

Thirty-five years ago, a group of people committed to farming and conservation from across the United States came together to establish American Farmland Trust (AFT)—the first and only national organization dedicated to saving America's farmland. AFT's mission is to protect farmland, promote sound farming practices, and keep farmers on the land.

AFT has united farmers and environmentalists in developing practical solutions to save farmland and protect the environment. We work from the 'kitchen table to the Congress'-tailoring solutions that are effective for farmers and communities and can be magnified to have greater impact. Since our founding, AFT has helped save over five million acres of farmland and led the way for adoption of conservation practices on millions more.

AFT's national office is in Washington, D.C. with a network of field offices across America where farmland is under threat. AFT established its New York Field Office in 1990 as the state was and continues to be home to some of the most threatened farming regions in America.

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# Cultivate NEWYORK

An Agenda to Protect Farmland for Growing Food and the Economy



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#### **EXECUTIVE SUMMARY**

In New York, roughly 5,000 farms have been paved over since the early 1980s—put differently, an average of 3 farms a week have been destroyed for over 30 years.

Food connects all New Yorkers. Hundreds of thousands of people in New York make a living on farms or with businesses associated with farming and food processing. Everyone needs food to live, and access to nutritious, local food can help address the epidemic of obesity and associated chronic diseases facing New York, and the nation.

The foundation of this food system is farmers, and the farmland that they need for growing food. Fertile soil is a precious resource, with less than 3% of the Earth's surface suitable for farming. With projections that global food production needs to increase by 70% by 2050, foreign nations and private investors have leased or purchased millions of acres of farmland around the world to control the soil that can provide food security or future profits.

The United States is home to one of the world's greatest concentrations of fertile soil. Tragically, millions of acres of farmland have been destroyed in this country by poorly planned real estate development. In New York, roughly 5,000 farms have been paved over since the early 1980s—put differently, an average of 3 farms a week have been destroyed for over 30 years.

Responding to this crisis, Governor Mario Cuomo and the New York State
Legislature passed the Agricultural Protection Act in 1992, creating the state's
Farmland Protection Program. The program began by offering funding and assistance
to counties to develop agricultural and farmland protection plans. In 1996, state law
was amended and the Farmland Protection Program began offering funds that were
used to permanently protect farmland with agricultural conservation easements.

2016 marks the 20<sup>th</sup> Anniversary of the State of New York investing funds through the Farmland Protection Program to permanently protect working farms. To date, the State of New York has partnered with farm families, local governments and land trusts to permanently protect 59,165 acres on 232 farms.

In 2015, New York emerged as a national leader in investing in protecting working farmland, with the highest levels of funding in the state's history. Yet, much more needs to be done. The State of New York has helped permanently protect less than 1% of the state's farmland, and New York lags far behind neighboring states in protecting the land needed for farming and growing food.

Importantly, new threats are emerging to New York's farmland—including the need to transition farmland to new and next generation farmers and climate change. More than 2 million acres of farmland in New York are managed by farmers over 65 and will change hands in the coming years. In the past, many farm families have seen no alternative to selling their farm for real estate development when they sought to retire. And, new and next generation farmers in New York face significant challenges in finding farmland at a price they can afford and conditions that will enable them to succeed in farming.

Climate change poses threats, and opportunities for farming in New York. Severe weather has hurt farmers across the state, but New York is better positioned for resilient farming given the state's fertile land and abundant fresh water, as well as the severe drought and other impacts projected in other regions of the nation. Protecting highly productive farmland will not only give New York farmers the best opportunities to adapt to a changing climate, there is new evidence that keeping land in farming can help maintain lower levels of greenhouse gas emissions.

Cultivate New York: An Agenda to Protect Farmland for Growing Food and the

In 2015, New York emerged as a national leader in investing in protecting working farmland, with the highest levels of funding in the state's history.

Economy celebrates accomplishments of the last 20 years, while offering new evidence of threats to farmland in New York and the urgent need for action. Cultivate New York reflects input from farmers, local governments, land trusts and other key stakeholders. It suggests a road map to protecting the state's irreplaceable farmland to ensure a growing farm and food economy and the availability of healthy, local food for generations to come. Specific goals and recommendations include:

### GOAL 1: INVEST IN MAKING NEW YORK A NATIONAL LEADER IN PROTECTING THE LAND TO GROW FOOD AND THE ECONOMY.

### BENCHMARK: Permanently protect 100,000 acres of high quality farmland that is under threat over the next 10 years.

- ▶ **RECOMMENDATION 1:** Allocate \$300 million from the Environmental Protection Fund, or other state economic development, infrastructure or other funding sources to permanently protect New York's most productive farmland that is under threat from real estate development.
- ▶ **RECOMMENDATION 2:** Engage the United States Department of Agriculture (USDA) and Congress to leverage additional funding from the national Agricultural Conservation Easement Program (ACEP) for permanent farmland protection projects in New York.
- ▶ **RECOMMENDATION 3:** Enable and encourage local governments to generate funding for protecting farmland through the expansion of the Community Preservation Act and other local funding mechanisms.
- ▶ **RECOMMENDATION 4:** Support additional federal incentives to encourage farmers and non-farming landowners to convey permanent agricultural conservation easements in New York.

### GOAL 2: IMPROVE CAPACITY TO PROTECT FARMS QUICKLY AND EFFICIENTLY.

### BENCHMARK: Consistently complete state-funded farmland protection projects in less than two years.

- ▶ **RECOMMENDATION 5:** Provide greater flexibility to local partners working with the state's Farmland Protection Program in the design, review and completion of state-funded projects.
- ▶ **RECOMMENDATION 6:** Improve capacity at the Department of Agriculture and Markets to consistently complete projects in less than 2 years.
- ▶ **RECOMMENDATION 7:** Provide financial support for building land trust capacity to work with communities and farm families in protecting farmland and keeping farmers on the land.
- ▶ **RECOMMENDATION 8:** Develop a consistent annual timeline for releasing the Request for Proposals (RFPs) and the announcement of funding awards associated with the state's Farmland Protection Program.

More than 2 million acres of farmland in New York are managed by farmers over 65 and will change hands in the coming years.

### **GOAL 3: ENABLE THE TRANSITION OF FARMLAND TO NEW AND NEXT GENERATION FARMERS.**

BENCHMARK: Help 5,000 new and next generation farmers in finding land in New York over the next 10 years.

