



*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, 2020

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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, 2019 – November 30, 2020.

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 \$350,000 in fiscal year (FY) 2020 state matching funds to six local PDR programs, of which \$250,000 was new funding and \$100,000 was reallocated funding from FY 2017 and earned interest;
- Worked with local PDR programs to permanently preserve 157 acres (three easements) of working farm and forest lands in three localities. OFP provided \$311,348 of the \$667,118 total purchase price and transaction costs paid for these easements;
- Continued to oversee the Virginia Farm Link database. During the previous fiscal year, 11 active farm owners received 19 individual requests from eight active farm seekers interested in discussing various transition options;
- Allocated \$22,500 to Virginia Cooperative Extension (VCE) to reimburse VCE for (i) workshops it conducted to help farm families and professional service providers transition farms and farming operations; (ii) improvements to educational materials related to farm transition; and (iii) the publication costs of a forestry land transition workbook entitled “Generation NEXT: Keeping Your Woodland Intact, In Forest and in Your Family’s Hands,” which is intended as a companion to the “Planning the Future of Your Farm” workbook; and
- Continued collaboration with the Virginia Farm Bureau Federation on the management of the Certified Farm Seekers Program and on continued improvements to the Virginia Farm Link website and database.

OVERVIEW

Section 3.2-203 of the Code of Virginia requires the Commissioner of Agriculture and Consumer Services (Commissioner) 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 of principal farm operators are aged 65 or older. There are five times as many producers over the age of 65 as there are under the age of 35. According to the American Farmland Trust (AFT), 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 continued loss of farm and forest land to developed uses in Virginia. In 2020, AFT released a report entitled "Farms Under Threat: the State of the States" that analyzed nationwide data to determine the total loss of agricultural land. Nationally, between 2001 and 2016, 11 million acres of farmland and ranchland were converted to urban and highly developed land use (UHD) or low-density residential land use (LDR). UHD represents what is typically thought of when discussing development – the urban and suburban creep surrounding established urban centers. LDR represents the conversion of agricultural land to large-lot housing development. AFT's analysis found that LDR often leads to UHD development. In addition, AFT created the Nationally Significant farmland designation to identify the most productive, versatile, and resilient land for sustainable food and crop production. AFT found that between 2001 and 2016, 4.4 million acres of Nationally Significant land were converted to UHD and LDR land uses.

In Virginia, 339,800 acres of agricultural land were converted to UHD or LDR land uses between 2001 and 2016. Significantly, 80 percent of that conversion (272,900 acres) was to LDR land use, which fragments the agricultural land base and limits the production, marketing, and management options for the remaining working landscape. Agricultural land located in LDR areas in 2001 was seven times more likely to convert to UHD by 2016, indicating the importance of land use policies that help keep working landscapes intact.

These data illustrate a decreasing amount of farmland available for agricultural use in Virginia over time, which has the potential to adversely impact the agricultural industry and Virginia's economy. Agriculture remains Virginia's largest industry. AFT estimated that the farmland converted between 2001 and 2016 into UHD or LDR land uses in Virginia was sufficient acreage to generate \$164 million in annual revenue, not including income derived from agritourism activities. This loss also results in increased fragmentation of the remaining farm and forest land. Farmers and foresters will continue to face increasing threats as land prices increase and fragmentation expands.

ACCOMPLISHMENTS

The following are the accomplishments of the office during December 1, 2019 – November 30, 2020:

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 who permanently preserve their land by voluntarily placing a perpetual conservation easement on the property. Twenty-two (22) 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) 2020 state matching funds grant round, OFP allocated \$350,000, of which \$250,000 was new funding and \$100,000 of which was reprogrammed funding or interest. Localities had until November 8, 2019, to submit their fiscal and program certification forms. Six localities met the fiscal and certification deadline for FY 2020 funding. These six localities certified that they had a total of approximately \$21.55 million in non-state funding (\$2.98 million in FY 2020 and \$18.57 million from previous years) available to match state funds. The allocations for FY 2020 were awarded to localities in January 2020 (see Appendix 2).

