



**Winning Friends, Losing Ground:
States and Local Communities Need A Federal Partner
to Protect the Nation's Farmland**

by
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American Farmland Trust is a private, nonprofit, membership organization that works cooperatively with farmers, public officials, and other interest groups to stop the loss of productive farmland and promote farming practices that lead to a healthy environment. Basic annual membership is \$20.00

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For nearly two decades, states and local communities have been working hard to protect key agricultural areas from the effects of urban sprawl. They have tried a wide variety of innovative methods, including property tax relief, creation of agricultural security districts, and passage of right-to-farm laws. One of the most effective methods has been to offer farmers the opportunity to be compensated for voluntarily agreeing not to subdivide or develop their property. This is known as the purchase of development rights ("PDR") or, using the preferred term, purchase of agricultural conservation easements ("PACE").¹

This approach to protecting farmland and farming is winning more and more friends in the agriculture community. But the limited capacity of states and local agencies to satisfy the demand for PACE has meant that many farmers who need to cash in some or all of their land equity -- for example, to pay debts, expand, retire or fairly settle estates -- have little choice but to sell land for development. Because of this shortfall, every state is losing the battle to protect farmland from the checkerboard pattern of development called urban sprawl. This affects farmers who want to remain in business, taxpayers who must shoulder billions of dollars in excess public service costs,² and ultimately the Nation's strategic agricultural capacity.

Urban Sprawl and Agriculture: Risky Business for Farmers and the Nation

Urban sprawl poses a significant risk to agricultural production in a sizable portion of the United States. According to the Census of Agriculture, one-third of U.S. agricultural production occurs in metropolitan counties containing large cities.³ Another one-fourth occurs in adjacent counties that have a sufficient population density to feel some urban influence on agricultural land use. In some key agricultural states like California, Florida and Pennsylvania, upwards of two-thirds of total farm production comes from urban counties. (See Table 1 in Appendix A.)

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One third of U.S. agricultural production occurs in metropolitan counties.

One reason for these higher percentages is that more than 85 percent of domestic fruit and vegetable production and almost 80 percent of our dairy products come from urban influenced counties. (See Table 2 in Appendix A.) Generally, the high percentage of farm production near cities is attributable to the fact that the same fertile valley soils and moderate coastal climates that originally lured our agrarian forbearers, has attracted more than 90 percent of the U.S. population. This is now putting pressure on agriculture in several ways.

Urban Pressure on Agriculture

It is not necessarily the gross acreage of farmland lost to urban sprawl that puts pressure on agriculture. Rather, it is the quality of the land being urbanized and the pattern in which land development occurs that is of greater concern. In most states where the risk has been recognized, prime farmland is being lost at 2 to 4 times the rate of other, less productive agricultural land. (See Table 3 in Appendix A.) This increases agriculture's reliance on less productive, more environmentally problematic land at a time when national farm policy devotes significant attention and money to reducing the environmental impact of agriculture.

Moreover, depending on the pattern of development, the conversion of the same acreage of farmland to urban use can have vastly different impacts on remaining agricultural operations. Generally, low density sprawl poses a greater risk than more compact development because when development is spread out the interface between agricultural operations and suburban backyards is greater.

To appreciate this, think of a tic-tac-toe board as consisting of 9 farms. If a subdivision is placed in the center square of the board, representing the middle of the countryside -- which is what typically happens with urban sprawl -- each of the other 8 "farms" will be adjacent to it and, thus, subject to the myriad conflicts that can occur between commercial agricultural production and residences. On the other hand, if the "subdivision" is located on one of the corner squares, representing development close to existing settlements, a majority of the remaining farms are unaffected by the proximity of urban influence. One could reduce the impact even more by "clustering" the development in the corner of the corner square.

The influence of nearby residential development on agriculture can be significant, constraining production options, increasing its cost and risk of liability. For example, the smell of manure, dust from cultivation and chemical spray drift tend to offend suburban sensibilities and lead to complaints, reprisals and even litigation. Vandalism of equipment and livestock, and pilferage of crops, are also common and

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reduce profit potential. Most states have passed "right to farm" laws intended to protect farmers, but these have proved less than effective as the courts tend to interpret them in favor of suburban homeowners. ⁴

Agriculture and the Environment: Another Reason to Protect Farmland

Much has been made of the beneficial environmental effects, particularly for wildlife, of removing marginal Great Plains farmland from agricultural production. Often overlooked are the environmental benefits of keeping farmland subject to urban pressure in agricultural production, rather than having it covered with pavement.