- ▶ **RECOMMENDATION 9:** Create a state capital gains tax deferral for farmland sold to new and next generation farmers, and support federal tax incentives that encourage the successful transfer of New York's working farmland to the next generation.
- ▶ **RECOMMENDATION 10:** Make agricultural conservation easement provisions aimed at keeping protected farmland affordable and in active agricultural use eligible costs in projects awarded funding from the state's Farmland Protection Program.
- ▶ **RECOMMENDATION 11:** Actively make state-owned farmland available to farmers, particularly new farmers, and keep it in active farming. Ensure that state-owned farmland is protected with an agricultural conservation easement if it is to be sold by the State of New York.
- ▶ **RECOMMENDATION 12:** Support new partnerships to aid beginning farmers in securing access to land and facilitating the transfer of farms to the next generation of farmers in New York.

### GOAL 4: PLAN TO CONSERVE FARMLAND RESOURCES FOR A RESILIENT FARM AND FOOD ECONOMY IN NEW YORK.

BENCHMARK: Development of a statewide plan and supporting state policies by 2020.

- ▶ **RECOMMENDATION 13:** Develop a state plan for protecting New York's food producing resources to ensure a resilient food system capable of providing a significant portion of the food needs of New Yorkers.
- ▶ **RECOMMENDATION 14:** Adopt a state farmland mitigation fee to offset farmland converted due to road, water, sewer or other infrastructure projects receiving public funding, incentives or authorization.

#### INTRODUCTION

The State of New York is home to one of the world's greatest cities, with nearly 9 million residents living in New York City and millions more nearby. The state is also home to a vibrant and growing farm economy with more than 35,000 farms and many more associated businesses generating more than \$39 billion in economic impact annually. With the state's productive farmland, ample supply of fresh water and close proximity to millions of consumers in New York and neighboring states, the farm and food sectors of the state's economy are poised for future growth.

New York is a national leader in the production of fruits, vegetables and dairy products. The availability of fresh, nutritious food for New York's 19 million residents is of increasing importance for many state residents, given the positive impact of a healthy diet that includes locally grown farm products on the epidemic of obesity and associated chronic diseases occurring in New York and the nation.

### FERTILE SOIL RECOGNIZED AS PRECIOUS FOR MEETING GLOBAL DEMAND FOR FOOD

Arable land is being recognized as an increasingly important, and limited, resource. By 2050 the worldwide population is expected to have increased by 2 billion people. According to projections made by the Food and Agriculture Organization of the United Nations, the global rate of food production will need to increase by 70% over the next four decades to accommodate the world's growing population and changing diets.

Yet, less than 3% of the Earth's surface is suitable for growing food, and 90% of this land is already in agricultural production. Nations like China and Saudi Arabia, as well as private investors, have responded to these concerns by leasing or purchasing over 80 million acres of farmland in Africa and South America to grow sufficient food to feed their growing populations, or, in the case of investors, to turn a profit.<sup>2</sup>

As a nation, the United States has the second-highest amount of arable land in the world—just over 11% of all the land suitable for farming on the planet.<sup>3</sup> Yet, farmland is being destroyed in this country at a fast pace—an average of 40 acres of American farmland are developed every hour of every day. Nearly 25 million acres of farmland have been lost to real estate development in the United States since the early 1980s.<sup>4</sup> This is the equivalent of paving over almost every farm in Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and West Virginia.

Since the 1980s, nearly half a million acres of farmland has been paved over in New York, which is the equivalent of nearly 5,000 farms. The most recent data indicates that an average of 5,000 acres of farmland per year is lost to real estate development—about one farm a week.<sup>5</sup>

In 1992, Governor Mario Cuomo and the New York State Legislature passed the Agricultural Protection Act, creating Article 25AAA of the Agriculture and Markets

Law that authorized the state's Farmland Protection Program within the state Department of Agriculture and Markets. At its inception, the program encouraged local efforts to protect farmland by providing financial and technical assistance to counties to aid in the development of agricultural and farmland protection plans. In 1996, Article 25AAA of the Agriculture and Markets Law was amended to authorize financial assistance for implementing agricultural and farmland protection plans. This funding was used to purchase the development rights (PDR) to farmland, permanently protecting the land from development with agricultural conservation easements.

**Agricultural Conservation Easement**: An agricultural conservation easement is a restriction voluntarily placed on the deed to a property. It legally prevents the owner from using the property in ways that are inconsistent with commercial agriculture, including real estate development.<sup>7</sup>

**Purchase of Development Rights (PDR)**: Through PDR programs, landowners are compensated for placing a permanent agricultural conservation easement on their property. In effect, they extinguish the right to develop their property but otherwise leave their ownership unchanged. In New York State, the purchasers of development rights who pay for these agricultural conservation easements with funds from state grants can be land trusts, municipal or county governments, or soil and water conservation districts. These programs are also called Purchase of Agricultural Conservation Easements (PACE).<sup>8</sup>

2016 marks the 20<sup>th</sup> anniversary of the establishment of what is now known as the Farmland Protection Implementation Grant (FPIG) program. This funding, administered by the New York State Department of Agriculture and Markets, continues to be used almost exclusively for the purchase of development rights and placement of permanent agricultural conservation easements on working farms.

Over these past two decades funds from the State of New York have helped permanently protect 59,165 acres on 232 farms. Not only do these funds pay farmers to permanently protect their land for agriculture, they also allow farmers to access the equity in their land, enabling them to reinvest in their farm operations or transition their farms to the next generation. This report focuses on accomplishments of the FPIG program from 1996 to 2015 and provides goals and recommendations for action to ensure that New York protects the farmland essential to feeding the state's citizens and growing the farm and food economy for generations to come.

The second section explains how valuable farmland is to New York State as the base for healthy, local food and for statewide economic development. Section 3 examines several reasons why this important asset is more in need of protection than ever, including threats from difficult transitions to new and next generation farmers and from climate change. The 20-year history of state involvement in permanent farmland protection is examined in Section 4, including an in-depth look at past levels of state funding and spending in the Farmland Protection Program and recent record-breaking accomplishments. The report concludes with goals and recommendations for further improving New York State's farmland protection efforts to save the land that sustains us.

## SECTION 1: THE LAND THAT GROWS FOOD AND NEW YORK'S ECONOMY

### Connecting a Healthy Diet and the Land

More and more New Yorkers are thinking about their food, and where that food comes from. For many families, improving the eating habits of children is important given the critical link between diet and health. Over 1.4 million young people are obese in New York and health care costs for treating obesity are approaching a staggering \$12 billion annually. In addition to addressing health concerns by eating more fresh fruits and vegetables, New Yorkers have developed a new appreciation for the superior nutritional quality of food produced on farms close to home.

New York's local foods movement has gained momentum as citizens seek to purchase healthy, local farm products at farmers markets, grocery stores, restaurants,

### Farmer Story

#### **BENSVUE FARM**

Town of Lansing, Tompkins County

Bensvue Farm, operated by Chandler and Aziza Benson, is one of nearly 1,000 certified organic farms in New York State. The milk the Bensons produce and sell through the Organic Valley co-op contributes to the state's \$2.5 billion in annual milk sales.