Localities have up to two years from the execution of the Intergovernmental Agreement (IGA) between the locality and the Virginia Department of Agriculture and Consumer Services (VDACS) to close on approved agricultural conservation easements. Similar to the past several years, OFP gave localities with remaining FY 2018 funding until May 30, 2020, to close and record an approved agricultural conservation easement. For any locality that did not meet this extended deadline, the remaining FY 2018 funds were reprogrammed back to the Virginia Farmland Preservation Fund (Fund) and will be reallocated as part of the FY 2021 allocation process. A total of \$1,323 of the original \$633,831 in FY 2018 funding was reprogrammed from Clarke County.

During the reporting period, \$311,348 in state matching funds from the Fund administered by OFP was used in part to permanently protect 157 acres (three easements) in partnership with three local PDR programs. The total purchase price and transaction cost paid for these easements was \$667,118. Since the program's inception in 2007, a total of \$12.4 million in state matching funds from the Fund have been used in part to permanently protect 14,321 acres (107 easements) in partnership with 16 local PDR programs (see Appendix 3).

VDACS is currently in the process of allocating to local PDR programs the \$270,000 available for the FY 2021 grant round, comprised of \$250,000 from FY 2021 state matching funds and \$20,000 in reprogrammed funding and earned interest. Because of the impact of the COVID-19 pandemic in delaying the finalization of the state's budget, the FY 2021 grant round was delayed. Localities have until December 18 to submit their fiscal and program certifications.

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 outlines efforts by OFP to provide technical assistance and outreach on farmland preservation issues from December 1, 2019 – November 30, 2020:

Outreach: OFP took part in five activities to share information with a variety of audiences, both through presentations and exhibits. As a result of the global pandemic, a number of activities were cancelled and OFP staff shifted to more direct individualized outreach activities with partner organizations (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.

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 used 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 30, 2020, the database has 20 “active farm owners” and 247 “active farm seekers” currently registered. Of the active farm seekers, three are Certified Farm Seekers. In FY 2020, 11 active farm owners received 19 individual requests from eight active farm seekers interested in discussing various transition options. The database is located at www.vafarmlink.org.

The current iteration of the Farm Link website and database was improved in 2017 after 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, which may have impacted user interest in the database. These issues were addressed by refinements made in 2017 to the Virginia Farm Link database.

In 2020, VDACS and the Virginia Farm Bureau Federation (VFBF) entered into a partnership to update and expand the Farm Link website. In order to develop a strategy for a revised website, VFBF and OFP staff called all current active farm owners and farm seekers in the database and asked a series of questions. Surveys were also sent to the following groups: Farm Link users who are not currently active but had used the system within the past year, VFBF producer members, Virginia Cooperative Extension (VCE) agents, and student agriculture organizations at Virginia Tech. Staff relied on feedback from these groups to develop the following recommendations to improve the Virginia Farm Link database:

- Increase promotion of the site;
- Create a more robust and active site through the use of articles, webinars, email updates, and newsletters;
- Provide expanded resources on succession planning;
- Include additional information on how to find professional help in crafting a succession plan;
- Add success stories from individuals who have completed a succession plan or have transitioned their property;
- Encourage more specifics in profiles to facilitate the likelihood of a successful match.

In fall 2020, VFBF entered into the “discovery” phase with a website developer. A new site is anticipated to launch between December 2020 and February 2021, which will provide an opportunity for a significant marketing push to promote the Virginia Farm Link program.

The Certified Farm Seeker (CFS) program, which was developed 2012 in collaboration with the VFBF’s Young Farmers group, will continue to operate in its current form. The CFS program helps farm seekers develop a farm business plan and resume and to demonstrate on-farm experience by using five curriculum modules (whole farm planning introduction, business, land acquisition and tenure, marketing, and on-farm experience) that were developed by the Virginia Beginning Farmer and Rancher Coalition Project. The program was designed to help all levels of beginning and experienced young farmers who are looking to farm or to expand their farm. Three applications for the Certified Farm Seeker program were received between December 1, 2019, and October 30, 2020, and one individual was certified.