One of the principal benefits of farmland is to water quality. Farmland is the major land use in most watersheds and, contrary to popular belief, is often better for water quality if kept in agriculture than if converted to parking lots and suburban backyards. For example, urban land is 3 percent of the watershed of Lake Champlain, but it contributes 18 percent of the phosphorus nonpoint source pollution contaminating this body of water bordering New York and Vermont. On an acre-to-acre basis, this is twice the pollutant load contributed by agriculture in 97 percent of the watershed. ⁵

Often overlooked are the environmental benefits of keeping farmland in agricultural production, rather than having it covered with pavement

Importantly, many farmers are improving agricultural management practices to clean up nonpoint source water pollution. Thus, when land remains in agriculture, the prospect of improving water quality still exists, whereas, once the land is paved, the likelihood of improvement greatly diminishes. This has led New York City, for example, to study the idea of protecting farmland in the watershed where it draws its water supply as an alternative to the construction of another costly pollution treatment plant.⁶ Similarly, the Chesapeake Bay Foundation has recognized that an essential step in the cleanup of the nation's largest estuary is the protection of farmland from urban sprawl.⁷

Farmland is also habitat to wildlife species that would find it harder to survive in an urbanized environment. For example, a significant amount of the habitat of the endangered Florida Panther is agricultural land. Much of the elk wintering range in the Rocky Mountain states is irrigated valley floor meadows. And the kit fox and other rare species have a chance for a comeback in California's San Joaquin Valley only because agriculture, not urban sprawl, remains the predominant land use. ⁸ As with water quality, the impact of agriculture on wildlife has not been insignificant, but there is room for improvement -- something that can hardly be said about freeways and shopping malls.

Another environmental benefit of farmland is its contribution to scenic landscapes that attract tourism and their dollars to rural areas. A recent survey in Steamboat Springs, Colorado, found that 90 percent of the visitors said ranch meadows add to the enjoyment of their vacation, and that 46 percent would seek recreational opportunities elsewhere if condominiums replaced the cattle in this picturesque valley.⁹ Tourism is estimated to generate in excess of \$500 million per year to the economy of Lancaster County, home of the Pennsylvania Dutch and the highest-grossing non-irrigated agricultural county in the nation.¹⁰ And the State of Connecticut has included a map of farms in its latest vacation guide.¹¹ Agro-tourism is a growing phenomenon and is one kind of rural development that is not a contradiction in terms.

The Role of PACE Programs in Protecting Agriculture

By failing to restrain urban sprawl, we are placing at risk a significant sector of U.S. agriculture and increasing the impact of food production on the environment. Yet land use regulations such as zoning, which can be highly effective at encouraging growth to avoid important farmland, are often unpopular with landowners. An alternative to which communities and states have increasingly turned is the purchase of agricultural conservation easements ("PACE") from willing sellers. PACE programs are voluntary and compensatory, thus protecting landowner's equity as well as the land itself.¹² They are a "win-win" proposition that is gaining more and more friends in agriculture.

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State and Local PACE Programs: How They Work

PACE programs are operated both by states and local jurisdictions. In some states, these farmland protection programs are confined to a few local jurisdictions, but in most the PACE programs operate statewide. However, in almost all cases decisionmaking discretion is delegated to counties or other local governmental units that are closer to the land and better understand farmers' needs. Usually, a local committee of farmers makes, or has a great deal of input into, decisions about which farmland is targeted for protection.¹³

Typically, PACE programs aim to protect high quality, prime and unique farmland that is very likely to be converted to nonagricultural use if the landowner does not have the alternative provided by PACE. Landowners make application to state departments of agriculture or local agencies, their application is ranked according to criteria reflecting state or local priorities,¹⁴ the value of the conservation easement that would be placed on their property is appraised¹⁵ and, if the application is selected,

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a deed is transferred in exchange for a lump sum payment or installments at the landowner's option. In this way, PACE programs operate much like the federal Wetlands Reserve Program authorized by the 1990 farm bill.

Farmers have many reasons for enrolling their land in PACE programs. ¹⁶ Generally, they are committed to the continuation of agriculture and the conservation of resources for future generations. But the immediate motivation for participation is usually financial -- a desire to extract all or part of the equity in their land to meet pressing or anticipated needs. These include paying taxes and debts, acquiring land for expansion of their operation, buying new equipment to modernize or become more efficient, installing conservation practices, planning for retirement and settling estates in a way that is fair to all children.

The measure of the success of PACE programs is not necessarily how many landowners they have helped or the amount of land they have placed under conservation protection. In the long run, these are obviously important. But, as it affects the ability of agriculture to withstand urban pressure *today*, the true measure of their success is whether PACE programs can offer a timely, competitive alternative to the *next* owner of strategic farmland who needs to obtain all or part of the equity in their land, and would otherwise have to develop it to realize this financial potential. ¹⁷ Thus, the critical issue for PACE programs is how well they can meet farmer demand. This, in turn, depends largely on how well-funded they are.

