
Losing Ground: Farmland Protection in the Puget Sound Region

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American Farmland Trust

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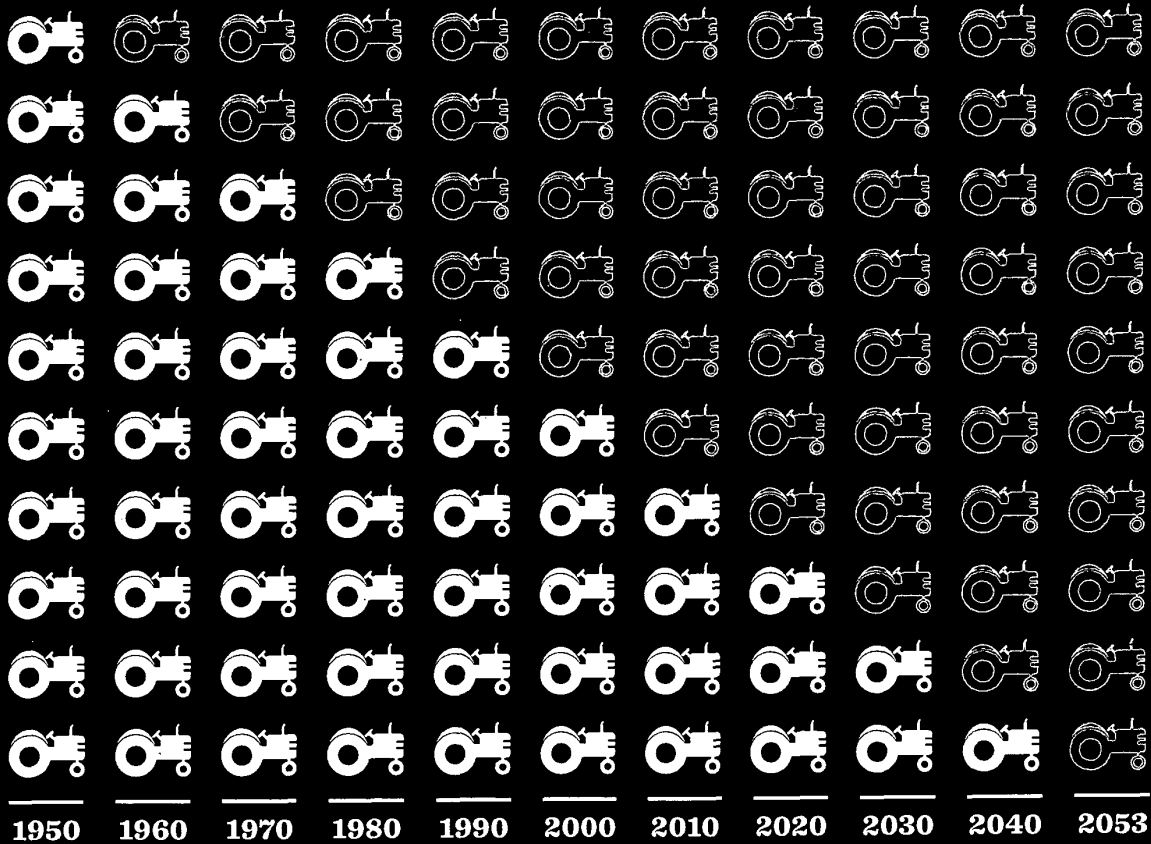
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SECTION:

01



According to the US Department of Agriculture, the Puget Sound region has lost 60% of its farmland since 1950. If this trend continues, the last acre of farmland in the region could be bulldozed or paved over by 2053.

County governments in the region can stop this from happening, but they need to act decisively and quickly.

Introduction

Under Washington State law, county governments are in the driver's seat when it comes to the treatment of farmland. County governments have the authority to zone farmland and regulate uses on farms within very permissive state authorities. They may purchase development rights on farms but have no obligation to do so. Washington counties can tax farmlands as rural areas or provide them a preferred rate. And they can provide economic and regulatory assistance or let farmers fend for themselves. It is not too much of a stretch to say that the fate of farmland in Washington is almost entirely dependent on the actions of county governments.

American Farmland Trust (AFT) decided to find out how counties in the Puget Sound region are handling these responsibilities. This report documents the results of a three-month study of how the twelve counties around the Sound are implementing the four pillars of farmland protection: land use regulation, purchase and transfer of development rights, property tax relief, and economic development. Each county was evaluated based on a thorough analysis of their public documents and follow-up interviews. The results were then compared across counties to develop the overall findings and recommendations in this report.

The good news is that most of the counties around Puget Sound are taking concerted actions to protect farmland, and a few of them have very effective programs. However, there is still a great deal of room for improvement. Overall, the counties around Puget Sound probably get a passing grade in how well they protect farmland, but it's just passing.

This report was written not to praise the counties with the best programs nor to chastise the counties with the worst ones. It's vital that all county farmland protection programs improve. And it must happen now.

Farmland loss is not just about land. It's about farmers, still a major workforce and the glue that holds rural communities together. It's about the environment: and the habitat, water quality, aquifer recharge, and flood protection benefits of floodplain farms. And it's about healthy local food grown sustainably by farmers we know. There is too much at stake to allow farmland to continue to fall through the cracks.

THE REPORT ATTEMPTS TO ANSWER A FEW KEY QUESTIONS ABOUT FARMLAND PROTECTION IN THE REGION:

What would a good farmland protection program look like?

What is the current state of farmland protection in the region?