Chandler and Aziza Benson and their three sets of twins on Bensvue Farm.

In 2006, Chandler's parents, Andra and Chuck Benson, made two decisions that have had a huge impact on the farm's continued viability. First, they became a certified-organic farm. Second, they decided to work with the Town of Lansing to permanently protect their farm from being developed by participating in the Farmland Protection Implementation Grant program. The timing of their application—during the period when program funds were scarce after the housing market crash—meant that the process was far from smooth and took about five years to complete.

However, the funds ultimately allowed Andra and Chuck to gift their land and dairy herd to their son and daughter-in-law, whose three sets of twins are now the fourth generation to be raised on the farm. The profits from the farm not only continue to support the Benson family, but have also allowed Chandler and Aziza to purchase adjacent land that the family had previously rented for years.

#### **NEW YORK'S FOOD IN THE PATH OF DEVELOPMENT**

Much of the food we eat—based on farm sales—is produced near cities.



SOURCE: Calculations based on data from the 2012 USDA Census of Agriculture and the USDA Economic Research Service's Urban Influence Codes.

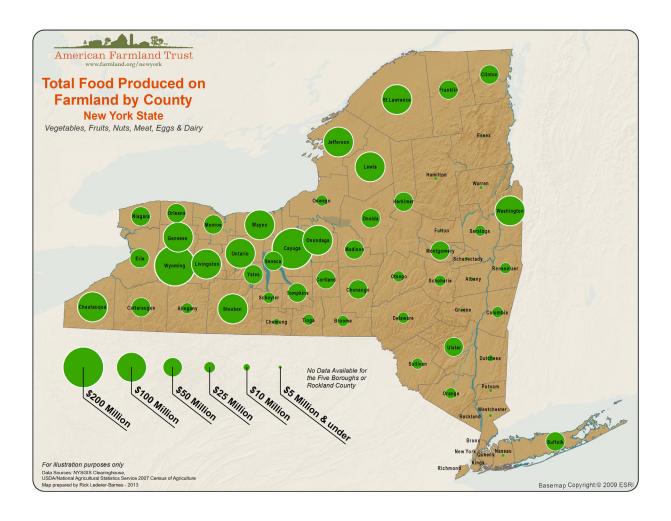


with Community Supported Agriculture (CSA) shares, and increasingly through schools, colleges, hospitals and other community institutions. New York has the second highest direct-to-consumer sales of food in the nation, according to the 2012 Census of Agriculture. A special survey found that New Yorkers spent \$362 million purchasing local agricultural products directly from farmers. In addition, over a period of 10 years, the number of farmers markets in the state more than doubled to a total of 521.

Thanks to many innovative state programs, more New Yorkers than ever before can take advantage of healthy food produced locally. Some of the programs drawing on the bounty of New York's local foods to help improve the health of seniors, students, veterans, and low-income individuals include:

- ▶ Fresh Connect Farmers' Market
- ▶ Senior Farmers' Market Nutrition Program
- ▶ Farmers' Market Nutrition Program
- ▶ Women, Infants and Children (WIC) Vegetables and Fruits Check Program
- ▶ Farm to School Program
- ▶ Hunger Prevention and Nutrition Assistance Program
- ▶ Creating Healthy Schools and Communities

There is a direct connection between increased access to and production of healthy food, and the amount of farmland necessary to grow this food. Each acre of New York's farmland can produce about 1,000 meals in a year.<sup>13</sup> According to a



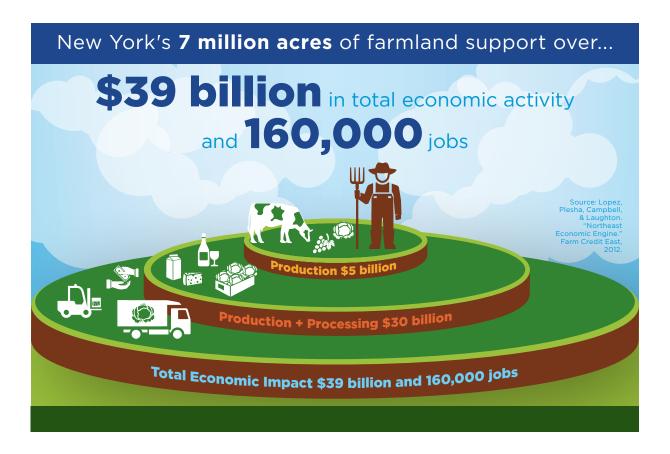
Cornell University study, the farmland currently available in New York is capable of feeding entirely local meals to about 4.6 million New Yorkers, depending on their diet. If New York continues to lose farmland to development the state will be capable of feeding fewer people. <sup>14</sup>

New York's ongoing loss of farmland to development is particularly threatening to the production of fruits, vegetables and milk. In 2012, over 80% of the fruits, vegetables, and milk produced in New York was produced on farms located near cities. The farms are directly in the path of urban and suburban sprawl. In fact, foods sold at farmers markets and other direct-to-consumer farm outlets, such as farm stands, generally come from farms located in close proximity to population centers. In New York, over 80% of farms selling to farmers markets and over 70% of CSA farm operations are located in counties classified as "urban influenced."

# Supporting Economic Opportunities for Farmers and Food Businesses

From the vegetable fields of Long Island to the apple orchards of the Hudson Valley, the vineyards of the Finger Lakes and the dairy farms of Western New York, New York State is one of the country's top agricultural producers. It also boasts New York City with millions of consumers, along with residents of Upstate New York who are increasingly seeking to purchase farm fresh food produced close to home. The end result is that New York is poised for growth in its food and agribusiness sector.

At the foundation of this vibrant farm and food economy lies New York's more than 7 million acres of agricultural land—nearly one-quarter of the state's land mass.



