November 30, 2016.

Significant accomplishments for OFP during this reporting period include the following:

- Continued to work with key agriculture, conservation, and government partners to refine the allocation process for state matching funds to local purchase of development rights (PDR) programs;
- Allocated \$1.78 million in new state matching funds to six local PDR programs;
- Worked with local PDR programs to permanently preserve 1,731 acres of working farm and forest lands in six localities. OFP provided \$2.64 million of the \$5.47 million in total purchase price and transaction costs paid for these easements;
- Delivered 14 workshops/presentations to a wide variety of audiences. Topics included PDR programs, farmland preservation tools and techniques, conservation easements, use value assessment, farmland loss data, the Virginia Farm Link program, and the Virginia Century Farm program;
- Continued to oversee the Virginia Farm Link database. During the reporting period, 53 active farm owners received 212 individual requests from 60 active farm seekers interested in discussing various transition options;
- Allocated up to \$25,000 to Virginia Cooperative Extension (VCE) to reimburse VCE for four workshops designed to help farm families and their service providers transition farms and farming operations to the next generation and to update and reprint the “Planning for the Future of Your Farm” workbook; and
- Continued collaboration with the Virginia Farm Bureau Federation on the development of the Certified Farm Seekers Program. During the reporting period, five farm seekers were certified and another 30 farm seekers submitted applications for enrollment in the program.

OVERVIEW

Section 3.2-202 of the Code of Virginia requires the Commissioner of the Department of Agriculture and Consumer Services (VDACS) to submit a written report on the operation of the Office of Farmland Preservation (OFP) to the chairmen of the House Committee on Agriculture, Chesapeake and Natural Resources and the Senate Committee on Agriculture, Conservation and Natural Resources by December 1 of each year.

The following are the specific powers and duties of OFP as established in § 3.2-201 of the Code of Virginia:

- “1. To develop, in cooperation with the Department of Business Assistance, the Virginia Farm Bureau Federation, the American Farmland Trust, the Virginia Land Conservation Foundation, the Virginia Outdoors Foundation, the Virginia Association of Counties, and the Virginia Cooperative Extension: (i) model policies and practices that may be used as a guide to establish local purchase of development rights programs; (ii) criteria for the certification of local purchase of development rights programs as eligible to receive grants, loans or other funds from public sources; and (iii) methods and sources of revenue for allocating funds to localities to purchase agricultural conservation easements;
2. To create programs to educate the public about the importance of farmland preservation to the quality of life in the Commonwealth;
3. To provide technical, professional, and other assistance to farmers on matters related to farmland preservation;
4. To provide technical, professional, and other assistance to local governments interested in developing additional farmland preservation policies and programs. Such policies and programs shall include (i) use value assessment and taxation pursuant to §§ 58.1-3230 and 58.1-3231; (ii) transfer of development rights pursuant to Article 7.1 (§ 15.2-2316.1 et seq.) of Chapter 22 of Title 15.2; (iii) agricultural and forestal districts pursuant to Chapter 43 (§ 15.2-4300 et seq.) of Title 15.2; and (iv) establishment of local lease of development rights; and
5. To administer the Virginia Farm Link program established pursuant to § 3.2-202.”

In addition, § 3.2-201 was expanded in 2008 to include the following language regarding the allocation of state matching funds to local purchase of development rights (PDR) programs:

“State grants shall be distributed to local purchase of development rights programs under policies, procedures, and guidelines developed by the Office of Farmland Preservation. In general, for each \$1 in grant moneys awarded by the Office, the applicable local purchase of development rights program of the county or city shall be required to provide a \$1 match. However, as part of these policies, procedures, and guidelines developed by the Office, the Office shall include incentives that recognize and encourage counties and cities participating in use value taxation pursuant to Article 4 (§ 58.1-3229 et seq.) of Chapter 32 of Title 58.1.”

In establishing OFP, the General Assembly created a program to address two challenges that threaten the future viability of Virginia’s agriculture industry sector. The first of these

challenges is an aging farm population coupled with the difficulty young prospective farmers face when seeking to enter the profession. The average principal farm operator in Virginia is 59.5 years of age.