What can counties do to strengthen their farmland protection programs?

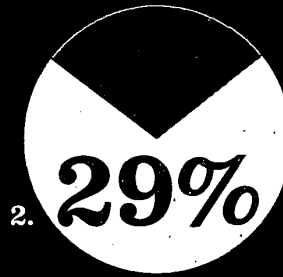
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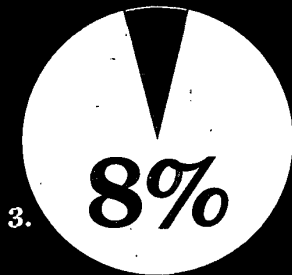
What Would a Good Farmland Protection Program Look Like?



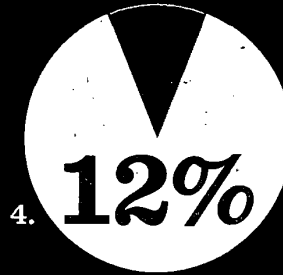
Land Use
Regulation &
Zoning



Purchase &
Transfer of
Development
Rights



Property Tax
Relief



Economic
Development

Each program evaluated in this study was measured against a benchmark expressed in the scoring system. In creating this benchmark, the authors aimed for a standard above the current state of programs but not so far above it to be practically unattainable. In this formulation, perfect scores are unlikely but passing scores are common.

Four factors were considered in constructing the benchmark. Land use regulation and zoning was seen to have the most immediate impact on farmland protection. As such, it was deemed the most important factor and ranked accordingly, followed by purchase and transfer of development rights. The final two factors, property tax relief and economic development, were deemed to be important but not as critical as the others.

Protecting Farmland through Land Use Regulations

Under Washington law, county governments have the authority and responsibility to plan for the use of land within their boundaries (see especially the Washington Growth Management Act at RCW 36.70A). These laws direct counties to adopt development regulations to assure the conservation

of agricultural lands (and particularly those that have “long-term significance for the commercial production of food or other agricultural products”). Counties typically address these responsibilities through their comprehensive planning policies and zoning.

FOUR THINGS ARE IMPORTANT IN PLANNING AND ZONING FOR FARMLAND:

Farmland in agricultural zones:

While the Growth Management Act specifies that counties protect agricultural land, the state gives counties broad authority over how to do so and, most importantly, how much of their farmland to include in protective agricultural zoning. Ideally, at least 75 percent of Puget Sound’s farmland would be in agricultural zones, up from 51 percent today. This would ensure that farmland is afforded the larger parcel sizes and ag-oriented uses that are common to agricultural zoning. It also establishes a clear indication that the county is committed to retaining these lands in agricultural uses on a permanent basis.

Large minimum parcel sizes:

Zoning typically establishes a minimum parcel size within specific zones and prohibits subdivision of parcels below that size except in very special circumstances. To make substantial progress protecting farmland in the Puget Sound region, minimum parcel size would be at least 40 acres and preferably larger. This would ensure that parcels will remain large enough to allow commercial agriculture in the future, help prevent residential development of farmland, and keep per-acre land values down to a level affordable to farmers. In addition, AFT recommends farm areas zoned for the largest lot sizes in the area rather than the smallest, accepting that some parcels within the zones will not meet the new standards (be “non-conforming”) and be grand-fathered in.

Few allowable uses:

Zoning also typically establishes the types of uses (commercial, residential, agricultural, etc.) that are allowable within each zone. Non-agricultural uses of land in agricultural zones can lead to conflicts between farmers and other residents over the sounds, smells, and appearance of normal agricultural activities. However, it is important that farmers be allowed to operate businesses associated with farm production, such as farm stands and processing facilities. In general, a short list of allowable uses restricted to farming, farm-related businesses and other compatible uses is desirable.

Large contiguous zones:

Much of the value of good agricultural zoning is lost if agricultural zones are scattered across the landscape and interspersed with zones that allow residential and other uses on smaller lots. While it is hard to pinpoint the ideal level of contiguity, it is pretty easy to “know it when you see it”. Large blocks of continuous agricultural zoning, aligned with the largest areas of intact farming use, are obviously the ideal.

Protecting Farmland through Purchase and Transfer of Development Rights

Development rights are a landowner's right to build houses and other structures on their property under current zoning and planning policies. In the Puget Sound region, many development rights have been created in farm areas through lenient policies and zoning laws that were adopted in the 1970's and 1980's. If landowners took advantage of these rights, houses and other buildings would sprout up in many farm communities and farming would be far more difficult. One of the common tools used to protect farmland is to purchase development rights or transfer these rights to more urban areas.

STATE LAW ALLOWS COUNTIES TO ESTABLISH PROGRAMS AND FUNDING SOURCES FOR PURCHASING AND TRANSFERRING DEVELOPMENT RIGHTS FROM AGRICULTURAL AREAS. PRIORITIES FOR COUNTY DEVELOPMENT RIGHTS PROGRAMS INCLUDE:

Removal of large numbers of development rights:

Regardless of the quality of land use regulations and zoning, removing development rights from farmland is a powerful tool. No other option provides the same level of certainty or permanence. Like any good tool, it deserves to be applied at a large scale. Ideally, program funding will suffice to allow the purchase and retirement of development rights on at least 30 percent of a county's farmland, with 50 percent would be a better long-term target. Shortfalls in initial funding can be made up by concentrating purchases on the rural/urban line in order to multiply the effectiveness of a smaller program, but this should be viewed as a stopgap measure.

