



*VIRGINIA DEPARTMENT
OF AGRICULTURE AND
CONSUMER SERVICES*

OFFICE OF FARMLAND PRESERVATION

ANNUAL REPORT

By:

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Commissioner of Agriculture and Consumer Services

December 1, 2019

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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, 2018 – November 30, 2019.

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 \$633,831 in state matching funds to six local PDR programs, of which \$250,000 was new funding and \$383,831 was reallocated funding from FY 2016;
- Worked with local PDR programs to permanently preserve 905 acres (10 easements) of working farm and forest lands in five localities. OFP provided \$794,980 of the \$2,209,847 in total purchase price and transaction costs paid for these easements;
- Participated in 10 outreach activities with a variety of audiences to share the mission of OFP and to present on relevant topics, including Farm Link, succession planning, the Century Farm program, and land conservation resources;
- Continued to oversee the Virginia Farm Link database. During the previous fiscal year, 26 active farm owners received 34 individual requests from 10 active farm seekers interested in discussing various transition options;
- Allocated \$20,000 to Virginia Cooperative Extension (VCE) to reimburse VCE for six workshops designed to help farm families and professional service providers transition farms and farming operations; and
- Continued collaboration with the Virginia Farm Bureau Federation on the management of the Certified Farm Seekers Program and improvements to the Virginia Farm Link website and database.

OVERVIEW

Section 3.2-203 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 Small Business and Supplier Diversity, 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 58.5 years of age, and 37 percent are aged 65 or older. According to the American Farmland Trust, nationwide, 371 million acres of agricultural land owned by aging landowners is expected to change hands over the next 15 years.

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 2017, the total was 7.8 million acres, or 31 percent, a decrease of 5.7 million acres of farmland in only 57 years. Between 2012 and 2017, the total number of acres classified as farmland in Virginia decreased over six percent.

The 2017 Census of Agriculture conducted by the U.S. Department of Agriculture (USDA) National Agricultural Statistics Service captures the change in land used for farming, 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 indicate a 504,465 acre decline in "land in farms" in Virginia between 2012 and 2017. This trend of significant declines in farmland has resulted in a decrease of a total of 955,646 acres of "land in farms" in Virginia since 1997.

According to the Farmland Information Center, a public/private partnership between USDA Natural Resources Conservation Service and American Farmland Trust, based on data from the 2012 National Resources Inventory conducted by USDA, Virginia lost an estimated 59,100 acres of agricultural land to developed uses between 2002 and 2007 and 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. A similar trend occurred with rural land overall. 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.

These data illustrate a decreasing amount of farmland 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, 2018 – November 30, 2019:

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) 2019 state matching funds grant round, OFP allocated \$633,831, of which \$250,000 was new funding and \$383,831 was reallocated funding from FY 2016. Localities had until November 2, 2018, to submit their fiscal and program certification forms. Six localities met the fiscal and certification deadline for FY 2019 funding. These six localities certified that they had a total of approximately \$22.77 million in non-state funding (\$6.94 million in FY 2019 and \$15.83 million from previous years) available to match state funds. The allocations for FY 2019 were awarded to localities in January 2019 (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 2017 funding until May 30, 2019, to close and record an approved agricultural conservation easement. For any locality that did not meet this extended deadline, the remaining FY 2017 funds were reprogrammed back to the Virginia Farmland Preservation Fund and will be reallocated as part of the FY 2020 allocation process. A total of \$87,455 of the original \$500,000 in FY 2017 funding was reprogrammed (\$86,950 from the City of Virginia Beach and \$505 from Warren County).

During the reporting period, \$794,980 in state matching funds from the Virginia Farmland Preservation Fund administered by OFP was used in part to permanently protect 905 acres (10 easements) in partnership with five local PDR programs. The total purchase price and transaction cost paid for these easements was \$2,209,847. Since the program's inception in 2007, a total of \$12.09 million in state matching funds from the Virginia Farmland Preservation Fund administered by OFP has been used in part to permanently protect 14,162 acres (104 easements) in partnership with 16 local PDR programs (see Appendix 3).