The second challenge relates to the loss of farm and forest land to developed uses in Virginia. In 1960, 13.5 million, or 54 percent, of Virginia's approximately 25 million acres was classified as farmland. In 2012, the total was 8.3 million acres, or 33 percent, a decrease of 5.1 million acres, or 21 percent, of farmland in only 52 years.

According to the Farmland Information Center, a public/private partnership between the U.S. Department of Agriculture (USDA) Natural Resources Conservation Service and American Farmland Trust, Virginia lost an estimated 59,100 acres of agricultural land to developed uses between 2002 and 2007. The loss of agricultural land slowed to an estimated 39,600 acres between 2007 and 2012. Overall between 1982 and 2012, Virginia lost an estimated 497,300 acres of agricultural land to developed uses. This data is from the 2012 National Resources Inventory conducted by USDA. A similar trend occurred as related to other rural land as well. When looking at agricultural land, forestland, and other rural land combined, Virginia lost an estimated 254,900 acres directly to developed uses between 2002 and 2007, an estimated 116,100 acres directly to developed uses between 2007 and 2012, and an estimated 1,351,000 acres directly to developed uses between 1982 and 2012.

The 2012 Census of Agriculture conducted by USDA National Agricultural Statistics Service also captures the change in land used for farming during the same time period, though these data do not illustrate whether farmland was converted to developed uses, left fallow, managed for conservation, or used for other purposes. These data report that between 1997 and 2002, there was a 128,796 acre decline in "land in farms" in Virginia. This decline significantly increased between 2002 and 2007, with a 520,904 acre decline in "land in farms" during this five-year period. However, these data also indicate a significant increase between 2007 and 2012, with an additional 198,519 acres added to the amount of "land in farms."

While the two data sets track different information, and while the 2012 Census of Agriculture actually shows an increase in land in farms for the period between 2007 and 2012, taken together, they illustrate an increasing amount of farmland no longer available for agricultural use in Virginia over time. In many parts of the state, this loss of available farmland increases the competition for the land that remains. The result is an increase in land values, which threatens the economic viability of farms by making it harder to generate the income needed to pay for the land from farm income. This loss also results in increased fragmentation of the remaining farm and forest land. This fragmentation places additional pressure on farmers and foresters who now face a public that is increasingly divorced from production agriculture.

ACCOMPLISHMENTS

The following are the accomplishments of the office during December 1, 2015 – November 30, 2016:

ADMINISTERING PDR MATCHING FUNDS

Since its establishment in 2007, OFP staff has worked with local governments, farm and conservation organizations, and other interested parties to establish local purchase of development rights (PDR) programs. PDR programs compensate landowners that permanently preserve their land by voluntarily placing a perpetual conservation easement on the property. Twenty-two local PDR programs exist to date in Virginia, six of which have some level of current local funding available (see Appendix 1).

OFP worked with key stakeholders to develop a two-part certification process for the use of state PDR matching funds. The first part was a certification of the amount of local matching funds that the locality had available for its PDR program. The second part was an application to certify the elements of the local PDR program based on *A Model Purchase of Development Rights (PDR) Program for Virginia* developed by the State Farmland Preservation Task Force in 2005.

During the fiscal year (FY) 2016 state matching funds grant round, OFP allocated \$1.78 million in new funding. An additional \$221,715.64 in re-appropriated funds was also available as part of this grant round. Localities had until October 30, 2015, to submit their fiscal and program certification forms. Six localities met the fiscal and certification deadline for FY 2016 funding. These six localities certified that they had a total of approximately \$17.16 million in non-state funding (\$3,902,442 in FY 2016 and \$13,261,538 from previous years) available to match state funds. The allocations for FY 2016 were awarded to localities in January 2016 (see Appendix 2).

Localities have up to two years from the execution of the Intergovernmental Agreement (IGA) between the locality and VDACS to close on approved agricultural conservation easements. Similar to the past few years, OFP gave localities with remaining FY 2014 funding until May 30, 2016, to close and record an approved agricultural conservation easement. The remaining localities with FY 2014 allocations utilized all remaining funds by the deadline, therefore no funding was returned to be reprogrammed.