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Winning Friends: Accomplishments of PACE Programs

The first PACE program in the nation was inaugurated in 1976 by Suffolk County, located in the shadow of New York City at the end of Long Island, and the highest-grossing agricultural county in a still largely rural state. By 1980, PACE programs had been adopted in six states and today are in operation in fourteen states. (See Table 4 in Appendix A.) In an additional six states, legislative committees or gubernatorial task forces are actively considering the adoption of PACE programs. ¹⁸

Altogether, state agencies and local governments have invested more than \$664 million to protect almost 400,000 acres of generally high-quality farmland. (Table 4) They have been able to offer an alternative to development to nearly 2,600 farmers, collectively spending an average of \$61.5 million per year, mostly raised through bond financing or property transfer taxes.

Given their accomplishments at protecting land, it should come as no surprise that PACE programs are popular among farmers. A survey of those who have enrolled their land in these programs showed that --

- 91% agree that PACE "makes it possible to keep land in agricultural production,"
- 79% agree that PACE "has had a positive effect on the future of agriculture in my area,"
- 60% agree that PACE "has had a positive effect on my ability to plan for the future,"
- 87% agree that PACE "represents a viable alternative to the sale of land out of agricultural use," and
- 85% agree that PACE is "a good idea that should be adopted nationally."

Clearly, PACE has won the hearts and minds of agricultural producers in the growing number of states where agriculture is at risk from urban sprawl.

Losing Ground: State and Local PACE Programs Cannot Meet Farmer Demand

Despite the significant financial commitment states and localities have made to PACE programs -- and their obvious popularity among, and usefulness to, farmers -- it has not been enough. For every farmer who has been able to take advantage of the alternative offered by PACE, another six landowners are waiting in line to sell agricultural conservation easements. In other words, only 15 percent of those farmers willing to commit to PACE are being accommodated in any given year. (See Table 5 in Appendix A.) And it appears that the more aggressive a state is in purchasing easements, the more popular its program becomes, resulting in an even higher ratio. For example, in Pennsylvania and Maryland, which together account for about half the acreage of farmland protected, there are about 10 farmers waiting for every one who successfully enrolls in the state PACE program.

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This has implications for the successfulness of the programs. Six years is a long time for a farmer to wait to take advantage of an alternative to development as a means of raising cash. The farmer's patience and a good faith "handshake" commitment by PACE program administrators -- who are often local farmers -- are often enough to convince a prospective conservation easement seller to wait two or three years. And sometimes private conservation organizations known as land trusts can step in and advance cash against the prospect of reimbursement from the sale of an easement.¹⁹ But, generally, six years is beyond the

financial planning horizon of most farmers, especially those most pressured by circumstance to sell land for development.

There is little doubt that the limited capacity of state and local PACE programs to meet farmer needs has contributed to a significant loss of farmland. According to USDA's National Resources Inventory, in the 14 states with PACE programs, more than 106,000 acres of prime and unique farmland is being urbanized every year.²⁰ (See Table 6 in Appendix A.) Together, they have protected an average of 36,000 acres per year. So that, collectively, they are losing 3 acres of prime and unique farmland to urbanization -- and much more farmland of lesser quality -- for every acre they are able to protect. In some key agricultural states the ratio of high quality farmland lost to that protected is even greater: for example, more than 6-to-1 in California and about 20-to-1 in New York.

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If we are to rely on PACE programs to protect the nation's most strategic farmland, and prevent the sprawling land use patterns that risk the debilitation of agriculture on land remaining in production, it is clear that states and localities must expand their capacity. They must be able to purchase more conservation easements and do so in a far more timely manner, thus offering many more farmers a viable alternative to development. To do that, the funds available for this purpose must be significantly increased.

The Federal Government Must Become Part of the Solution

Clearly, states and localities need help in meeting farmers' demands for a voluntary, financially compensatory alternative to the development of high quality farmland. And the federal government, through conservation programs administered by the U.S. Department of Agriculture, should and must become part of the solution.

Each year, USDA spends approximately \$3 billion to reduce the erosion of topsoil. Two-thirds of that is devoted to the Conservation Reserve Program (CRP). Though expensive, this program has proved successful at saving an estimated 700 million tons of topsoil per year on about 34 million acres of highly-erodible farmland that federal farm policy recognizes should never have been cultivated in the first place. It does so by paying farmers not to grow cultivated crops, but to plant perennial grasses or trees for at least a 10 year period.

While the CRP has been saving topsoil by removing marginal land from agricultural production, an equivalent amount of soil -- much of it high quality farmland -- is being covered by pavement each year.

However, while the CRP has been saving topsoil by removing marginal land from agricultural production, an equivalent amount of soil -- much of it comprising high quality farmland -- is being covered by

pavement each year. (See Map in Appendix B.) This is the land that the nation should *keep* in production if it wishes to maximize the economic return from agriculture and minimize its environmental impact -- and in which there would appear to be a national interest in protecting from urban sprawl. Yet, despite this interest and clear farmer enthusiasm for PACE programs, the federal government has spent only about \$11 million to help states and localities protect farmland -- 200 times less than it spends *each year* on the CRP.