Dedicated funding:

State law allows the counties two significant funding sources for farmland protection: the conservation futures tax and the real estate excise tax. Both require enactment at the county level. The majority of Puget Sound counties have enacted the conservation futures tax, but only Skagit County uses the proceeds solely for farmland protection and many counties rarely buy farm easements. Only San Juan County has enacted the so-called "REET 3", a real estate excise tax solely for conservation. Dedicated funding is an important ingredient to a successful program, allowing county planners and community leaders to plan ahead for future purchases and fundraise more successfully for matching funds.

Protecting Farmland through Property Tax Relief

Continuous activity:

This is not as consequential as the preceding factors, but continuity in a development rights program can be important in building program momentum, being more responsive to the changing needs of farmer landowners, and accessing other funding sources.

Realistic transfer of development rights (TDR) programs:

TDR programs can be difficult to implement effectively, but in the right circumstances, offer an important opportunity to remove development rights from farmlands at little or no public cost by creating a private market that is fueled by urban development. However, they require an unusual combination of real estate market demand, the political will to cap urban densities, and a high level of cooperation between counties and cities to move rights across political boundaries. It would be appropriate to concentrate resources on development of TDR programs in areas of the Puget Sound region that have these characteristics, primarily the Tacoma/Seattle/Everett metropolitan area.



State law grants counties the authority to tax agricultural property at its farm or use value rather than its speculative value for development (see RCW 84.34). This often results in a sizable reduction in the annual property tax bill that can make it easier for farmers to remain in farming. The state law also establishes a penalty for early withdrawal from the current use program, which may serve as an impediment to conversion of farmland to non-farm uses. Two factors are important: the number of farmers enrolled and the actions of county agencies to promote enrollment in these programs.

Enrollment of most farmland:

While tax relief is imperfect as both an incentive to keep farmers farming and a deterrent to land conversion, it helps. It also provides a direct financial return to participating farmers for the simple act of continuing to farm, and it would be desirable to provide this benefit to as much of the farm community as possible. Ideally, rates of participation would be in the 75-100 percent range.

Active promotion:

With regard to actions of the county itself, it would be desirable to see county planners and elected officials actively promoting tax relief for farmers. Evidence suggests that rates of participation are driven largely by how actively the counties are promoting these programs.

Keeping Farmland in Farming through Economic Development

While incentives like purchasing development rights and regulations like zoning have a direct impact on the preservation of farmland, building a strong agricultural economy is an essential part of ensuring the viability of farming and thus the land base needed to support it. Counties have broad economic development authorities under state law. While few focus specifically on agriculture, many counties supported programs and staff to help Washington farmers compete and thrive in an increasingly challenging industry.

FOUR FEATURES ARE DESIRABLE IN COUNTY ECONOMIC DEVELOPMENT PROGRAMS:

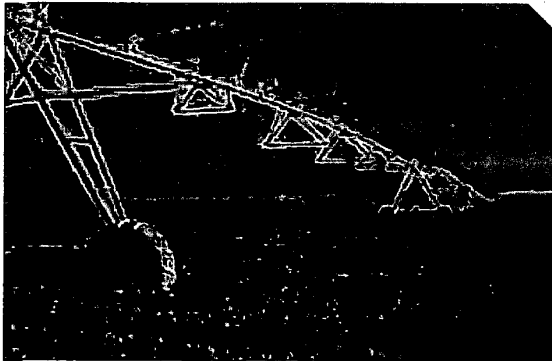
Assistance with marketing:

Farmers need access to markets to ensure the viability of their farming operations. Several forms of direct marketing can help farmers receive a greater profit from their agricultural products and build rewarding customer relationships. These include Community Supported Agriculture (CSA) programs, farmers markets, agritourism, farm stands, U-pick operations, farm tours, countywide branding initiatives for local agricultural products, and more. Counties and towns can encourage the development of these types of programs by specifically permitting those agricultural uses in their zoning by-laws.

Local governments can also help farmers create and market specialty products, which greatly increase the return farmers can get on their agricultural products and expands the potential for storage and distribution. Investigations into establishing commercial kitchens, food hubs and other infrastructure to allow farmers to create and package value-added products, can serve as effective catalysts for farm-related business and market opportunities.

Help with county regulations:

There are a myriad of complex state and local laws, regulations, and permitting processes that farmers often have to wade through to build new farm-related buildings or farm stands, process food or slaughter livestock, etc. Some technical assistance is provided to the agricultural community by each county's Conservation District and by Extension, but the county should also look to provide other programs or staff dedicated to regulatory assistance for farmers. A great way to accomplish this is by creating an ombudsmen position that is a county representative to liaison to the agricultural community and providing knowledgeable regulatory assistance to help streamline these time-consuming processes while easing a great burden on farmers.



Support to beginning farmers:

Starting a new farm can be a daunting undertaking, and just as any other business, requires a good measure of business planning and knowledge in order to make it successful. Providing farm incubation services, particularly around business planning, regulatory assistance, and access to land, is extremely important to encourage and support new farmers to start farming.

Political advocacy for the farm industry:

It is important for every county to have an avenue for the agricultural community to have their voices heard in county decision-making. Many counties have created the equivalent of agricultural advisory boards, with members representing the diversity of the agricultural economy as well as non-agricultural community members and county representatives, which are appointed by the County Executive. These boards work to actively influence policy to preserve and enhance agricultural lands, and make policy recommendations to the county regarding local agricultural issues.

SECTION:

03

What is the Current State of Farmland Protection in the Region?