During the reporting period, \$2.64 million in state matching funds from the Virginia Farmland Preservation Fund administered by OFP was used in part to permanently protect 1,731 acres (12 easements) in partnership with six local PDR programs. The total purchase price and transaction cost paid for these easements was \$5.47 million. Since the program's inception in 2007, a total of \$10.46 million in state matching funds from the Virginia Farmland Preservation Fund administered by OFP has been used in part to permanently protect 11,401 acres (80 easements) in partnership with 15 local PDR programs (see Appendix 3).

VDACS is currently in the process of allocating the \$500,000 available in FY 2017 state matching funds to local PDR programs. Six localities with a total of \$16.5 million available in local matching funds (\$4 million for FY 2017 and \$12.5 million from previous years) submitted their fiscal and program certification applications by the November 18, 2016, deadline.

In the FY 2016 PDR allocation round, VDACS implemented policy changes based on the recommendations of a PDR working group that met throughout 2015. These changes were initiated to better meet the intent of Va. Code § 3.2-201(B) and to discourage localities from applying for state matching PDR funds that they do not plan to use in a timely manner. The implemented recommendations include the following changes:

- 1) Localities that receive state-matching PDR funds have until December 31 of the first year of each IGA to notify VDACS if they do not plan to: (i) spend down at least 50 percent of their allocated state-matching funding or (ii) submit a completed claim for reimbursement within the timeframe stipulated in the IGA. In the event that a locality does not spend down its allocated funds or submit a completed claim for reimbursement and does not notify the VDACS Commissioner in writing by December 31 of the first year of the IGA, that locality may be ineligible to apply for the next state-matching PDR allocation round.
- 2) Twenty-five percent of the annual PDR funding allocation is held in a separate fund accessible only to certified localities with use-value taxation. The remaining 75 percent of the funding is accessible to all eligible localities.

In addition to these program changes, OFP staff is in the process of completing an information booklet to provide examples of current methodologies used by existing local PDR programs. Such methodologies include local program funding strategies, easement stewardship methodologies, easement terms, appraisal practices, PDR application ranking criteria, program outreach strategies, and program management strategies.

PROVIDING TECHNICAL ASSISTANCE AND EDUCATION ON FARMLAND PRESERVATION

Since the establishment of OFP in 2007, staff has been consistently asked to provide technical assistance to local and state governments, agricultural and conservation organizations, individual landowners and farmers, and others interested in learning more about farmland preservation in Virginia.

The following are efforts by OFP to provide technical assistance and outreach on farmland preservation issues from December 1, 2015 – November 30, 2016:

Workshops/Presentations: OFP delivered 14 workshops/presentations to a wide variety of audiences. Topics included PDR programs, farmland preservation tools and techniques, conservation easements, use value assessment, farmland loss data, the Virginia Farm Link program, and the Century Farm program (see Appendix 4).

Website: OFP continued to provide updated information on its website at: <http://www.vdacs.virginia.gov/conservation-and-environmental-farmland-preservation-tools.shtml>. The website provides information on the office as well as the issues and challenges related to the loss of Virginia's working farm and forest lands. It also includes links to the websites, program ordinances, easement templates, and other materials for many of the 22 local PDR programs and two local transfer of development rights programs currently established.

Outreach: The OFP informational display was used at the following outreach events: the Virginia Grain Producers Association conference (Williamsburg, February 16, 2016); the Virginia Agritourism conference (South Boston, April 4-5, 2016); the National Small Farms conference (Virginia Beach; September 20-22, 2016); the Governor's Summit on Rural

Prosperity (Irvington, September 26-27, 2016); the Virginia Association of Counties conference (Warm Springs, November 12-15, 2016); and the Virginia Farm Bureau Federation conference (Warm Springs, November 28-29, 2016). OFP staffed the display to provide additional information on OFP programming and answer any questions.