Federal farmland protection spending has been limited to a program authorized by the Farms for the Future Act, which was part of the Food, Agriculture, Conservation and Trade Act of 1990, also known as "FACTA" or the 1990 Farm Bill. ²¹ This program has proved successful at helping Vermont, chosen as the one pilot project state, to leverage PACE funds and provide farmers with a timely alternative to development. Based on a comparison of the number of farmers who want to sell conservation easements with those whom the state can accommodate, Vermont now has twice the capacity to satisfy farmers as the next closest state (Massachusetts) and 4 times the average of other states with PACE programs. (Table 5) In other words, Farms for the Future is working.

The success of the Farms for the Future program in Vermont has not been easily achieved. The loan procedure specified by the Act is cumbersome and time-consuming, and required a great deal of effort by state officials to put in place. Officials in other PACE states have expressed doubts about the ability of the loan program to meet their own needs, preferring instead matching grants that would minimize paperwork -- and, importantly, the time it takes to close PACE transactions -- while holding states accountable for how they spend federal funds. Reflecting this view, the National Governors Association has formally endorsed matching grants in its policy statement on the 1995 Farm Bill. ²²

The 1995 Farm Bill: An Opportunity That Shouldn't Be Missed

Just as it has in Vermont, a one-to-one federal matching grants program would double the capacity of states to satisfy farmer demand for enrolling in PACE programs to protect farmland. It could halve the average waiting time for enrollment, making these programs a viable alternative for many more farmers and greatly improving their success. Equally important, matching grants would require relatively little federal supervision because states themselves would continue to be motivated to spend their own funds wisely on the most critical farmland. And a Farms for the Future program sufficient to match current state funding -- about \$60 million per year -- would cost very little in comparison with

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current federal expenditures on erosion control: only 3 to 5 percent of CRP spending projected through the year 2000. ²³

Congress is now deliberating over the farm bill that will establish national agricultural policy through the end of this century. This represents an unparalleled opportunity to create a federal-state partnership for farmland protection by amending the Farms for the Future Act to authorize matching grants, not only for established state PACE programs, but also to encourage the formation of new ones in key agricultural states through demonstration projects. There are several options for funding these grants, including block grants to states and permitting landowners who sign state PACE contracts to bid land into the Conservation Reserve Program for a portion of the value of conservation easements placed on their land. ²⁴

But unless we take advantage of this opportunity, state and local efforts to protect nationally significant farmland will continue to win friends, but lose ground.

The 1995 farm bill offers an unparalleled opportunity to create a federal-state partnership for farmland protection.

Endnotes

1. Conservation easements are legal agreements that limit the use of land to protect its natural features. Agricultural conservation easements limit uses of the land that would make it unsuitable for farming, primarily the construction of houses and commercial buildings unrelated to production agriculture. They do not affect ownership rights, the ability to sell or otherwise transfer the land, or the manner in which farming is practiced. Most agricultural conservation easements acquired by states and local governments are intended to be perpetual in duration but, in recognition that nobody can predict the future, many provide that limitations on nonfarm uses can be lifted if farming becomes commercially unfeasible.
2. On average, providing public services like roads and sewers to low density residential development costs up to 25 percent more than what residential taxpayers contribute in property taxes. By contrast, the cost of servicing undeveloped farmland is typically only 10 to 20 percent of the taxes paid by farmers. See, e.g., *Cost of Community Services Study [for Two New York Towns]*, Cornell Cooperative Extension Service of Dutchess County and American Farmland Trust (1989); *Farmland and the Tax Bill: The Cost of Community Services in Three Minnesota Cities*, American Farmland Trust (1994). The disparity is greater the more development sprawls out over the countryside. See, e.g., *Density Related Public Costs [in Loudoun County, Virginia]*, American Farmland Trust (1986), Figure 1 at p. 3.
3. Measured by the market value of agricultural products sold according to the U.S. Census of Agriculture, 1987. Source: American Farmland Trust, *Farming on the Edge: A New Look at the Importance and Vulnerability of Agriculture Near American Cities* (June 1994).
4. See, Thompson, E., *Case Studies in Suburban-Agricultural Land Use Conflict*, Zoning & Planning Law Handbook (1992), at 297. For cases interpreting state "right to farm" laws, see Hamilton, N., *A Livestock Producer's Legal Guide to Nuisance, Land Use Control and Environmental Law* (1992), at 41.
5. Lake Champlain Commission, *Results of Nonpoint Source Pollution Assessment* (1994), at 4.
6. *First Progress Report of the New York City Watershed Agricultural Program* (April 1994).
7. Chesapeake Bay Foundation, *Future Harvest: Farming for Profit and Sustainability* (July 1994).
8. See, Scott-Graham, E., American Farmland Trust, *A Proporsal for Incentive-Driven Habitat Creation and Enhancement on Farmlands in the San Joaquin Valley* (November, 1994)
9. Walsh, R., et al., Colorado State University, *Recreational Value of Ranch Open Space* (1993).
10. American Farmland Trust, "Agritourism," *American Farmland* (Fall 1994), at 18.
11. Grandjean, P., *Agri Biz*, Connecticut Magazine (July 1994).
12. When used in combination with agricultural zoning, PACE programs are especially effective at protecting farmland and agriculture. The advantages of PACE -- that it is voluntary, compensatory and lasting -- offset the disadvantages of zoning, which is compulsory, tends to reduce property values, and is of uncertain duration.
13. See, Freedgood, J. "PDR Programs Take Root in the Northeast," *Journal of Soil and Water Conservation* (Sept. 1991), at 329.
14. State priorities do not override local land use policies. For example, conservation easements are not purchased in areas that counties have zoned to accommodate residential or commercial development.