Methods

AFT evaluated each of the twelve Puget Sound counties using a scorecard based on the benchmarks described in the previous chapter. A blank scorecard is included in Appendix B. The scorecard rates each county on the basis of four categories: regulation, development rights, tax relief, and economic development.

The scorecard was filled out using web-based research augmented by selective interviews with county officials and staff to confirm findings and supplement information that was published online. To fill gaps, AFT consulted with staff from nonprofit organizations such as land trusts and conservation districts.

County scores were completed, reports were developed for each county, and scores were transferred to a master scorecard of regional findings and results. The county reports and regional scorecard are posted on AFT's website at www.farmland.org. The master scorecard was used to develop the findings and recommendations in this report. For a more detailed discussion on scoring, please see Appendix A. To view an individual county scorecard, see Appendix B. Both are available online at www.farmland.org/PugetSound.

Overall Findings of the Study

The amount of farmland in the Puget Sound region has declined significantly.

In 1950, the Puget Sound region had nearly 1.4 million acres of farmland. By 2007 less than 600,000 acres remained, a 58 percent loss. The average annual loss over this period has been nearly 14,000 acres of farmland per year. While the mechanisms of farmland loss are not well documented, it appears that the majority of this land has been developed for urban uses and rural estates.

Development pressure is a key factor in county success with farmland protection.

Four counties—Pierce, King, Snohomish, and Whatcom—each lost more than 100,000 acres of farmland between 1950 and 2007, accounting for more than half the farmland loss in the region. According to the data compiled in this study, all four counties have above-average farmland protection programs. However, they also have some of the highest growth rates in the region. It appears that development pressure has simply overwhelmed their farmland protection programs.

The foremost problem is ineffective agricultural zoning.

In Washington, agricultural zoning has been shown to be the best tool for keeping large blocks of farmland in productive farming. While a few counties have done well with agricultural zoning, most allow significant loopholes in their regulations. The most common are intermingling farmland and rural estates, allowing a wide range of non-farm uses in ag zones, and allowing farmland to be divided into lots that are too small to farm productively. Even where good zoning exists, some counties have much of their farmland in other zoning classifications. To be fair to current county officials and staff, many of the troublesome decisions on farmland zoning were made decades ago and may no longer reflect the goals and priorities of current leaders.

Land conservation programs are not keeping pace with development pressure.

Many counties have programs to purchase or transfer development rights off farmland in order to prevent conversion of farms to subdivisions. Skagit County and King County in particular have very strong programs to protect farmland by purchasing development rights. However, the total acreage protected in all programs in the region is less than 30,000 acres, around five percent of the nearly 600,000 acres of farmland in the Puget Sound region. Much of the remaining land is under threat of conversion.

Counties are trying hard to protect farmers and farmland.

Despite the sobering statistics on farmland loss, county officials and staff continue to work hard to protect the farmers and farmland that remain. Even in the face of budget and staff cutbacks, almost all of the Puget Sound counties are working actively on their land use regulations and tax incentives for farmers, have programs to provide regulatory and economic assistance to farmers, and aspire to be more effective at farmland preservation. County activities are motivated in part by very strong popular support in the region for local farming and local food.



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State and federal assistance is very limited.

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While there are a number of grant and incentive programs offered by state and federal agencies to encourage the preservation of farmland, most are offered at very low funding levels and are not likely to be effective at keeping land in farming. Those that provide a significant inducement to retain farmland, such as the Washington Wildlife and Recreation Program farmland account and the USDA Farm and Ranchland Protection Program, are insufficiently funded to have a major impact. This is not to denigrate the many excellent assistance program offered through the Washington State Conservation Commission, Conservation Districts, and Washington State Department of Agriculture, but these alone are unlikely to keep farmland in farm use.

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The time is ripe to improve farmland protection programs.

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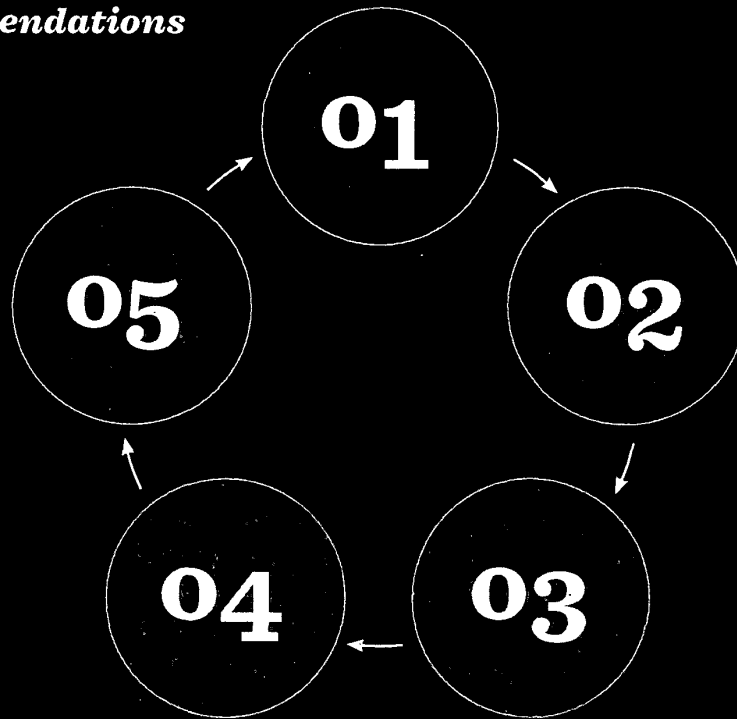
Interviews conducted during this study suggest that there is a lull in conversion of farmland now that follows the downturn in development activity. Farmland and easement prices are lower than they've been in decades. At the same time, public interest in local food and local farmland is continuing to grow. The time is ripe to expand farmland protection programs.