Landowner phone calls/e-mails: The OFP Coordinator communicated with numerous landowners and farmers interested in understanding the range of options for permanently protecting their land. OFP also fielded numerous calls and e-mails from farm owners and farm seekers interested in the Virginia Farm Link program and the Virginia Century Farm program.

VIRGINIA FARM LINK PROGRAM

OFP is charged with administering the Virginia Farm Link program. Pursuant to § 3.2-202 of the Code of Virginia, the purpose of the Virginia Farm Link program is to do the following:

“ . . . provide assistance to retiring farmers and individuals seeking to become active farmers in the transition of farm businesses and properties from retiring farmers to active farmers. Such assistance shall include, but not be limited to, (i) assistance in the preparation of business plans for the transition of business interests; (ii) assistance in the facilitation of transfers of existing properties and agricultural operations to interested buyers; (iii) information on innovative farming methods and techniques; and (iv) research assistance on agricultural, financial, marketing, and other matters.”

To date, the primary effort to implement the Virginia Farm Link program has been the establishment of the Virginia Farm Link database. Released by VDACS in May 2008, this database attempts to bring together farm owners and farm seekers to discuss possible farm transition arrangements. As of November 16, 2016, the database has 32 “active farm owners” and 249 “active farm seekers” currently registered. From December 1, 2015 – November 30, 2016, 53 active farm owners received 212 individual requests from 60 active farm seekers interested in discussing various transition options. The database is located at www.vafarmlink.org.

In collaboration with the Virginia Farm Bureau Federation’s Young Farmers group, OFP developed a proposal for a farm seeker certification program as part of a sub-award funding opportunity tied to the larger Virginia Beginning Farmer and Rancher Coalition Project (BFRCP) led by Virginia Tech. The Certified Farm Seeker (CFS) program was designed to provide individuals seeking farming opportunities with the tools necessary to successfully demonstrate their farming commitment and vision to interested landowners. This program was officially unveiled at the Virginia Farm Bureau Young Farmers Summer Expo in 2012. The CFS program uses five curriculum modules (whole farm planning introduction, business, land acquisition and tenure, marketing, and on-farm experience) developed by BFRCP and helps farm seekers develop a farm business plan and résumé as well as demonstrate on-farm experience. The program was designed to help all levels of beginning and experienced young farmers who are looking to farm or to expand their farm. The original grant from BFRCP ended in August 2013, and OFP and Virginia Farm Bureau agreed to extend the project through August 2015. A grant from the BFRCP provided funding to extend the CFS program through the end of 2016 and enabled the hiring of a full-time CFS Coordinator in 2015. The CFS Coordinator works closely with OFP and Virginia Farm Bureau staff to recruit new CFS applicants and help them complete the program in a timely manner. The Coordinator also works closely with farmland owners in the Virginia Farm Link database to connect them with certified farm seekers within their region.

OFP staff also worked with a consultant to significantly update the Virginia Farm Link database and website. The revisions were completed in August 2016. Improvements include the following:

- 1) An interactive map that shows the locations of farm owners and certified farm seekers throughout Virginia;
- 2) Enhanced user interfaces for the public, site administrators, farm owners, and farm seekers;
- 3) Expanded functionality of user profiles for farm seekers and farm owners;
- 4) A search function for farm owners to find farm seekers on the website. In order to encourage CFS applicants to become certified, only certified farm seekers are searchable by land owners on the database; and
- 5) Revisions to database formatting to make it easier to administer, export data, and run reports among other revisions.

From December 1, 2015 – November 30, 2016, five participants were certified as certified farm seekers and an additional 30 farm seekers applied to participate in the program. A total of 21 participants have been certified, and an additional 160 farm seekers have applied to participate in the program.

Certified farm seekers are eligible for partial reimbursement for eligible fees paid to service providers related to the farming operation. The program will provide up to 75 percent of the reimbursable costs, up to a maximum of \$500 per certified farm seeker. To date, three certified farm seekers have received reimbursement. Each certified farm seeker has been awarded \$500 towards: (i) the closing costs to purchase a farm, (ii) the cost to create a farm business limited liability company, and (iii) costs associated with farm expenses.