15. Landowners are generally paid the difference between the "highest and best use" value of the land under current zoning and its agricultural value with the development limits imposed by the easement.
16. See, Wagner, R., American Farmland Trust, *Protecting Farmland Through the Purchase of Development Rights: The Farmers' Perspective* (1988).
17. These conclusions are from a comprehensive review and evaluation of state and local farmland protection programs now being conducted by AFT. Publication of a full report is expected in Spring 1996.
18. Delaware, Florida, Kentucky, Michigan, Utah and Wisconsin.
19. See, e.g., Endicott, E. ed., *Land Conservation Through Public/Private Partnerships* (1993), at 49, detailing a transaction of this type.
20. The six other states actively considering PACE programs are losing another 60,000 acres of prime and unique farmland a year. See Table 3.
21. The official name of the program authorized by section 1465 of FACTA is the "Agricultural Resource Conservation Demonstration Program." The legislation authorized USDA to make loans of up to \$10 million a year for 5 years to states for the purpose of PACE acquisitions. Loans are to be interest-free for 5 years and carry below-market rates for the remaining 5 years of each loan. States are required to repay the loans, but may keep the savings realized through reduced interest payments. The program was authorized as a pilot in Vermont only, which has received a benefit through interest savings of about \$10.7 million over three years. No funds have been appropriated in FY 1995, bringing the pilot program to a practical end.
22. The relevant portion of the NGA policy statement on the 1995 Farm Bill, adopted by its Board in February 1995, reads: "Farmland that is the basis of a healthy local economy, provides critical environmental benefits, or is of exceptional value for food production should be protected from conversion to nonagricultural uses. The Governors recommend that the Farms for the future program be continued and changed to authorize one-to-one Federal matching grants to State and State-approved local jurisdictions."
23. See, Benbrook, C., American Farmland Trust, *Impacts of The American Farmland Trust Conservation Reserve Program Recommendations: Preliminary Estimates and Description of CRP Policy Impacts* (June 1995), at 31.
24. See, CRP Report, *supra*, at 28. And see draft legislative proposal in Appendix C.

Appendix A
Data Tables

Value of Agricultural Production in Urban-Influenced Counties State-by-State Comparison

Source: Farming on the Edge: A New Look at the Importance and Vulnerability of Agriculture Near American Cities (June 1994)

State	1987 Agricultural Sales * in Urban-Influenced Counties (\$ Thousands)	Percentage of Total State Sales**		State	1987 Agricultural Sales * in Urban-Influenced Counties (\$ Thousands)	Percentage of Total State Sales**	
		In MSA	Adjacent			In MSA	Adjacent
AL	\$1,601,087	33%	51%	NC	\$3,157,398	35%	54%
AR	\$1,558,239	26%	20%	ND	\$259,128	12%	0%
AZ	\$605,000	37%	0%	NE	\$590,146	5%	4%
CA	\$12,710,850	86%	6%	NH	\$84,602	34%	44%
CO	\$1,186,610	38%	0%	NJ	\$492,064	100%	0%
CT	\$357,702	79%	21%	NM	\$202,499	19%	0%
DE	\$114,024	7%	19%	NV	\$35,567	11%	4%
FL	\$3,933,397	73%	18%	NY	\$2,330,102	58%	38%
GA	\$1,642,132	19%	40%	OH	\$3,422,912	41%	59%
IA	\$3,665,848	11%	30%	OK	\$914,053	11%	22%
ID	\$427,917	16%	3%	OR	\$901,780	37%	11%
IL	\$4,973,847	32%	46%	PA	\$2,996,032	66%	50%
IN	\$3,569,869	35%	52%	RI	\$37,786	71%	29%
KS	\$685,518	5%	5%	SC	\$866,842	42%	57%
KY	\$1,332,906	31%	33%	SD	\$230,834	7%	2%
LA	\$916,112	22%	46%	TN	\$1,237,383	29%	48%
MA	\$337,315	92%	7%	TX	\$3,697,523	20%	15%
MD	\$600,550	43%	18%	UT	\$218,143	25%	11%
ME	\$248,550	27%	34%	VA	\$1,259,413	25%	48%
MI	\$2,147,827	54%	30%	VT	\$295,335	2%	50%
MN	\$2,202,528	17%	22%	WA	\$1,664,695	51%	10%
MO	\$1,531,862	20%	22%	WI	\$4,176,599	31%	54%
MS	\$534,302	6%	22%	WV	\$110,384	22%	19%
MT	\$150,328	10%	0%	WY	\$40,288	6%	0%
				US	\$6,286,229		

* Market Value of Agricultural Products Sold (U.S. Census of Agriculture, 1987)

** Market value in counties within Metropolitan Statistical Areas (MSA), and in counties adjacent to MSAs (and having a population density of at least 25 people per square mile), respectively, as a percentage of total state market value.