SECTION:

04

What Can Counties Do to Strengthen their Farmland Protection Programs?

5 Recommendations



Following are recommendations related to farmland protection in the entire Puget Sound region. Recommendations for individual counties can be found on the American Farmland Trust website at www.farmland.org.

RECOMMENDATION:

01

Include all viable farmland in agricultural zones.

Discussion

Well-constructed agricultural zoning is the most important element of a successful farmland protection program. Properly designed zoning protects farming from interference from other uses, ensures that farmers have the ability to expand and modify their businesses based on market changes, and holds property values down to the point where new and expanding farmers can buy land. In the Puget Sound region, the most critical need is to include all land that is currently being farmed in agricultural zones.

All but one of the counties in the Puget Sound region has agricultural zoning. Although there are weaknesses in zoning regulations that will be addressed in later recommendations, designating farmland in agricultural zones is far preferable to the all-too-common practice of including it in broadly focused rural zones.

On average, counties in the Puget Sound region designated 51 percent of their farmland in agricultural zones, a surprisingly low percentage. There was wide variability among the counties on this measure, with three counties—Whatcom, Skagit, and Snohomish—as leaders with at least 75 percent of their farmland in agricultural zoning, and several counties having less than 30 percent so designated.

The farmland outside of agricultural zones is typically designated in an all-purpose rural zone. These zones often have low minimum lot sizes—five acres is typical—and allowable uses that include many residential and commercial options. Because of the ease of residential development in these rural zones, they are ineffective at protecting farmland.

Implementation

THE BASIC STEPS TO IMPLEMENTING THIS RECOMMENDATION ARE TO:

Identify the appropriate areas to designate in agricultural zones;

Determine if an existing or new zoning classification would be most appropriate; and

Designate the parcels.

It is surprisingly difficult to identify farmland outside of agricultural zones using existing mapping and GIS sources, as this land is often mislabeled as vacant or simply rural. Some type of windshield survey is often necessary to ground-truth mapping, followed by an evaluation process aimed at determining the suitability for agricultural zoning. Whatcom County has recently conducted a Rural Study Areas analysis that serves as a good regional model on how to identify and address prime farmland outside of the agriculture zone.

In the analysis of aerial photography for this study, AFT staff identified areas within rural zones in most of the counties that may be suitable for re-designation as agricultural zones. Criteria for the analysis included the size of contiguous blocks of farmland, the proximity of these blocks to other agriculture-zoned land, and the intensity of surrounding land use. Contiguity in protected farmland is very important. Several counties have done a particularly good job at "blocking up" farmland in their agricultural zones, notably Skagit, Snohomish, and Whatcom counties. While it may be difficult to identify large areas that are entirely in agricultural use, the presence of some non-conforming residential development is more acceptable from a farmland protection standpoint than leaving the blocks in rural zoning.

The appropriate zoning classification needs to be selected for the identified blocks. The existing agricultural zone may be an appropriate choice but it may also be necessary, in light of prevailing lot sizes and uses in the areas to be rezoned, to apply a new zone classification that has smaller minimum lot sizes than the existing agricultural zone. Another tool that is worth considering is the approach to agricultural zoning used in San Juan County, where there is a single agricultural zone with multiple densities or minimum lot sizes. The advantage of this strategy is that a uniform set of conditions on uses and activities is applied in all agricultural zones, while a range of preexisting lot sizes can be accommodated.

The final step is re-designation of the farmland blocks. While this can be a contentious process, several counties have applied new agricultural zoning and survived the experience. Clallam County is a good recent example. In special circumstances, in which landowners have taken action to vest under the previous zoning, it may be prudent to purchase development rights in concert with rezones to achieve lower residential densities in the new agricultural zoning.

RECOMMENDATION:

02

Improve the protections provided within agricultural zones by increasing minimum lot sizes and narrowing allowable uses.

Discussion

Minimum lot sizes range from five to forty acres in agricultural zones, with the majority of farmland in the region zoned in five and ten acre classifications. The division of farms into lots of this size would eliminate many agricultural activities that require large blocks. In addition, parcels of this size are attractive to buyers who want larger rural estates but have no interest in farming. This latter issue is becoming a very significant problem in the central Puget Sound region, where rural estate buyers have driven farmland prices up to the point where many would-be farmers are unable to purchase land.

King County and Whatcom County have done a particularly good job of designating the majority of their agricultural-zoned land in large minimum lot sizes (35 acres for King, 40 acres for Whatcom).

Agricultural zoning also varies in terms of allowable uses, those nonagricultural uses that are either permitted outright or by special permit within agricultural zones. The Growth Management Act states that nonagricultural uses should be consistent with the scale and intensity of agricultural activities on the land, but gives counties considerable discretion in how to interpret this guidance. The ideal in this respect is to allow nothing but farming and farm-related commerce within agricultural zones, a standard that is approached by Skagit County alone in the Puget Sound region.

In general, agricultural zoning around Puget Sound does a fairly good job restricting the nonagricultural uses that are permitted outright. This can't be said about uses allowed by special permit, the lists of which can be quite extensive in some of the counties. Some of the more common nonfarm uses allowed are public parks, schools, golf courses, and mineral/gas extraction. A long list of nonagricultural uses is inconsistent with the intent of agricultural zoning to protect farming and farmland.