The Office of Farmland Preservation also continued to allocate funding for farm transition workshops designed to help farm families and their service providers transition farms and farming operations to the next generation. OFP allocated up to \$20,000 to the Virginia Cooperative Extension to reimburse the costs associated with four farm and forestland transition workshops held between January 2016 and December 2016. An additional \$5,000 was allocated to revise and reprint the “Planning the Future of Your Farm” workbook, which was last printed in 2013. The workbook is expected to be finalized in early 2017.

VIRGINIA AGRICULTURE LICENSE PLATES

Chapter 653 of the 2004 Acts of Assembly established a new revenue-generating license plate for supporters of Virginia agriculture. As established in § 46.2-749.102 of the Code of Virginia, the annual fee for the Virginia agriculture plate is \$25 in addition to the prescribed fee for state license plates. For each \$25 fee collected in excess of 1,000 registrations, \$15 is credited to a special nonreverting fund known as the Virginia Agricultural Vitality Program Fund, established within the Department of Accounts. The revenue generated by this fee is paid annually to OFP and to date has been used to fund projects related to the Virginia Farm Link program.

VIRGINIA CENTURY FARM PROGRAM

In October 2010, the Office of Farmland Preservation was assigned the administration of the Virginia Century Farm program, which honors and recognizes those Virginia farm families whose land has been in the same family and actively farmed for more than 100 years.

OFP staff has certified a total of 235 new Century Farms since October 2010. There are now 1,378 certified Century Farms listed in a searchable database which date back to the beginning of the program in 1997. During the 2016 Session of the General Assembly, a new Virginia Century Forest program managed by the Virginia Department of Forestry was created. This new program was effective July 1, 2016. This program is similar to the Virginia Century Farm program, but focuses on family forest land. The creation of the Virginia Century Forest program resulted in the removal of language from the Virginia Century Farm statute that allowed the Commissioner discretion to grant Century Farm status to farms that were not able to meet the farm income qualification of grossing \$2,500 from the sale of farm products but were growing trees for a bona fide silvicultural purpose. The current language for the Century Farm program is listed below:

Pursuant to § 3.2-105 of the Code of Virginia:

“The Commissioner shall establish a century farm program to honor farm families in the Commonwealth whose property has been in the same family for 100 years or more. In order to be eligible for recognition under the program, a farm shall: (i) have been owned by the same family for at least 100 consecutive years; (ii) be lived on, or actually farmed by, a descendent of the original owners; and (iii) gross more than \$2,500 annually from the sale of farm products.

APPENDIX 2

FY 2016 ALLOCATIONS FOR LOCAL PDR PROGRAMS

<u>Locality</u>	<u>Local Funds Available</u> <u>(Oct 2015)</u>	<u>Previous State Funds Remaining</u> <u>(Oct 2015)</u>	<u>FY 2016 State Funds Awarded</u>
County of Albemarle	\$995,153.61	\$243,260.88	\$411,890.87
County of Clarke	\$266,752.00	\$224,432.82	\$42,319.18
County of Fauquier	\$1,269,354.00	\$169,469.42	\$411,890.87
County of Stafford	\$692,627.00	\$148,479.21	\$411,890.87
County of James City	\$744,551.67	\$436,661.92	\$307,889.75
City of Virginia Beach	\$13,195,542.00	\$436,661.92	\$411,890.87
TOTAL	\$17,163,980.28	\$1,658,966.17	\$1,997,772.42