OFP 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 VCE to reimburse the costs associated with workshops held between January 1, 2020, and December 30, 2020. However, as a result of the pandemic, several workshops were cancelled and the remaining workshops moved to an online platform, thereby significantly reducing the costs associated with them. As a result, OFP amended its Memorandum of Understanding with VCE to shift the remaining funds to improve materials and documents regarding succession planning. These improvements include updating the tax chapter of “Planning the Future of Your Farm” to reflect changes in the federal tax code, the creation of

one-page documents on a variety of succession topics to be used as handouts or mailings, and the development of a slide deck that VCE agents will be able to use when conducting succession planning workshops. OFP also provided \$2,500 in funds to VCE to print the “Generation NEXT: Keeping Your Woodland Intact, In Forest and in Your Family’s Hands” workbook that serves as the forestry companion to the “Planning the Future of Your Farm” workbook.

VIRGINIA AGRICULTURE LICENSE PLATES

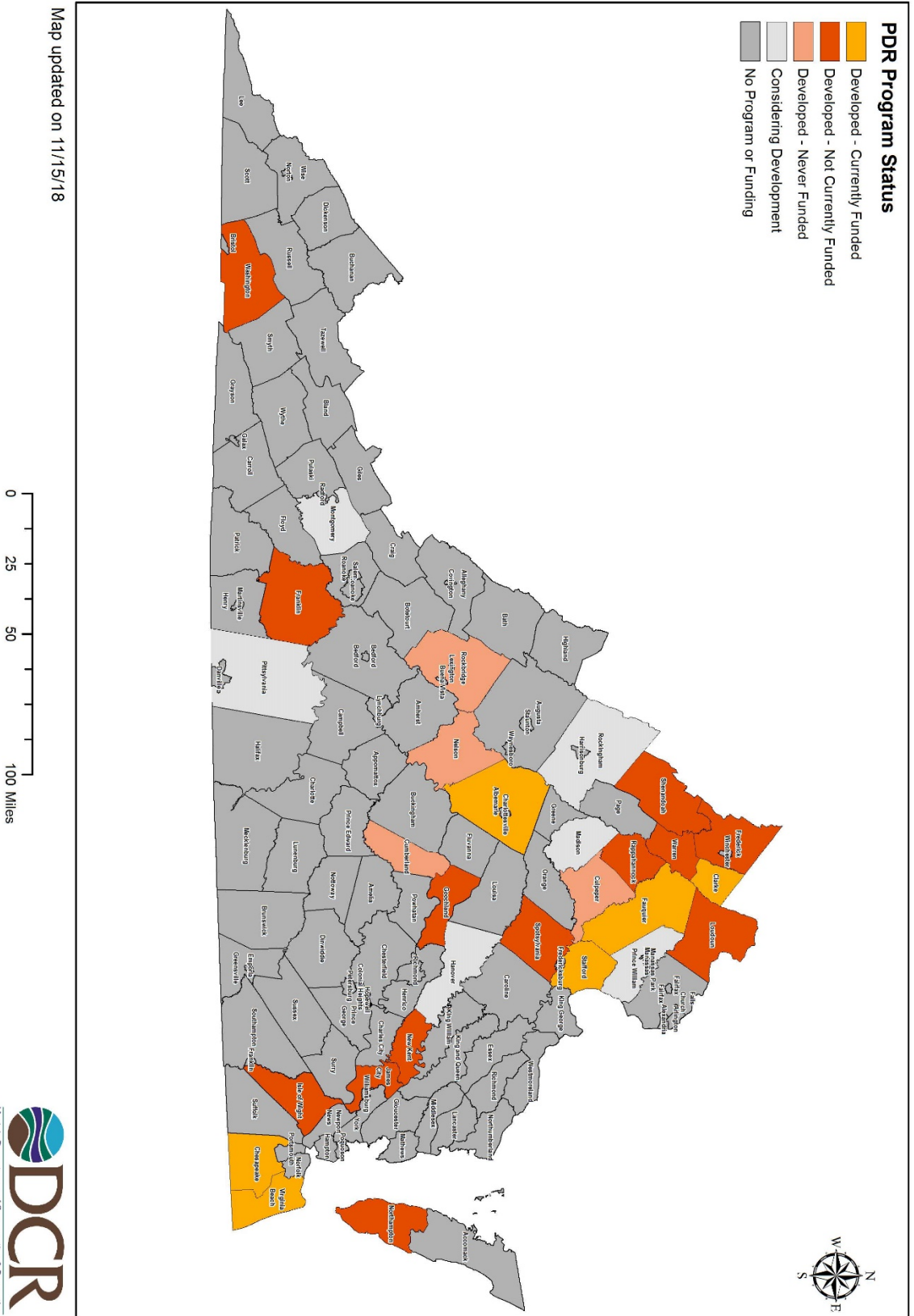
Chapter 653 of the 2004 Acts of Assembly established a new revenue-generating license plate for supporters of Virginia agriculture. As established in Va. Code § 46.2-749.102, the annual fee for the Virginia agriculture plate is \$25 in addition to the prescribed fee for state license plates. For each \$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 334 new Century Farms since October 2010. As of October 31, 2020, there are now 1,477 certified Century Farms on record since the beginning of the program in 1997.

