



Strategies for Funding Farmland Preservation

PA Farmland Preservation Association
Spring Conference
May 2009



Environmental Finance Center
University of Maryland



Financing Truths

- o It is cheaper to protect than to restore
- o Taking action today is cheaper than taking action tomorrow
- o There is not, has never been, and never will be enough grant money – public or private – to fund natural resources protection and restoration, including farmland preservation





Effective Financing Strategies

- Community-based, incorporating all stakeholder groups
- Integrated, combining a variety of sources, instruments, and institutions
- Mirror the resource, incorporating multiple landowners, land uses, and landscapes





Components of a Financing Strategy

Revenue Generators

- Grants, loans, technical assistance programs
- Sustainable, dedicated revenue streams (taxes, fees, surcharges)



Cost Reducers

- Effective, enforced regulations
- Partnerships
- Coordination with other community programs and priorities





Assessing the equity, appropriateness, and stability of a revenue source

- How much money will the source generate? Will the revenue grow at a rate similar to the growth in value of remaining farmland?
- How difficult will it be to obtain voter approval for the revenue source?
- Does the mechanism maximize the ratio of “winners” to “losers”? Can it be spread over a broad base to minimize negative impacts per capita?
- How predictable and secure is the funding source?
- Does the funding technique have a strong connection to agriculture?

Source: American Farmland Trust and the Michigan State University
Land Policy Institute





Case Study: Franklin Land Trust, Western MA

- Loomis Farm – plans to purchase farmstead for 40-lot subdivision
- Partnered with state’s affordable housing program
- Used “limited development potential” strategy to improve financial viability of project without losing core conservation value





Case Study: Acme Township, MI

- o Voters passed a 10 year, one mill property tax increase for agricultural conservation, open space, and farmland acquisition in 2004
- o Yield: \$2.5 million over the 10 year period
- o Extensive one-on-one resident education
- o Funds used to hire farmland preservation specialist in partnership with Peninsula Township





Case Study: Granville Township, OH

- o Open Space Levies
 - o 1998 – 1 mill levy (renewed once, up for second renewal)
 - o 2000 – 2.5 mill levy (renewed once)
- o Township receives \$700,000/yr from the levies dedicated to Open Space Program
- o Protection of ag lands is one of the program goals
- o Open Space advisory group guides township trustees





Case Study: Cacapon & Lost Rivers Land Trust, WV

- o 30 conservation easements protecting 9,000 acres in the watershed
- o Diverse financing strategy:
 - o Donated easements
 - o Partnerships
 - o Potomac Land Conservancy
 - o State of WV
 - o Highway Mitigation Program
 - o Voluntary surcharge for summer campers





Case Study: Tecumseh Land Trust, Yellow Springs, OH

- o Land Trust protects about 10,000 acres via conservation easement
- o Most of OH land is divided into 50-200 acre farms (some counties losing 1,100 acres per year to residential development)
- o Approximately 40 businesses in the region participate



This business proudly participates in the voluntary **One Percent for Green Space** program created to raise funds to preserve the rural nature of Yellow Springs and Miami Township. Your voluntary **One Percent** donation, added to the purchase price, is dedicated to helping the Tecumseh Land Trust preserve green space, farmland and natural areas in the village and township.

If you do not wish to contribute, please tell the cashier and the **One Percent** will graciously not be added to your purchase.

One Percent for Green Space is a program of the Tecumseh Land Trust which is a private not-for profit conservation organization for Greene and Clark Counties. The purpose of the land trust is to preserve agricultural land, natural areas and historic structures in voluntary cooperation with landowners and to educate the public about methods of private land conservation.

One Percent for Green Space uses all donations for land preservation except for 3% which is used to defray administrative costs. Your donation may be tax deductible as the Tecumseh Land Trust is a 501(c)(3) non-profit organization. Your donation is not subject to state sales tax.

If you have any further questions please contact:

**One Percent for Green Space
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**937-767-9490
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Thank you very much for your donation.



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Case Study: Eight-Year Program (MAFPP), NJ

- o Voluntary
- o Landowners deed-restrict farms to agricultural use for 8 years
- o Makes them eligible for:
 - o Matching grants for soil and water conservation projects
 - o Additional protection from eminent domain, energy and water restrictions
- o Good way to start new agricultural districts
- o Benefit PDR applications





Case Study: Lorain County, OH

- o Creation of Joint Economic Development District (JEDD)
 - o Lorain County
 - o Pittsfield Township
 - o City of Oberlin
- o 20% of the township outside of the city limits designated as development zone
- o Township receives a share of Oberlin's tax receipts for 50 years





Case Study: Planning Incentive Grant (PIG), NJ

- o Seeks to conserve contiguous farms
- o Preferably funded by innovative financing:
 - o Installment payment (preference given to long-term payout plan)
 - o Option agreements
 - o Donations
 - o Bargain sales
- o Provides for possibility of nearly instantaneous stabilization of an agricultural district





UMD study (Duke & Lynch 2006)

- o Rights of First Refusal
- o Term Conservation Easements
- o Land Preservation Tontines
- o Agricultural Conservation Pension



<http://www.arec.umd.edu/publications/Papers/Working-Papers-PDF-files/06-02.pdf>



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Rights of First Refusal

- o Lets agencies match offers agricultural landowners receive from developers
- o Only parcels actually threatened are targeted
- o Government can resell land for agricultural use with an easement attached
- o Drawbacks:
 - o Threat of collusion
 - o Developer animosity





Term Conservation Easements

- o Government or nonprofit pays landowner a rental fee for a temporary easement
- o Set of activities prohibited for a set period of time
- o May be an effective, temporary solution in a rapidly developing area





Land Preservation Tontines

- o **Premise:** Conversion of neighboring farmland reduces the efficiency of remaining farmers
- o Thus, neighbors enter into a land preservation tontine to provide an incentive for keeping land in agricultural use
- o Two possible models:
 - o Claims to fund that owners forfeit upon conversion *or*
 - o Claims to a penalty that converting owners pay to those who stay
- o As pool of owners shrinks, payouts rise and the last owner “wins” (i.e. incentive to keep land)
- o Essentially a contract among landowners, not between landowners and government





Agricultural Conservation Pension

- **Premise:** land = retirement fund
- Guarantees retirement income to farmers who attach an easement to their land
- Expected value of pension may > expected returns to selling the land
- Annuity version: pension runs with the land rather than the owner
- Owner version: payments tied to individual/couple





Up for discussion...



- o What do you see as obstacles to the use of Installment Purchase Agreements (IPAs) in PA?
- o How well has the farmland preservation community connected with the local farms = local food trend?
- o Could you share your experiences with any of Duke & Lynch's 4 strategies: ROFR, Term Conservation Easements, Tontines, or Agricultural Conservation Pensions?

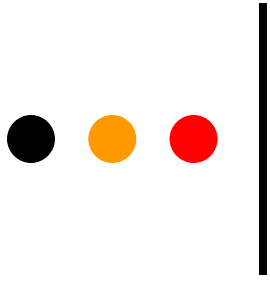




Protecting Land Conservation Funding in Tough Economic Times

1. Communicate
2. Anticipate the problem
3. Monitor the state budget
4. Form alliances
5. Gather grassroots support
6. Develop relationships with state legislators
7. Develop an effective message
8. Create on-line advocacy network
9. Develop good relationships with media and use them
10. Compromise





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