APPENDIX 3

ACRES PROTECTED WITH STATE PDR MATCHING FUNDS

AS OF NOVEMBER 17, 2016

<u>Locality</u>	<u>Easements</u>	<u>Acres Protected</u>	<u>*Local Funding</u>	<u>*State PDR Funding</u>	<u>*Other Funding</u>
Albemarle County	11	2,148.42	\$2,186,720.05	\$1,627,061.44	—
City of Chesapeake	1	64.01	\$505,534.58	\$110,952.46	—
Clarke County	27	2,170.14	\$939,249.26	\$939,246.29	\$2,590,025.00
Fauquier County	10	3,003.22	\$2,037,756.84	\$1,707,137.66	\$100,000.00
Frederick County	1	89.75	\$5,000.00	\$130,027.00	\$260,000.00
Goochland County	1	500.93	\$155,623.50	\$155,623.50	—
Isle of Wight County	3	585.4	\$1,794,862.79	\$1,547,744.21	—
James City County	4	453.18	\$1,685,999.86	\$904,992.99	—
Northampton County	3	637.25	\$139,578.10	\$139,578.10	\$1,376,000.00
Rappahannock County	2	343.23	\$157,431.00	\$156,666.00	—
Shenandoah County	2	308.87	\$100,000.00	\$100,000.00	\$525,000.00
Spotsylvania County	2	115.7	\$93,072.65	\$93,072.65	\$147,500.00
Stafford County	6	446.58	\$1,392,393.57	\$1,374,603.43	\$180,000.00
City of Virginia Beach	6	373.09	\$1,703,545.34	\$1,431,388.66	—
Washington County	1	161.24	\$41,000.00	\$41,000.00	\$190,426.00
TOTAL	80	11,401.0	\$12,937,767.53	\$10,459,094.38	\$5,368,951.00

* Includes easement purchase price and in some cases incidentals such as surveys, title insurance, appraisals, reasonable legal fees, etc.

APPENDIX 4

OFFICE OF FARMLAND PRESERVATION PRESENTATIONS

DECEMBER 1, 2015 – NOVEMBER 30, 2016

- Presented information on the state matching Purchase of Development Rights (PDR) program and other farmland preservation tools at the “Agricultural Tools Submit” hosted by the Valley Conservation Council in Weyer’s Cave (December 8, 2015)
- Presented information on the state matching PDR program and other farmland preservation tools at the “Hardware River Total Daily Maximum Load (TMDL) Implementation meeting” hosted by the Virginia Department of Environmental Quality in Albemarle County (January 12, 2016)
- Presented information on the Virginia Farm Link program and the Certified Farm Seekers (CFS) program at the Resilient Virginia conference in Richmond (March 22 -23, 2016)
- Presented information on the Virginia Farm Link program and the CFS program at the Community, Local, and Regional Food Systems Forum hosted by the Virginia Cooperative Extension in Richmond (March 29, 2016)
- Facilitated an in-person Virginia Farm Link networking event to match farm owners with farm seekers in Charlottesville hosted by the Piedmont Environmental County (March 30, 2016)
- Hosted training for extension agents and other practitioners on farm transfer strategies and networking in partnership with the Virginia Beginning Farmer and Rancher Coalition and the Virginia Farm Bureau Federation in Richmond (May 16, 2016)
- Presented information on the state matching PDR, Virginia Farm Link, and Virginia CFS programs at a farmland and economic development workshop hosted by the Valley Conservation Council in Rockingham County (June 6, 2016).
- Presented information on the state matching PDR, Virginia Farm Link, and Virginia CFS programs at the annual conference of the Virginia Chapter of the American Planning Association in Nelson County (July 18, 2016)
- Presented information on the VDACS Commissioner’s Classification of Agricultural or Horticultural Use at a work session of the Fluvanna County Board of Supervisors in Palmyra (August 17, 2016)
- Presented information on the Virginia Farm Link program and the CFS program at a “Boots to Business” workshop for veterans hosted by the U.S. Small Business Administration in Berryville (August 19, 2016)
- Presented information on the state matching PDR program at a meeting of the Virginia PDR Manager’s Group in Richmond (September 13, 2016)
- Presented information on the Virginia Farm Link program and the CFS program at the National Small Farms Conference hosted by Virginia State University in Virginia Beach (September 20, 2016)
- Presented information on the state matching PDR, Virginia Farm Link, and Virginia CFS programs at a regional agritourism workshop hosted by Orange County in Orange (September 29, 2016)
- Presented information on the Virginia Farm Link program and the CFS program at a “Boots to Business” workshop for veterans hosted by the U.S. Small Business Administration in Petersburg (November 2, 2016)