APPENDIX 1*
*** No change from FY 2019**

STATUS OF LOCAL PURCHASE OF DEVELOPMENT RIGHTS (PDR) PROGRAMS



APPENDIX 2

FY 2020 ALLOCATIONS FOR LOCAL PDR PROGRAMS

<u>Locality</u>	<u>Local Funds Available</u> <u>(As of Oct 2019)</u>	<u>Previous State Funds Remaining</u> <u>(As of Oct 2019)</u>	<u>FY 2020 State Funds Awarded</u>
County of Albemarle	\$1,484,644.50	\$0.00	\$58,333.00
City of Chesapeake	\$2,177,896.73	\$0.00	\$58,333.00
County of Clarke	\$172,644.00	\$77,061.77	\$58,333.00
County of Fauquier	\$1,402,848.00	\$36,176.02	\$58,333.00
County of Stafford	\$700,000.00	\$173,233.75	\$58,333.00
City of Virginia Beach	\$15,553,262.00	\$260,183.75	\$58,333.00
TOTAL	\$21,491,295.23	\$546,655.29	\$350,000.00

APPENDIX 3

TOTAL ACRES PROTECTED WITH STATE PDR MATCHING FUNDS

AS OF OCTOBER 31, 2020

<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	17	2,829.51	\$2,850,255.20	\$2,101,799.89	\$0.00
City of Chesapeake	3	184.36	\$1,283,258.87	\$309,520.98	\$0.00
Clarke County	38	3,012.76	\$1,217,056.78	\$1,217,053.77	\$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	7	528.35	\$1,625,631.92	\$1,606,170.18	\$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	107	14,320.82	\$16,586,058.56	\$12,396,511.36	\$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, 2019 – NOVEMBER 30, 2020

- Exhibited at the Virginia Farm Bureau Federation Annual Meeting in Norfolk (December 2 - 3, 2019).
- Presented information on transition planning at the Women in Agriculture Gathering in Goochland (February 20, 2020).
- Exhibited at the Virginia Vineyards Association Winter Technical Meeting in Charlottesville (February 21, 2020).
- Presented on the Office of Farmland Preservation during a Farms Under Threat webinar (May 20, 2020).
- Presented on land conservation in Virginia to the Louisa County Agricultural and Forestry District Committee (October 28, 2020).