Of particular concern is the very undesirable combination of small minimum lot sizes and long lists of allowable uses, a situation that is all too common around Puget Sound. In these cases, the value of agricultural zoning is largely lost.



Implementation

Some analysis is needed to determine what is necessary in tweaking agricultural zoning in each of the Puget Sound counties. For minimum lot sizes, all counties with the possible exception of King and Whatcom should reconsider the parcel sizes of farmland to determine minimum lot sizes for agricultural zones. There are two schools of thought on determining the proper minimum lot sizes. One is to set the minimum on the lower end of existing parcel sizes to reduce the number of non-conforming parcels. The other and preferred option is to set the minimum close to the average size and grandfather those parcels under that size. The latter approach is likely to constrain the further division of farmland much more effectively.

The analysis on allowable use should focus particularly on how to restrict uses that are unrelated to farming while allowing sufficient farm-related commercial and residential use to support the continued evolution of the farm industry over time. Several counties (Thurston and Clallam, most notably) are actively pursuing changes to their agricultural zoning to allow agritourism and direct marketing of agricultural products, and this is a favorable step in protecting farming and farmland in the long run.

The adoption of changes to agricultural zoning can be accomplished by the county legislative body. Experience indicates that changes in allowable uses that favor flexibility in farm operations may be relatively simple to enact. Increasing minimum lot sizes may be more difficult, but is essential. This should be pursued first in those areas with small minimum lot sizes and long lists of allowable uses. Again, it may be desirable to purchase development rights for parcels with vested development proposals if necessary in order to maintain large blocks of protected farmland.

RECOMMENDATION:

03

Purchase (or otherwise secure) development rights for critical farmland parcels and blocks.

Discussion

The retirement of development rights through purchase or transfer is also vital to protecting farmland in the Puget Sound region. While some may argue that the permanent protection provided by purchase of development rights (or PDR) make it the superior choice, it is an expensive tool—often costing the majority of the total value of a farm parcel. Ideally, PDR will be used in combination with zoning to achieve both broad and deep results.

Seven of the 12 Puget Sound counties have their own PDR programs, which use money from conservation futures funds and other state and federal grants to purchase development rights on farms. In total, approximately 30,000 acres of farmland, approximately five percent of the region's farms, have been conserved through county PDR programs. Obviously, it would be great to significantly improve the acreage protected through such programs.

Several counties stand out in the quality of their PDR programs. In 1979, King County voters approved a \$50 million farmland protection initiative, allowing purchase of development rights on 13,200 acres of farmland. Skagit County has the Farmland Legacy program, which dedicates all of the county's Conservation Futures Tax proceeds towards purchase of development rights on farmland, allowing the county to preserve 7,800 acres of farmland. San Juan has preserved 5,500 acres of farmland under their PDR program.

Another avenue for purchasing development rights is for the county to collaborate with land trust organizations. This approach has been used to particularly good effect in Jefferson and Island counties.

The other option for counties to secure development rights is through transfer of development rights (TDR) programs. These are market-driven programs that reward developers in urban areas for purchasing and transferring rights off farmland and other rural parcels. While such programs are very appealing, they are also quite difficult to set up properly. Six of the 12 Puget Sound counties have TDR programs, but two of these programs are inactive and three others have preserved less than 100 acres of farmland each. The most effective TDR program in the region for farmland protection is Thurston County's, which has purchased rights to 200 acres of farmland.

Implementation

Finding the funding to ramp up PDR programs in a tough budget climate will obviously be difficult to do, although the buying power of even small sources of funding will be unusually strong as the downturn in the economy leads to the lowest prices for development rights in recent times. State law authorizes counties to use several sources for development rights purchases, including general funds, the Conservation Futures Tax, and a dedicated tier of the Real Estate Excise Tax (commonly called REET 3).

All Puget Sound counties except Mason and Clallam have enacted the Conservation Futures Tax, although not all are levying the tax at the full allowable rate of \$.0625 per \$1,000 of assessed value and very few are using the proceeds for farmland protection. Skagit County is a standout in allocating all of the CFT proceeds to purchase of development rights on farmland, and this has allowed the county to run the best ongoing PDR program in the region. Given the rate of farmland conversion and the urgency of developing more effective protection programs quickly, other counties should consider enacting the CFT if it isn't currently in effect, raising the tax rate to the maximum allowable, and dedicating a substantial portion of tax proceeds to farmland preservation.

San Juan County is the only one to enact the REET 3 tax and it is used to great effect in that county to protect farmland and other key property. In campaigns to establish this funding source in other counties, the real estate industry has campaigned against the tax and been successful at defeating it. It would be sensible for farmland advocates to seek support from the industry before attempting additional ballot measures to enact the REET 3 tax.

There are several state and federal funding sources available for purchasing development rights. Counties are advised to focus particularly on the federal Farm and Ranchland Protection Program, administered out of the Spokane office of the Natural Resources Conservation Service, and the Washington Wildlife and Recreation Program. It may also be possible to bundle PDR with habitat enhancements to access funding through the Salmon Recovery Funding Account, the Aquatic Lands Enhancement Account, and other subaccounts of the Washington Wildlife and Recreation Program, all state grant programs.

With regard to TDR, it will be important for counties to track progress made on a program approved by the legislature in 2011 that provides access to funding for urban infrastructure for communities that accept transferred development rights. This has the potential to be an important new motivator for transfers.