### FARMS REDUCE DEMAND FOR PUBLIC SERVICES AND ASSOCIATED PROPERTY TAXES

Owners of farmland support their communities and schools with a significant share of local tax dollars. Agricultural property owners across New York paid nearly \$210 million in local property taxes in 2012 to support school districts and services provided by local governments.<sup>17</sup>

Cost of Community Services (COCS) studies, a methodology pioneered by American Farmland Trust in the early 1980s, compare the monetary impacts of different categories of land use within a community. An independent analysis of 125 nationwide COCS studies found that agricultural land and open space is less costly than industrial and commercial land and far less costly than residential land.<sup>18</sup>

Why is this? Put simply, cows and corn don't go to school. Farm and forest lands have a net tax profit, because they pay little in taxes while demanding far less in costly municipal services. The findings of 15 COCS studies in New York showed that agriculture and open space cost towns only \$.29 for every \$1.00 paid in taxes (a net benefit), while residential space costs towns \$1.27 for every \$1.00 paid in taxes (a net loss).<sup>19</sup>

This land supports over 35,000 farms, located in every region of the state—including New York City. Together, these farms generate over \$5 billion in sales annually, providing over 70,000 on-farm jobs. <sup>15</sup>

New York's food processing industry combines with sales at the farm gate to add up to more than \$20 billion in sales of agricultural products. Additionally, many industries, such as manufacturers of equipment and supplies, as well as providers of services such as construction and transportation, support New York's farm and food industry. Factoring in the economic activity generated by these associated businesses, agriculture's total economic impact doubles, accounting for over \$39 billion in annual economic activity supporting over 160,000 full-time jobs. In addition, scenic rural landscapes lie at the foundation of the state's tourism industry which generated over \$100 billion in economic impact in 2014. Featuring farm stores, farm to table restaurants, beer, wine, spirits and hard cider tastings, and an array of other agritourism activities, farms are a major component of tourism in New York.

Dairy is the largest agricultural sector in New York and the state is the fourth largest milk producer in nation. Yogurt production is a great example of the dramatic growth that has occurred in New York's farm and food economy in recent years. In 2005, New York's yogurt manufacturers converted nearly 158 million pounds of milk, the equivalent of 18 million gallons, into yogurt. By 2013, this number had risen to 1.9 billion pounds, or 221 million gallons of milk—an increase of over 1,000%. This increase can be attributed to the growing popularity of what is known in the marketplace as Greek yogurt—which takes three times as much milk as regular yogurt to produce.

In 2012, New York State Governor Andrew Cuomo hosted the state's inaugural Yogurt Summit in Albany. By that year, the number of plants manufacturing yogurt

in the state had doubled—employing over 8,000 people and processing more than 100 million gallons of milk. In 2013, over 740 million pounds of yogurt were produced in New York State, representing 16% of the country's total yogurt production.<sup>20</sup>

### Farmer Story

#### **MULLIGAN FARM**

Town of Avon, Livingston County

Dairy farmer Jeff
Mulligan is the third
generation on the
farm his grandfather
purchased in 1920. In its
beginning, the 30-cow
dairy was powered by
eight teams of horses
who cultivated their
640 acres. Now, the
Mulligans have doubled
the farm's acreage,
increased their herd



Jeff Mulligan, his wife and children, and his sister Clara Mulligan and her son at the Livingston County Farm of the Year Award celebration.

size to about 1,200 adult Holsteins and 1,150 young stock, and traded in their original horsepower for self-guided tractors.

With funds from protecting their 1,245 acres in partnership with the Genesee Valley Conservancy in 2010, the Mulligans have been able to make substantial upgrades and investments into the future of their farm, including expanding their milking herd, upgrading barns and buildings, buying equipment for precision agriculture and more environmentally-friendly manure spreading, purchasing neighboring farmland and being able to plan for transitioning their farm to the next generation.

In 1980, Mulligan Farm was added to the National Register of Historic Places. In 2014, Mulligan Farm was named the Livingston County Farm of the Year in recognition for its modernity. Thanks to reinvestments made possible by Farmland Protection Implementation Grant funds, this thriving dairy will continue to produce milk in New York for generations to come.

# SECTION 2: AN URGENT NEED TO PROTECT FARMLAND IN NEW YORK

Farmland is the foundation of New York's farm and food economy, and a vital ingredient in growing healthy food for New Yorkers. The loss of this land is not a problem for farmers alone. It affects rural communities, whose character is changed when residential development fragments farmland, bringing added expenses of schools and services.

Farmland loss also affects city-dwellers, who are looking for fresh, healthy foods grown in New York. And, it affects all New Yorkers, as the future for farming in the state is eroded and future generations must look elsewhere to find land on which to make a living farming and growing our food.

### Paving Over New York's Working Farmland

Since the 1980s, New York has lost nearly half a million acres of farmland to development, the equivalent of nearly 5,000 typical farms in New York. On these farm fields, 'concrete is the last crop.' However, the impacts of real estate development extend beyond the farmland that is paved over. Often, the effect of losing farmland is compounded within a community because it makes farming more difficult for those who stay in business. Impacts of the conversion of farmland to housing, malls and other real estate development include:

- ▶ **LAND FRAGMENTATION** Farmers who would otherwise be interested in expanding their production have to travel further on busy roads to access land.
- ▶ **INCREASE IN LAND PRICES** Real estate development drives up land prices, often making remaining land in an area experiencing development pressure too expensive for a farmer to purchase. High land values are a particularly big challenge for new farmers without significant assets who are looking to buy land, equipment and make other investments.
- ▶ **NUISANCE COMPLAINTS** Although non-farming neighbors may appreciate living in a rural area, they are often less familiar with the sights, sounds and smells associated with farming and may complain about common agricultural practices.
- ▶ **LOSS OF SUPPORT SERVICES** If fewer farmers are operating in a farming community it makes business more difficult for farming support services, such as feed and seed stores, veterinary practices, tractor dealerships and others to remain open. As a result, farmers have to travel much further for their business needs.

Development pressure on New York's farmland has stemmed, in part, from people moving out of cities and into suburban and rural communities. Dr. Rolf Pendall coined the phrase 'sprawl without growth, the upstate paradox' to describe this trend where the amount of developed land in Upstate New York (all areas north of New York City) increased by 30% during a period when the population of the same region grew by less than 3%.<sup>21</sup>

The loss of farmland to development has been concentrated in specific parts of the state. Three agricultural regions in New York (Long Island, the Finger Lakes, and the Hudson Valley) have been identified as among the top 20 most threatened farming regions in the United States.<sup>22</sup> It is particularly important in these regions

that renewed effort be made to ensure that productive farmland is kept in active agriculture for the long-term.

Importantly, New York has made dramatic progress in reducing the amount of farmland converted to development according to new data from the USDA's 2012 National Resources Inventory. From the early 1990s to the present reporting period (2007-2012), the annual rate of farmland conversion in New York dropped by more than 80%. While this conversion rate is still dramatically too high, it is significantly lower than in the past.