VDACS is currently in the process of allocating to local PDR programs the \$350,000 available for the FY 2020 grant round, comprised of \$250,000 from state matching funds, \$87,455 in reprogrammed funding, and \$12,545 in interest. Six localities with a total of \$21.55 million available in local matching funds (\$2.98 million for FY 2020 and \$18.57 million from previous

years) submitted their fiscal and program certification applications by the November 8, 2019 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 (25) 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.

PROVIDING TECHNICAL ASSISTANCE AND EDUCATION ON FARMLAND PRESERVATION

Since the establishment of OFP in 2007, staff has been 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, 2018 – November 30, 2019:

Outreach: OFP n delivered five presentations to a variety of audiences. Topics included PDR programs, farmland preservation tools and techniques, conservation easements, farmland loss data, and the Virginia Farm Link program. The OFP informational display was used at four conferences/events throughout the year. OFP staff also worked with the Office of the Secretary of Agriculture and Forestry to convene a listening session on the agricultural layer of the Governor's new ConserveVirginia smartmap, which is an innovative way to use GIS mapping data to prioritize land conservation activities in the Commonwealth (see Appendix 4).

On August 29, 2019, OFP hosted an event in Bealeton commemorating the Farmland Preservation Fund's milestone of helping protect more than 100 tracts of working lands through PDR programs around the Commonwealth. Governor Northam, Secretary of Agriculture and Forestry Ring, and Senator Hanger all spoke at the event. More than 50 people, including representatives of state agencies, local governments, conservation partners, and the agricultural industry, attended the event.

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.

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 Va. Code § 3.2-202, 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 October 31, 2019, the database has 20 “active farm owners” and 194 “active farm seekers” currently registered. Of the active farm seekers, three are Certified Farm Seekers. In FY 2019 (July 1, 2018 – June 30, 2019), 26 active farm owners received 34 individual requests from 10 active farm seekers interested in discussing various transition options. The database is located at www.vafarmlink.org.

In 2017, OFP staff worked with a consultant to refine the Virginia Farm Link database and website, which underwent a major update in 2016. At the time of the 2016 update, there were multiple technical issues with the database and website that were not addressed and may have impacted user interest in the database. These issues were addressed by refinements made in 2017 to the Virginia Farm Link database. OFP staff continues to identify potential enhancements to the database. Staff researched other farm link websites this past year to identify best practices. Some improvements, such as enhanced search functionality, are likely to be implemented in 2020.

In collaboration with the Virginia Farm Bureau Federation’s (VFBF) 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. 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.

Several programmatic adjustments have been made to the certified farm seekers program in response to limited program interest and activity. After discussion with VFBB, it was determined that the CFS program should be scaled-back but not entirely discontinued. The CFS program continues to provide a valuable service to farm seekers by allowing them to demonstrate experience and farm business readiness to farm owners. Program adjustments included discontinuing a full-time paid CFS Coordinator position and cost-share reimbursement. The CFS Coordinator was initially hired in 2015 and worked with OFP and VFBB to recruit new CFS applicants and facilitate matches between farm seekers and owners. In order to continue to make the program accessible to farm seekers, all application materials and detailed instructions for completing the CFS application process were placed on the Virginia Farm Link website. The Virginia Farm Link website will allow the CFS program to continue to provide a needed service to farm seekers and farm owners and ensure that the program will be ready to scale back up if interest increases in the future. Two applications for the Certified Farm Seeker program were received between December 1, 2018, and November 30, 2019.

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 \$20,000 to the Virginia Cooperative Extension to reimburse the costs associated with six farm and forestland transition workshops held between January 1, 2018, and December 30, 2018.