Table 2

**Value of USDA Food Group Commodities Produced
In Urban-Influenced Counties (1987)**

Source: Farming on the Edge (AFT 1994)

Food Group	MSA Counties (a)		Adjacent Counties (b)		Total U.S.
	\$ Million	Pct U.S.	\$ Million	Pct U.S.	
Dairy	\$6,884	44%	\$5,645	36%	\$15,791
Meat (c)	\$12,620	22%	\$12,943	23%	\$57,212
Vegetables	\$3,281	72%	\$663	14%	\$4,582
Fruit	\$5,254	77%	\$695	10%	\$6,813
Grain (d)	\$6,057	21%	\$7,334	26%	\$28,315
All Commodities	\$44,954	33%	\$31,332	23%	\$135,400

(a) Metropolitan Statistical Areas

(b) Counties adjacent to MSAs with at least 25 persons per square mile.

(c) Includes beef cattle, hogs and poultry.

(d) Includes corn, wheat and others.

Table 3

Development of Prime, Unique and Other Farmland In States with Existing or Incipient PACE Programs

Data Source: USDA National Resources Inventory, 1992.

State (a)	Farmland Developed 1982-1992			Percent of Land Developed That Was Prime & Unique	Ratio of Prime & Unique to Other Land (b)
	Prime & Unique	Other	Total		
California	205	595	800	26%	5.7
Colorado	35	275	309	11%	6.2
Connecticut	19	65	84	23%	2.8
Delaware	17	18	35	49%	1.8
Florida	166	1,027	1,193	14%	0.1
Kentucky	128	240	368	35%	2.9
Maine	14	85	98	14%	5.0
Maryland	44	105	149	29%	2.1
Massachusetts	35	198	233	15%	1.6
Michigan	145	318	463	31%	1.1
New Hampshire	8	144	152	5%	2.0
New Jersey	105	194	298	35%	2.6
New York	77	222	298	26%	2.0
North Carolina	297	645	941	32%	1.9
Pennsylvania	150	286	436	34%	3.7
Rhode Island	7	19	26	26%	3.2
Utah	24	84	108	23%	NA
Vermont	8	58	65	12%	3.7
Washington	62	226	288	22%	0.6
Wisconsin	116	134	249	46%	1.1

Multiply all acreage figures x 1,000.

- (a) States where PACE programs exist or that are actively considering their adoption.
 (b) Percentage of prime & unique land developed divided by percentage of other land developed.
 Indicates greater likelihood that prime & unique will be developed.

Table 4

**State and Local PACE Programs Are Protecting Farmland
With Voluntary Conservation Easements**

***"Annual investment in state and local farmland
protection programs has averaged \$61.5 million."***

State	Program Began	Protected		Funds	
		Farms	Acres	Invested	Available
California (a)	1980	57	43,785	47,356,894	10,900,000
Connecticut	1978	181	24,250	71,555,000	4,700,000
Colorado (b)	1988	6	1,904	3,254,192	4,300,000
Maine	1990	1	307	380,000	0
Maryland	1977	758	140,559 (f)	128,500,000	10,000,000
Massachusetts	1977	345	31,086	84,500,000	5,500,000
New Hampshire	1979	127 (g)	8,469	NA	0
New Jersey	1981	148	22,085	71,461,359	50,000,000
New York (c)	1976	154	6,941	46,000,000	4,950,000
North Carolina (d)	1987	21	1,255	1,785,000	0
Pennsylvania	1989	468	58,387	123,400,000	19,000,000
Rhode Island	1982	30	2,428	14,000,000	0
Vermont	1987	111	36,580	21,866,299	4,200,000
Washington (e)	1979	187	12,650	50,000,000	1,500,000
Totals	168 (h)	2,575	396,686	\$664,058,744	\$115,050,000

- (a) Marin, Monterey, Sonoma Counties; State Coastal Conservancy
 (b) City of Boulder. New program of Great Outdoors Colorado not reflected here.
 (c) Suffolk County, Towns of East Hampton, Southampton and Southold
 (d) Forsyth and Wake Counties
 (e) King County
 (f) Recorded easements. Includes Montgomery County TDR program.
 (g) Recorded easements
 (h) Total program years

Table 5

**Demand Exceeds Funding Capacity of
State and Local Farmland Protection Programs**

***"For every farmer who voluntarily sells a conservation easement,
6 more are waiting in line for state and local purchase funding."***