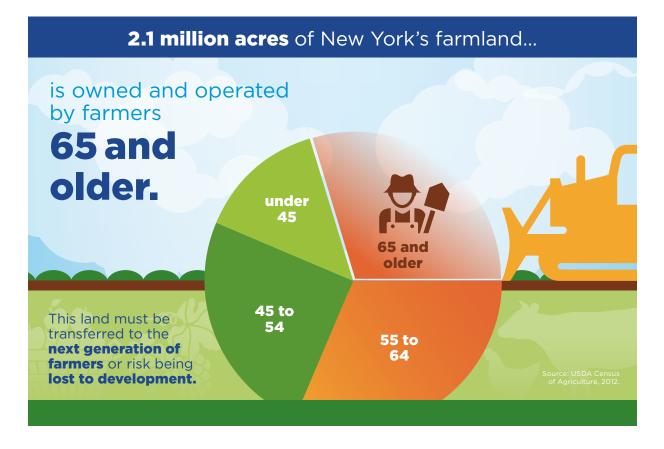
#### **NEW YORK MADE PROGRESS IN SLOWING LOSS OF FARMLAND**

	1992 - 1997	1997 - 2002	2002 - 2007	2007 - 2012
Farmland converted to developed land (acres)	143,600	90,700	38,300	25,400
Farmland converted to development annually (acres/year)	28,720	18,140	7,660	5,080

SOURCE: Calculations by Farmland Information Center based on USDA National Resources Inventory, 2012.

# An Emerging Threat: Significant Amounts of Farmland Changing Hands in New York

Farmers are a vital resource. They are just as critical to food production as natural resources like soil and water. According to the 2012 Census of Agriculture, farmers in New York make up only a half a percent of the state's total population and the



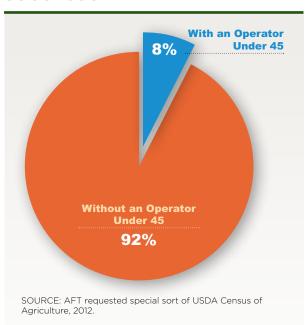
average age of principal farm operators in New York is increasing. More than 30% of New York's farmers are aged 55 to 64. These farmers manage over 2 million acres of farmland—one-third of the state's agricultural land base. Significantly, another 30% of New York's farmers are aged 65 or older. These senior farmers own and operate an additional 2 million acres. In total two-thirds of New York's farmland is owned and operated by farmers aged 55 years or older. In the past, this absence of a successor has resulted in farms being forever lost to development.

These demographics indicate that a considerable portion of the state's farmland will transition to new hands in the near future. Yet, according to a new tabulation of 2012 Census of Agriculture figures, more than 90% of retirement-age farmers in New York do not have a younger farmer working alongside them ready to take over the farm.

In addition to retiring farmers, there is a significant amount of farmland owned by non-farming landowners in New York that will also be changing hands. New York has nearly 2 million acres of land that is rented to farmers by landowners not engaged in agriculture.23 According to the new United States Department of Agriculture's Tenure, Ownership, and Transition of Agricultural Land Survey conducted in 2014, the national average age of landowners renting out farmland is 66.5 years and these landowners expect to transfer roughly 14% of their land in the next 5 years.<sup>24</sup> This suggests that non-farming landowners plan to transfer or sell a significant number of acres in New York in the near future.

At the same time, across New York there is a new generation of beginning farmers who want to build a future working the land. One of the biggest challenges these farmers face is finding affordable farmland. Prices for land are often driven out of reach for new farmers as they find

# SENIOR FARMERS WORKING WITHOUT AN IDENTIFIED SUCCESSOR

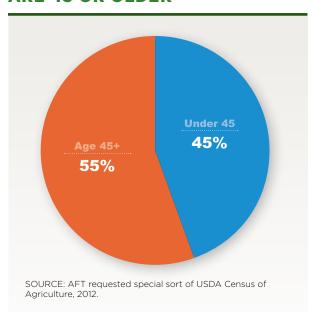


themselves competing with both real estate developers and established farmers over a shrinking land base. <sup>25</sup> In their extreme, farmland values can reach tens or even hundreds of thousands of dollars per acre. A 2014 study by Farm Credit East found that farmland values in Suffolk County were \$86,000 an acre with a median price of \$285,000 an acre on the South Fork of Long Island. <sup>26</sup> Such values are clearly far beyond the price that farmers, particularly new farmers, can afford. Because of these forces, and others, the number of young farmers in New York shrunk by 33% between 2002 and 2012, while the number of senior farmers continued to grow.

At the same time, New York does have beginning farmers. In 2012, the state had 7,302 beginning farmers – farmers with less than 10 years of experience as a 'primary farm operator.' Most of these beginning farmers were not 'young,' with nearly 60% of them being people over 45 years old and embarking on a second career.

These statistics reflect the challenges that younger farmers face in affording land, equipment and other assets needed to get started in farming. This trend of older beginning farmers also suggests the importance of a strong support system to aid

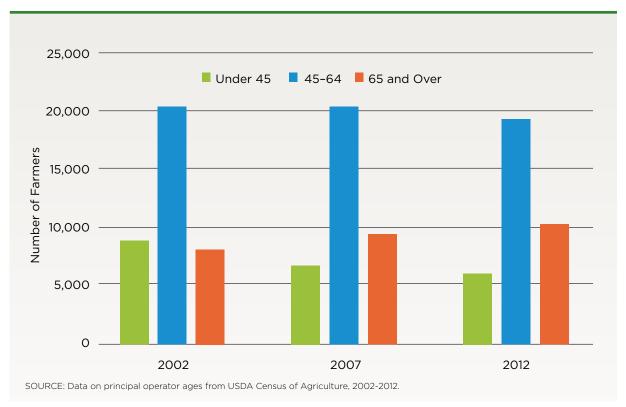
### NEARLY 60% OF BEGINNING PRINCIPAL FARM OPERATORS ARE 45 OR OLDER



older beginners in anticipating the transfer of their farm at the same time that they work to get their farm business established.

Farmers need support in the face of the many forces working against them—including high land values, impacts of development pressure, tough economic conditions, and severe weather caused by a changing climate. Protecting farmland and fostering farming as a career must go hand in hand, because without a next generation of farmers to continue the stewardship of farmland, the many benefits that farms provide to New Yorkers will dwindle.

#### **NEW YORK PRINCIPAL OPERATOR AGES**



### Farmer Story

### LAUGHING EARTH FARM

Town of Brunswick, Rensselaer County

Annie and Zack Metzger left their previous careers because, as Annie puts it, they knew they "needed to be farmers." Annie, a former native plant researcher at the Chicago Botanic Garden, and Zack, a former physics teacher, moved back to Annie's native Upstate New York to manage Homestead



Annie Metzger, right, showing 2015 interns Emi and Lee how to harvest and bunch beets.

Farm, owned by Rich and Linda Bulson and located only 15 minutes away from Annie's childhood home.