Ultimately, it may be necessary to reach beyond current funding sources to pursue purchases of development rights from a significant amount of Puget Sound farmland. A dedicated Sound-wide or state-wide source would be a huge benefit to stimulating the level of purchasing activity that is needed to match and overcome pressures to convert farmland to non-farm uses. If there is sufficient interest in the prospect of a new state funding source for PDR on farms, American Farmland Trust is available to assist.

RECOMMENDATION:

04

Provide property tax relief to all qualifying farmland.

Discussion

Washington's Current Use Assessment statute allows counties to provide property tax relief to farmers by allowing them to pay taxes on their land's agricultural value, rather than the value of its "highest and best use" which is generally far greater. These programs are referred to under a variety of names, including open space taxation, current use assessment (CUA), or current use taxation (CUT). These programs can provide very significant tax relief for farmers, making it easier for them to continue farming.

Skagit and Whatcom counties are the front-runners on enrollment rates, with 88 percent and nearly 100 percent of farmlands participating respectively. Most counties have between 50 and 60 percent of their farmlands enrolled in a current use program, and two have enrollment rates of less than 15 percent. This is extremely low for a program that provides very significant benefits to farmers at minimal public cost.

One concern sometimes raised about current use tax relief is that it reduces tax revenues in rural communities and, if applied widely, may lead to reductions in county services. In practice, current use programs don't decrease tax collections but shift the tax burden to other taxpayers, the contributions of property taxes on farmland to the tax base tend to be dwarfed by revenues from urban areas, and the shift in the tax burden from farm to non-farm properties tends to be so small as to be unnoticeable.

Implementation

This is the simplest of the recommendations to execute. Counties already have the authority to offer current use tax assessments to all farmers. It is recommended that counties promote this tool more actively to farmers and assist those who express interest in the reassessment of their properties. If fees exist, the counties should consider a one-time or continuous waiver to boost enrollment.

RECOMMENDATION:

05

Provide economic and regulatory assistance to farmers.

Discussion

This is a period of rapid transformation in agriculture in the Puget Sound region, with forces pulling in two different directions. The first direction is towards consolidation at every step of the food supply chain: production, processing, and distribution. This “get big or get out” trend is making it more difficult for small farmers to compete in the changing agricultural economy.

The second direction is in its earliest stages and is towards localization of the food system and increasing numbers of smaller and more diversified farms. Puget Sound is in the vanguard of this trend, with many young farmers looking to start growing their own food, and consumers that want to “buy local” for a wide variety of nutritional, environmental, and culinary reasons.

The “buy local” sentiment is much in evidence around Puget Sound, demonstrated by the growing numbers of grassroots community organizations around food and farms, including Whatcom Farm Friends, Kitsap Community and Agricultural Alliance, Clallam Grown, Friends of the Fields, the Whidbey Grown Brand, and many more. Additionally, the number of farmers markets and Community Supported Agriculture programs have increased dramatically in the past several years. A recent King County study reports that the number of farmers markets in the county has increased from nine in 1999 to 39 in 2009. Sales at these markets were \$20 to \$30 million in 2009, an increase from approximately \$3.5 million in 1999.

Despite these trends towards more numerous smaller farms, there remain very significant barriers to starting new farms, especially access to land and capital. There is a lot that counties can do to help new farmers get established and foster the development of a new locally based food economy. The most important programs are:

Coordinated county planning for agriculture: Good examples include the programs in Pierce, King, and Snohomish counties. Pierce County’s Farming Assistance, Revitalization, and Marketing (FARM) Program aimed to provide numerous services to the agricultural community, establishing a Farm Board as well as an ombudsman position focused on addressing farmer issues with county processes and regulations. Snohomish County created an entire team to address economic development issues, the Snohomish County Agricultural Economic Development Action Team (SAEDAT). King County has maintained a well-funded, active Agriculture Program and a unified strategy for preserving a vibrant farm economy in the county.

Assistance with direct marketing: A 2004 WSU study found that 62 percent of all farmers statewide believe that direct marketing is an effective way to keep farming viable. There is a great deal that counties can do to help with direct marketing. Snohomish and San Juan counties are currently working on permanent covered market space. King County produced a Farmer's Market Report in 2010 that identifies challenges and solutions for local farmers markets. San Juan County has also created a countywide branding initiative, the Island Grown Program, to promote local agricultural products. Others have focused on agritourism events such as Skagit County's Festival of Family Farms and Tulip Festival that bring in hundreds of thousands of visitors annually.

Assistance with transition planning: One of the greatest challenges facing the future of agriculture is that established farmers are aging out of the industry but few young people are replacing them. Recent USDA statistics indicate that 57 percent of American farmers are 55 or older, but only 5 percent are under 35. Counties can play an important part in preparing the next generation of farmers for the field. For instance, the Jefferson County Farmer Innovation, Education, & Leadership Development (FIELD) program is an on-farm based internship in sustainable agriculture, which gives interns the opportunity to study sustainable agriculture enterprises and community-based production systems—both formally and on the field. The program is a collaboration of the Jefferson County Extension and Jefferson County farmers.