VIRGINIA AGRICULTURE LICENSE PLATES

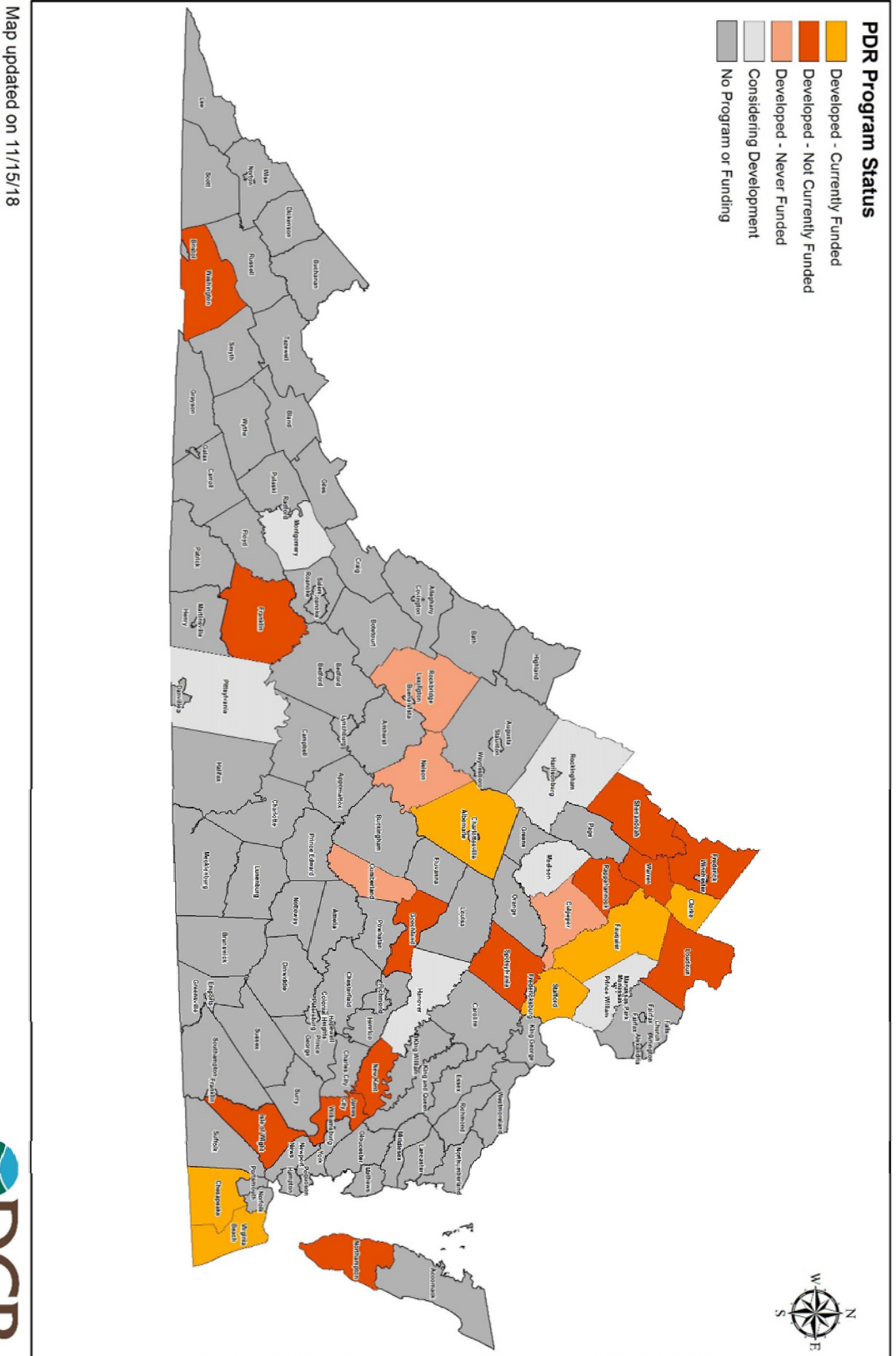
Chapter 653 of the 2004 Acts of Assembly established a revenue-generating license plate for supporters of Virginia agriculture. As established in Va. Code § 46.2-749.102, the annual fee for the Virginia agriculture plate is \$25 in addition to the prescribed fee for state license plates. For each \$25 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 primarily related to the Virginia Farm Link program.