When the Bulsons decided to retire 2 years later they were very concerned about losing the 300 year old farm's productive soils to real estate development. The Bulsons collaborated with the Agricultural Stewardship Association, a land trust working in Washington and Rensselaer counties, and Scenic Hudson, to apply for a Farmland Protection Implementation Grant in mid-2014 because preserving their farm aligned with their values as well as made it possible for Annie and Zack to purchase the farm at a more affordable agricultural price.

The experience was somewhat complicated by the Bulsons' desire to retire by the end of 2015. Because their Farmland Protection Implementation Grant (FPIG) review process was not completed, the Metzgers have had to take intermediate steps to purchase the farm while waiting for state funds. They have taken out a bridge loan from Equity Trust that they will pay back when the FPIG funds are received from the state, which is projected to occur in June of 2016. Equity Trust, a national nonprofit organization that focuses on helping communities achieve property ownership, has a dedicated program area for helping farmers obtain farmland and keep it in active use.

Even after subtracting the value of the development rights from the price of the farm, however, the Metzgers still could not obtain a loan to cover the cost of the farm. To further reduce the cost of the farm they decided to also sell their preemptive purchase rights (the right to sell to a non-farmer other than a family member) to Equity Trust, ensuring that their

(Continued)

land will stay in active farm use. These steps allowed them to afford a traditional 30-year mortgage for the farm, which they renamed Laughing Earth Farm, through Farm Credit East.

The fact that they have been able to transition onto a large, productive, and well-established farm means that the Metzgers can start paying it forward to the next generation that much earlier. According to Annie, "We could lease out land to farmers who are just getting started and don't have their own land... We're really excited at that prospect. Something to watch for from our farm in the future: farming incubation programs."

# An Emerging Threat: Farming in a Changing Climate

2014 was the hottest year on record, until the record was broken in 2015. The effects of climate change are being felt by farmers in New York, and across the nation, in the form of flooding from heavy rain events, summer droughts, heat stress for crops and livestock, and invasion of harmful pests from warmer climates.<sup>27</sup>

For example, in 2015, more than 1 million acres of farmland in California were taken out of agricultural production due to a lack of water. Importantly, research from the National Aeronautics and Space Administration, Columbia University, and Cornell University project that the chances of a 35-year or longer "megadrought" striking the Southwest and Central Great Plains by the year 2100 are between 60 and 80% if the current trajectory of greenhouse gas emissions continues. Projected severe impacts on farming in other areas of the nation, and globally, suggest potential economic opportunities for farming in New York, given the state's fertile land, fresh water, entrepreneurial farmers and access to markets.

Protecting the state's productive farmland to grow food for New Yorkers is a vital investment in food security for the state's citizens, and will provide economic opportunity in the face of a changing climate. In addition, an abundance of farmland will give farmers the flexibility they need to diversify and adopt resilient farming practices to cope with climate change.

Protecting farmland is not only important for reacting to a changing climate, it is also a strategy for mitigating the effects of climate change, particularly near urban areas. Well-managed farmland, along with the woodlands and wetlands often present with farms, functions as open ground that can absorb floodwaters, reducing impact on developed areas.

Additionally, new research has found that keeping land in farming can help ensure lower rates of greenhouse gas (GHG) emissions. An American Farmland Trust study recently identified that although California agriculture contributes 8% of the state's GHG emissions, developed land contributes 58 times more GHG emissions per acre than agricultural land. If the rate of farmland conversion in California could be cut in half, 55 million metric tons of GHG emissions would be avoided. This reduction would be the equivalent of taking 2 million cars—or 10% of the cars in California—off the road.<sup>30</sup> Informed by this research, in December 2015, the California Air Resources Board approved the allocation of \$40 million in GHG auction proceeds to be used for the permanent protection of farmland in California.<sup>31</sup>

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land.

# SECTION 3: NEW YORK'S SIGNATURE PROGRAM TO PROTECT WORKING FARMS

### **Accomplishments Over the Last 20 Years**

In 1992, Governor Mario Cuomo signed the Agricultural Protection Act that created Article 25AAA of the Agriculture and Markets Law and authorized the Commissioner of Agriculture to establish an Agricultural and Farmland Protection Program to protect an "irreplaceable state asset" Dew York's working farmland. Initially, the program provided state funding and technical assistance from the New York State Department of Agriculture and Markets to help counties create agricultural and farmland protection plans that include strategies to protect farmland from development, improve economic opportunities for farmers, and foster positive relations between farming and non-farming neighbors.



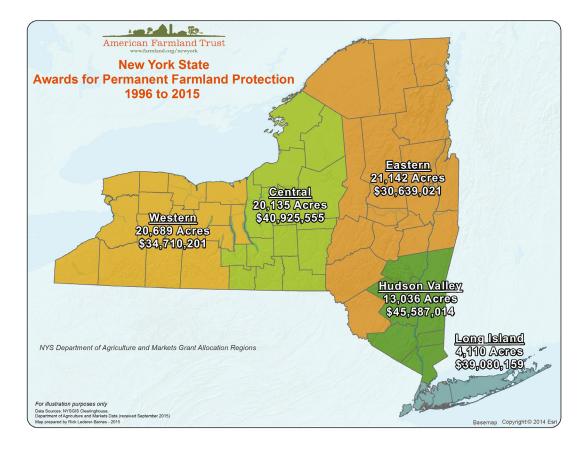
Governor Mario Cuomo, American Farmland Trust's Jerry Cosgrove and Bob Wagner, and Commissioner of Agriculture Dick McGuire at the bill signing ceremony for the Agricultural Protection Act.

In 1996, Article 25AAA was amended to authorize state funding to aid in the implementation of recommendations made in agricultural and farmland protection plans. These funds, now referred to as Farmland Protection Implementation Grants (FPIG), assist with the protection of viable agricultural lands that are at risk of conversion to non-farm uses. Eligible applicants include counties, municipalities, not-for-profit conservation organizations (i.e. private, nonprofit land trusts), and soil and water conservation districts. To date, these funds have almost exclusively been used for the purchase of development rights (PDR) to permanently protect farmland from nonagricultural development with agricultural conservation easements.