State (e)	Farmer Applicants	Acreage	Estimated Value (c)	Available Funds (d)	Capacity vs. Demand
California (a)	88	74,000	108.5	20.6	19%
Connecticut	141	51,762	48.8	4.7	10%
Maryland	420	51,762	81.3	7.7	9%
Massachusetts	147	16,593	58.0	19.0	33%
New Jersey	283	31,775	158.9	19.0	12%
Pennsylvania (b)	399	43,853	89.9	9.7	11%
Vermont	56	12,000	7.2	4.2	58%
Totals	1,534	281,745	\$552.6	\$84.9	15%

- (a) Marin and Sonoma only counties surveyed..
- (b) Berks, Chester, Lancaster, Northumberland and Schuylkill Counties.
Other Pennsylvania counties are now being surveyed.
- (c) \$ Millions. All based on average easement cost except California based on actual cost estimate.
- (d) Fiscal year 1995 only.
- (e) Most active PACE states.

Table 6

State and Local Farmland Protection Programs Are Losing Ground

"Three acres of prime and unique farmland are being lost for every acre state and local programs can now protect."

State	Acres Protected 1980-1994		Acres Converted (b) Per Year 1982-1992				Ratio of Prime & Unique Converted To Land Protected
	Total	Per Year	Prime	Unique	Other	Total	
California (a)	43,785	3,128	11,050	9,480	59,480	80,010	6.8
Connecticut	24,250	1,516	1,850	60	6,460	8,370	1.3
Colorado (a)	1,904	238	3,040	430	27,460	30,930	14.6
Maine	307	77	1,300	60	8,450	9,810	17.7
Maryland	146,559	8,621	4,160	220	10,520	14,900	0.5
Massachusetts	31,086	1,829	3,300	230	19,760	23,290	1.9
New Hampshire	8,469	565	620	170	14,390	15,180	1.4
New Jersey	22,085	1,699	9,630	820	19,360	29,810	6.2
New York (a)	6,941	386	7,090	570	22,160	29,820	19.9
North Carolina (a)	1,255	179	29,020	640	64,470	94,130	165.4
Pennsylvania	58,387	11,677	13,810	1,190	28,600	43,600	1.3
Rhode Island	2,428	202	600	60	1,920	2,580	3.3
Vermont	36,580	5,226	760	0	5,780	6,540	0.1
Washington (a)	12,650	843	5,330	910	22,550	28,790	7.4
Totals	396,686	36,185	91,560	14,840	311,360	417,760	2.9

(a) Only a few localities have programs in these states.

(b) Source: USDA National Resources Inventory, 1992.

Appendix B

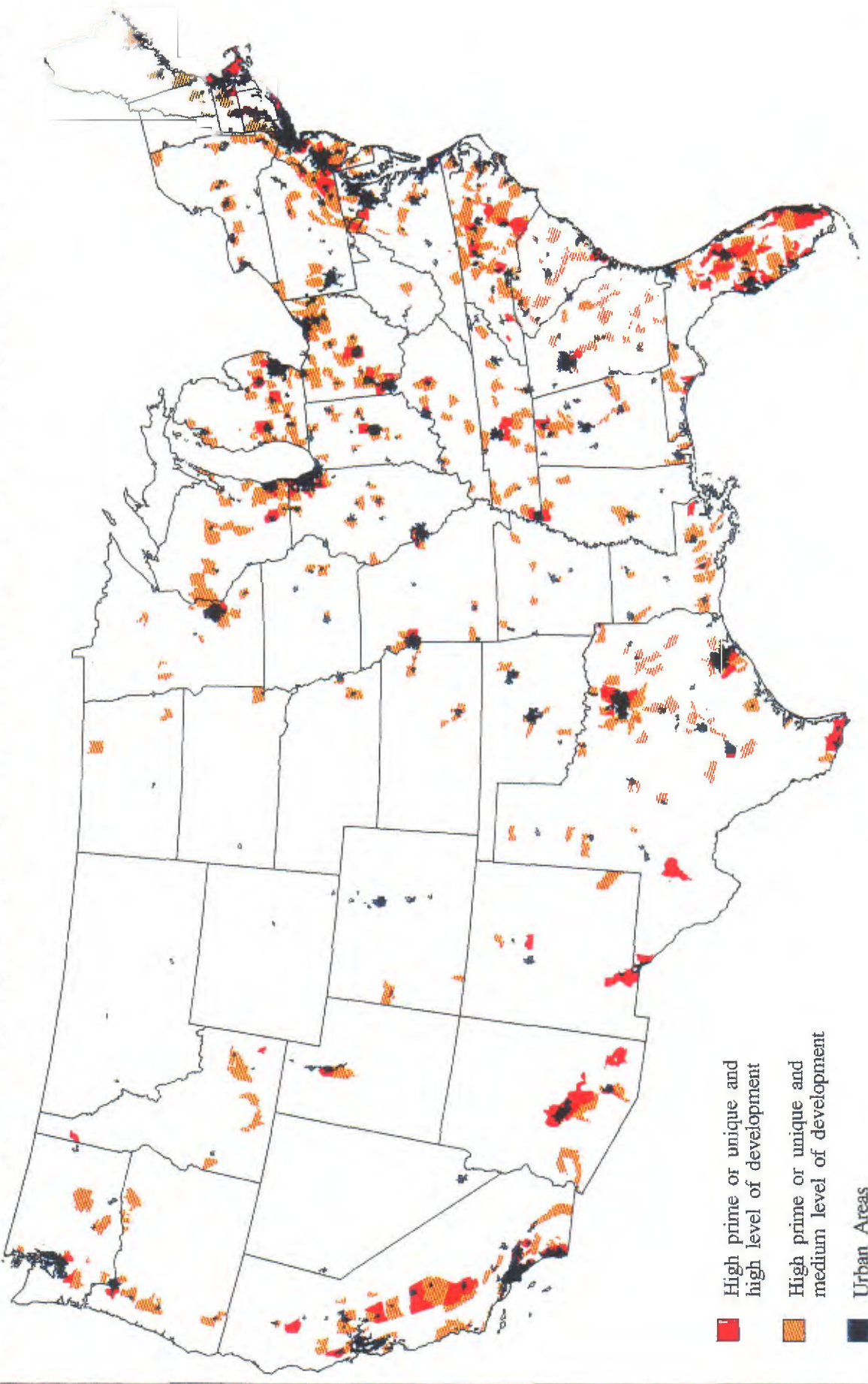
Legend and Explanation of Map entitled "Areas of Prime & Unique Farmland and Increases in Developed Land: 1982 to 1992"