VIRGINIA CENTURY FARM PROGRAM

In October 2010, OFP 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 320 new Century Farms since October 2010. There are now 1,463 certified Century Farms since the beginning of the program in 1997.

APPENDIX 1*
*** No change since 11/15/18**

STATUS OF LOCAL PURCHASE OF DEVELOPMENT RIGHTS (PDR) PROGRAMS



APPENDIX 2

FY 2019 ALLOCATIONS FOR LOCAL PDR PROGRAMS

<u>Locality</u>	<u>Local Funds Available</u> <u>(As of Oct 2018)</u>	<u>Previous State Funds Remaining</u> <u>(As of Oct 2018)</u>	<u>FY 2019 State Funds Awarded</u>
County of Albemarle	\$1,198,243.55	\$110,322.43	\$111,618.52
City of Chesapeake	\$2,142,881.23	\$86,950.00	\$111,618.52
County of Clarke	\$224,304.00	\$148,565.23	\$75,738.77
County of Fauquier	\$1,267,996.00	\$0.00	\$111,618.52
County of Stafford	\$544,849.00	\$61,615.23	\$111,618.52
City of Virginia Beach	\$17,390,033.00	\$148,565.23	\$111,618.52
TOTAL	\$22,768,306.78	\$556,523.12	\$633,831.37

APPENDIX 3

TOTAL ACRES PROTECTED WITH STATE PDR MATCHING FUNDS

AS OF OCTOBER 31, 2019

<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	15	2,643.61	\$2,588,616.05	\$2,028,457.44	\$0.00
City of Chesapeake	3	184.36	\$1,283,258.87	\$309,520.98	\$0.00
Clarke County	37	2,987.43	\$1,195,608.78	\$1,195,605.77	\$2,909,284.00
Fauquier County	14	4,012.90	\$2,716,145.07	\$2,133,900.43	\$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	\$0.00
Isle of Wight County	3	585.40	\$1,794,862.79	\$1,547,744.21	\$0.00
James City County	5	476.16	\$1,775,974.11	\$994,967.24	\$0.00
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	\$0.00
Shenandoah County	2	308.87	\$100,000.00	\$100,000.00	\$525,000.00
Spotsylvania County	2	115.70	\$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	7	484.25	\$2,566,423.59	\$1,604,642.41	\$0.00
Warren County	1	50	\$64,745.00	\$64,745.00	\$0.00
Washington County	1	161.24	\$41,000.00	\$41,000.00	\$190,426.00
TOTAL	104	14,163.99	\$16,230,288.81	\$12,085,163.61	\$5,688,210.00

* 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 AND OUTREACH

DECEMBER 1, 2018 – NOVEMBER 30, 2019

- Exhibited at the Virginia Vineyards Association Winter Technical Meeting in Charlottesville (February 22-23, 2019)
- Presented at Women for the Land, a session organized by American Farmland Trust, in Harrisonburg on the Farm Link website, information on succession planning, and conservation easements and purchase of development rights programs (March 5, 2019)
- Exhibited at the Forum for Sustaining Agriculture in Winchester (March 8, 2019)
- Helped convene a listening session in Harrisonburg for agricultural producers to hear from Deputy Secretary of Natural Resources Joshua Saks regarding Conserve Virginia, Governor Northam's new data-based approach to land conservation (May 30, 2019)
- Participated in a roundtable discussion convened by Delegate Wendy Gooditis in Middleburg regarding state policies for supporting farms (June 5, 2019)
- Participated in the Virginia Beginning Farmer and Rancher Coalition annual meeting in Rapidan and shared information on the Farm Link program and resources available for beginning farmers (July 23, 2019)
- Exhibited at the national American Cheese Society Annual Meeting in Richmond (July 31 - August 3, 2019)
- Exhibited at the Conference for Outreach and Agriculture Development in Richmond (September 10 - 11, 2019)
- Presented on land access, Farm Link, and succession planning to established and beginning farmers in Dublin (October 22, 2019)
- Presented on Farm Link, land access issues, and succession planning at a Learning Circle in Gordonsville organized by American Farmland Trust to reach underserved women farmers (October 25, 2019)