# OVERVIEW OF THE AGRICULTURAL CONSERVATION EASEMENT PROCESS IN CONCERT WITH THE STATE'S FARMLAND PROTECTION PROGRAM

- ▶ STEP 1: The county in which the farm is located must have an agricultural and farmland protection board in place. A county or municipality must then create a farmland protection plan. Noncompetitive grants for this planning process are available through the Farmland Protection Program.
- ▶ STEP 2: The farmer chooses to partner with a land trust, soil and water conservation district, municipality, or county as applicants for state funds. They then prepare for the Request for Proposals (RFP) to be released.
- ▶ **STEP 3:** The Department of Agriculture and Markets releases an RFP for the Farmland Protection Implementation Grant (FPIG).
- ▶ STEP 4: The farmer and partner submit an FPIG application. If it is accepted by the Department of Agriculture and Markets, a contract is signed by both the state and the applicants, and an advance payment is made to partially cover costs of the first project requirements.
- > STEP 5: Applicants submit the first contract deliverables, which include a title report and title curatives, draft conservation easement, and site plan for a preliminary review.
- ▶ STEP 6: Upon preliminary approval, the first interim payment from the Department of Agriculture and Markets is made to reimburse costs of appraisal, surveying, legal fees, and partner staff time.
- > STEP 7: Applicants submit a full project file, which includes a landowner letter of intent, an appraisal report, a final draft of the conservation easement, certification of title curatives, and a financial worksheet of the project.
- ▶ STEP 8: After approval by the Department of Agriculture and Markets, the second interim payment is made. If the appraisal from the project file differs from the original award amount, the disbursement will be adjusted to reflect this. If the original budget is not large enough, supplemental funds may be applied for.
- ▶ STEP 9: The farmer and application partner close on the purchase of the conservation easement. Within four months of receiving interim payment two, they submit a final report, including a title insurance policy, the final recorded conservation easement, a conservation easement closing certification, and a project closing statement spreadsheet.
- ▶ STEP 10: Upon approval of the final report by the Department of Agriculture and Markets, the final payment is made, consisting of state funds towards stewardship of the easement.
- ▶ STEP 11: The holder of the development rights is responsible for stewarding the easement in perpetuity.

Based on Round 13, the most recent statewide Request for Proposals for State Assistance Payments for Farmland Protection Implementation Grants, May 2014.



### Funding History of the Farmland Protection Program

Over its 20 year history, the Farmland Protection Implementation Grant Program has disbursed roughly \$140 million to help farm families, local governments and land trusts to protect a total of 232 farms covering 59,165 acres.

The Farmland Protection Implementation Grant (FPIG) program received initial funding from the Clean Water/Clean Air Bond Act, passed in 1996, with later funds coming from the Environmental Protection Fund (EPF). Initially, the program provided up to 75% of the funds required to purchase agricultural conservation easements on farmland, with the remainder of the funding coming from other sources including federal or local government funds, private donors or farm families willing to forgo a portion of the payment. Article 25AAA of the Agriculture and Markets Law was later changed to enable the Department of Agriculture and Markets to pay up to 87.5% of eligible costs, under certain conditions.

After the first Request for Proposals was released in November 1996, the first project was completed in 1998. New Requests for Proposals (RFPs) continued to be released on an annual basis, with the exception of State Fiscal Year (SFY) 2001.

By the time the eighth round of grants occurred in SFY 2004, farmer interest and the volume of applications had grown so much larger (\$86.6 million requested) than the program's budget (\$12.6 million appropriated from the EPF), the state Department of Agriculture and Markets changed their application procedure to limit the volume of applications submitted. The total amount of funds disbursed annually for completed projects increased steadily, reaching a peak of \$21.9 million in SFY 2007-2008.

In December 2007, with the collapse of the national economy, Governor Paterson and the State Legislature dramatically cut funding for the EPF and cash available to complete awarded FPIG projects.

After 2008, no RFPs were released for the next 5 years as the Department of Agriculture and Markets worked with applicants, land trusts and farm families to

### Farmer Story

#### CHASEHOLM FARM

Town of Ancram, Columbia County

Alpäg Gruyere.
Moonlight Chaource.
Stella Vallis Tomme.
Crown Dutchess. These are just a few of the varieties of acclaimed cheeses produced by Chaseholm Creamery.
Not only do these cheeses taste great ("This New York State Chaource is one of the



Rory Chase at Chaseholm Farm Creamery

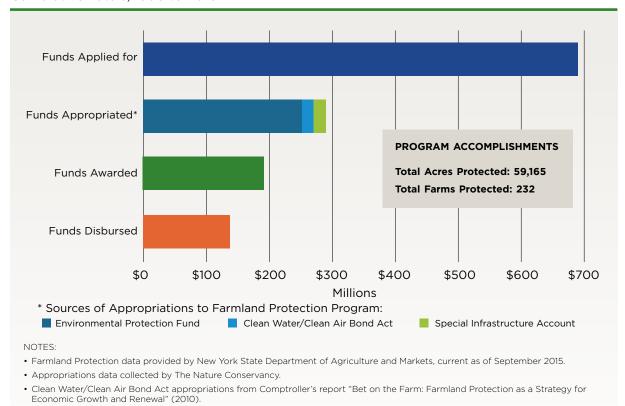
most delicious cheeses I've ever had." — Julia Heffelfinger, Food & Wine Magazine), they are extra nutritious due to strains of probiotics added to boost digestive health.

Chaseholm Farm is a 340-acre dairy operation in Columbia and Dutchess counties. Rory Chase, the cheesemaker, and his sister Sarah Chase, the herdswoman who sells him the milk, are the third generation in their family to operate their farm. They took over the farm after state funding received in exchange for the permanent protection of the Columbia County portion of the farm in partnership with the Columbia Land Conservancy enabled their father Barry to retire.

Rory employs 4 fulltime staff to help him sell his cheeses at farmers markets in New York City, Pleasantville, Ossining, Rhinebeck, and Cold Spring. His cheeses are also sold by many retailers focusing on local and specialty foods, including Whole Foods, Fairway Markets, Peck's Markets, and Adams Fairacre Farms, and are included in Local Roots NYC's network of Community Supported Agriculture (CSA) shares. Barry's takeaway: "Be aware that this land can be a great resource for feeding people. In the meantime, if you buy locally, you're going to keep these people here and help support them to get good food to people. We're very fortunate to be so close to Albany and New York City that we do have a market."

#### **NEW YORK FARMLAND PROTECTION IMPLEMENTATION GRANTS**

Cumulative Totals, 1996 to 2015



complete unfinished projects. By October of 2010, 113 contracts for FPIG projects were still pending, nearly half of which were over 3 years old. 33 Funding for the EPF did not begin to increase until SFY 2012-2013, and allocations from the EPF to the Farmland Protection Program began to increase in the following fiscal year 2013-2014.