The map on the following page shows areas where high concentrations of prime and unique farmland are under the most pressure from urban development. It relies on data from USDA's most recent National Resources Inventory.

At least 25% of the farmland in an area must be prime farmland to qualify as high prime. At least 1,000 acres of land must have been devoted to fruit or vegetable production in 1992 for an area to be classified as high unique. At least 10,000 acres of farmland must have been developed in an area between 1982 and 1992 to qualify as high development. At least 2,500 acres must have been developed to qualify as a medium level of development.

The map was produced by Professor Richard Greene at the Geography Department of Northern Illinois University in cooperation with AFT's Center for Agriculture in the Environment.

Areas of Prime & Unique Farmland and Increases in Developed Land: 1982 to 1992



Appendix C

Draft Legislative Proposal for Amending the Farms for the Future Act (FACTA §1465-1466)

1. Amend the purpose of the Farms for the Future Act, FACTA §1466(a)(1), to add "and to provide matching grants for state and local purchases of fee and less-than-fee interests in high-quality agricultural land to assure that its production capability is maintained."
2. Amend the Act, FACTA §1466 by adding a new subsection (f), as follows, and by redesignating existing sections (f) and (g) as new sections (g) and (h) respectively.

"(f) MATCHING GRANTS -- The Secretary is authorized to provide grants to states and state-approved local governments and nonprofit organizations for the purpose of purchasing fee and less-than-fee interests in farmland to maintain its agricultural production capacity by limiting nonagricultural uses of such land. Purchases may be made only from willing sellers on a voluntary basis. Such grants shall be paid to State trust funds established under this title and shall be subject to the recordkeeping and other requirements promulgated by the Secretary under [new] subsection (g) of this section. Grants may be made --

(1) for up to 50 percent of the cost of purchasing interests in farmland by States and state-approved local governments and nonprofit organizations in States that the Secretary determines are operating programs for this purpose;

(2) for up to 90 percent of the cost of purchasing interests in farmland as demonstration projects by States and state-approved local governments and nonprofit organizations in States that the Secretary determines are actively developing programs to protect farmland from conversion to nonagricultural use. The State or local match for this purpose may include transaction costs and may be fulfilled by in-kind services.

(3) for up to 90 percent of the cost of developing State and local government programs to protect farmland, including research and education, provided that the total amount allocated for this purpose does not exceed 10 percent of the total funds appropriated for all matching grants under this section. The State or local match for this purpose may be fulfilled by in-kind services.

There are authorized to be appropriated such funds as are necessary to achieve the purposes of the Act. In lieu of direct grants to States, the Secretary is further authorized to provide matching funds under subsections (1) and (2) by enrolling the subject farmland in the Conservation Reserve Program subject to such rules as he shall prescribe for cost-effectiveness.

3. Amend new subsection §1466(g) by adding a new subsection (7), as follows, and by redesignating existing subsection (7) as (8).

"(7) rules for the qualification of programs of States and state-approved local governments and nonprofit organizations for matching grants, including a system of allocating grants among States in proportion to the strategic characteristics of farmland to be protected, the extent to which such land is being converted to nonagricultural uses and other relevant factors. Such rules shall give broad discretion to States and local governments to determine their own farmland protection priorities and procedures."