Implementation

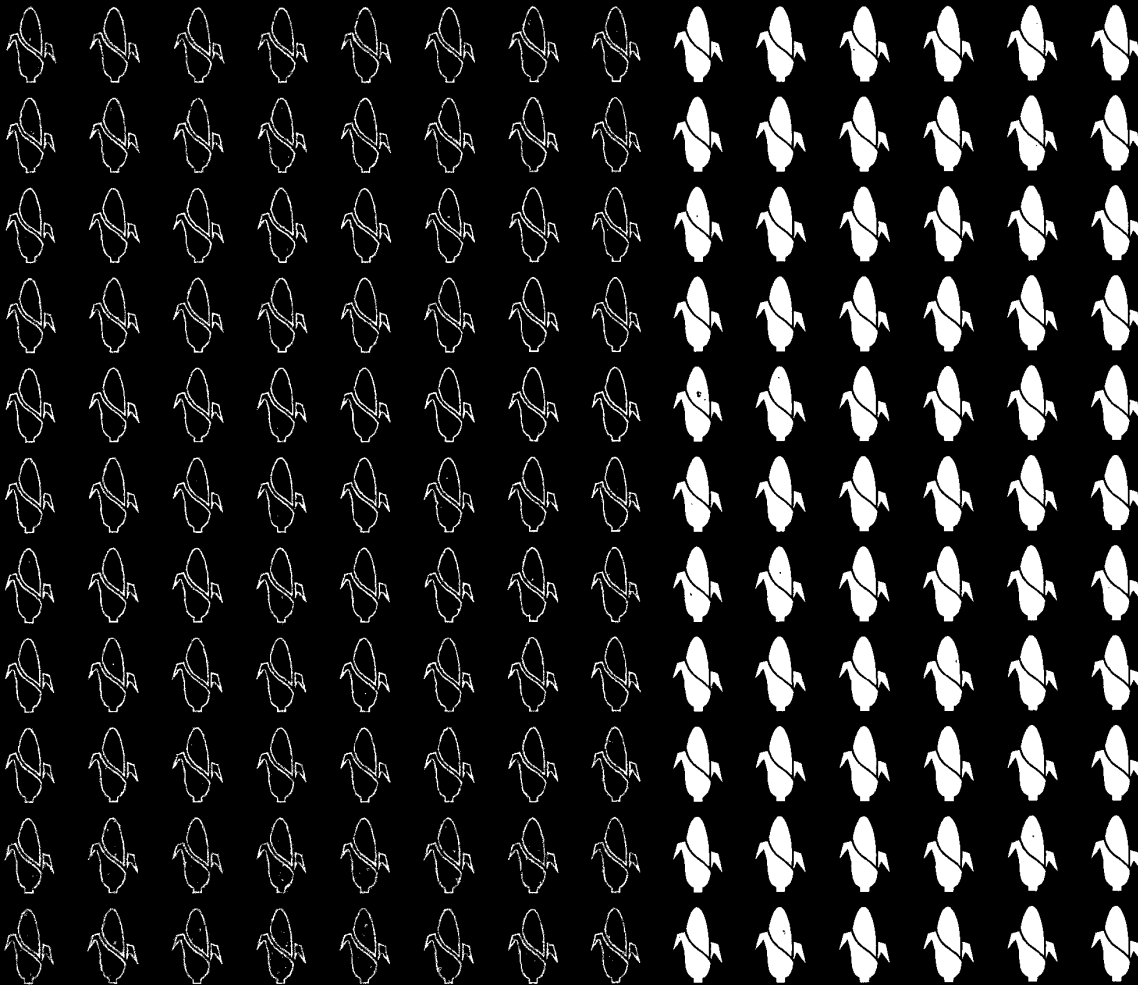
The most important thing that counties can do to support economic and regulatory assistance is to avoid further cuts in staff capacity. The Pierce and Mason county programs have recently experienced debilitating cuts that have significantly reduced the effectiveness of their programs. Spending on these programs is an investment in the economic future of agriculture in the county and region that will pay off many times over. County farmland programs must be protected from further cuts.

With regard to new initiatives, a stronger emphasis on the successful transition of farmland and farm businesses to the next generation of farmers is vital. Unless the major barriers to successful transitions are addressed in the next ten years, much of Puget Sound's farmland will face an uncertain future. Models like Jefferson County's FIELD program and the Cascade Harvest Coalition's FarmLink program deserve consideration in other counties. A coalition of central Puget Sound counties and the Puget Sound Regional Council are proposing a study of farmland affordability, a crucial barrier to transitions.

Finally, there may be initiatives on economic development and regulatory assistance that should be pursued at a multi-county or regional scale. This study has identified many issues that transcend county boundaries, including the challenges of addressing urban sprawl and rural estates, but most farmland protection programs are established at the county scale. As this section of the report underscores, every county in the region has useful experience with one aspect of farmland protection or another. The counties have much to offer one another based on this experience and it would be helpful to see additional coordination in the development of economic development programs in particular.

SECTION:

05



800,000+

**Acres of Farmland Have
Disappeared Since 1950.**

600,000

**Remaining Acres Are
Far From Secure.**

What Should We Do Next?

The Puget Sound region is on a perilous path with regard to farmland. More than 800,000 acres of farmland have disappeared since 1950 and the future of the remaining 600,000 acres is far from secure.

The twelve counties around Puget Sound have much of the responsibility for determining whether future generations have local farms to produce food, support rural communities, and protect the environment. This project has identified several counties with very strong farmland protection programs. It has also identified several others that have some distance to go to adequately protect farmland. For all, this report and supporting materials identify a path forward to preserve our farms.

Now is the time for action. As the region experiences a lull in real estate development and a groundswell of interest in local food and local farms, there will never be a better time to protect farmland. American Farmland Trust stands ready to help the counties and the region to realize this goal.

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