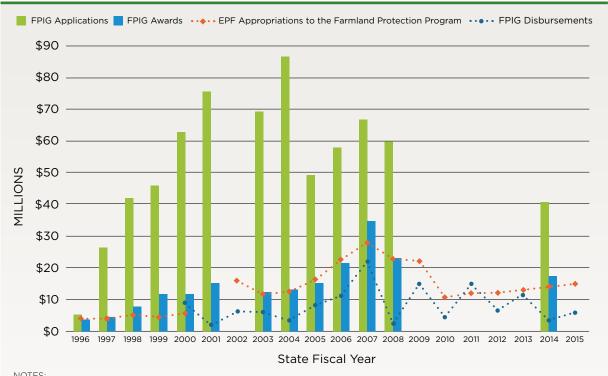
In May of 2014, Governor Andrew Cuomo announced the release of the 13<sup>th</sup> RFP for the Farmland Protection Program featuring several changes made by the Department of Agriculture and Markets to the application process intended to shorten the length of time it took for projects to close. These changes included fewer required forms, a decreased scope and depth of review through the use of standardized contracts and clauses, and a multi-payment process that tied award payments to the successful completion of project milestones. The first 2 projects awarded funds in 2014 were completed in a record-breaking time of 6 months.<sup>34</sup>

The State of New York also made a record level of investment in SFY 2015-16 in protecting farmland with a total allocation of \$35 million, including \$20 million from settlement payments made to the state by financial institutions allocated for the Hudson Valley. This combined funding level was the highest in New York's history and the  $4^{\rm th}$  largest state appropriation for protecting farmland in 2015.

The heightened focus in recent years on growing state appropriations for the Farmland Protection Program in parallel with the goal of completing projects and disbursing these funds in a timely fashion has been vital. As a result of past delays in completing projects and utilizing appropriated funding, \$150 million in historical state appropriations for protecting farmland have gone unspent. Potentially, twice as many farms could have been protected if all appropriated state funds had been fully expended in the last 20 years.

#### **NEW YORK FARMLAND PROTECTION IMPLEMENTATION GRANTS**

Annual Totals, 1996 to 2015



#### NOTES:

- No Environmental Protection Fund (EPF) appropriations were made in SFY 2001-2002, but two appropriations of \$8 million were made in SFY 2002-2003 (shown as \$16 million in graph).
- Figures for SFY 2014-2015 include impermanent incentive payment projects.
- Funds from the Clean Water/Clean Air Bond Act (totaling an additional \$18 million in appropriations) and the Special Infrastructure Account from settlement funds received by New York State from financial institutions (totaling an additional \$20 million in appropriations) are not shown.
- · Annual disbursement data unavailable prior to SFY 2000.
- Data for SFY 2015-2016 as of September 2015.
- Farmland Protection data provided by New York State Department of Agriculture and Markets and Office of the State Comptroller.
- · Appropriations data collected by The Nature Conservancy.

#### State Farmland Protection Funding Milestones in **New York:**

- ▶ 1992: Governor Mario Cuomo signs the Agricultural Protection Act
- ▶ 1993: The Environmental Protection Fund (EPF) is created
- ▶ 1996: Farmland Protection Implementation Grants (FPIG) authorized
- ▶ 1996: Clean Water/Clean Air Bond Act passed
- ▶ 1998: First agricultural conservation easement is acquired with state funds
- ▶ 2004: Highest amount of state funding applications submitted at \$86.6 million<sup>36</sup>
- ▶ 2005: Caps put in place to manage demand for FPIG funds<sup>37</sup>
- > 2007: Highest amount of state funds awarded for farmland conservation projects to date at \$34.8 million

- 2009-2013: No Requests for Proposals (RFPs) issued by Department of Agriculture and Markets due to large number of outstanding funding commitments
- ▶ 2010: Nonprofit land trusts made eligible to apply for FPIG funds<sup>38</sup>
- ▶ 2013: Soil and Water Conservation Districts made eligible to apply for FPIG funds
- ▶ 2014: The first RFP for FPIG in 5 years released by Governor Andrew Cuomo
- ▶ 2015: \$35 million in Farmland Protection Program funding allocated in SFY 2015-16 State Budget, including \$20 million sourced from a Special Infrastructure Account established with settlement funds received by New York State from financial institutions for the Hudson Valley Agricultural Enhancement Program. This annual level of funding for farmland conservation is the most in state's history and the 4<sup>th</sup> largest in the nation.

# Comparing New York with the Nation's Leaders

Although New York has achieved a considerable amount in its first 20 years, many of its neighbors in the Northeast have set the bar far higher. For example, despite having 10 times more farmland than New Jersey, New York has protected 75% fewer acres of farmland. Pennsylvania, a state with the same amount of farmland as New York, has protected 90% more farmland. Of all of the states listed below, New York is the only state that has lost more acres than it has protected.<sup>39</sup>

### FARMLAND PROTECTION IN NEW YORK LAGS BEHIND NEIGHBORING STATES

State	Acres Protected	Number of Farms Protected	Cumulative Spending	% of Acres Protected	Ratio of Acres Protected to Acres Lost*
PA	502,757	4,732	\$913,000,000	6.5%	2.4
MD	378,193	2,752	\$721,279,102	18.6%	2.4
NJ	212,748	2,303	\$1,018,628,563	29.8%	5.4
VT	149,300	642	\$70,815,150	11.9%	9.3
MA	71,082	874	\$217,973,534	13.6%	5.5
NY	53,140	222	\$131,289,109	0.7%	.6

SOURCES: Farmland Information Center. "Status of State PACE Programs," 2015; 2012 National Resources Inventory. All data as of January 2015 for comparative purposes unless otherwise noted.
\*Data from 2007-2012.

## SECTION 4: GOALS AND RECOMMENDATIONS FOR THE FUTURE

New York is uniquely poised to have a farm and food economy that feeds millions of state residents, and serves as a cornerstone of the state's economic future. Protecting farmland is a key component of ensuring the land resources necessary for a secure and resilient future for farming in New York. The capital investment inherent in protecting working farms will drive further growth in the agricultural sector and facilitate the transition to new and next generation farmers.

Already, New York has invested nearly \$140 million and protected more than 50,000 acres of farmland across the state. State leadership over the last 20 years has contributed to an 80% reduction in the annual loss of farmland to real estate development in New York since the 1990s.

But, significant new forces—such as climate change and the challenges inherent in the transition of farms to the next generation—are posing new threats to New York's irreplaceable farmland. On the 20<sup>th</sup> Anniversary of state funding for New York's Farmland Protection Program, it is vital that the State of New York renew its commitment to protecting working farmland by achieving the following goals and taking these recommended actions:

### Goal 1: Invest in Making New York a National Leader in Protecting the Land to Grow Food and the Economy.

# BENCHMARK: PERMANENTLY PROTECT 100,000 ACRES OF HIGH QUALITY FARMLAND THAT IS UNDER THREAT OVER THE NEXT 10 YEARS.

In 2015, New York joined the nation's leading states in investing in protecting farmland, and is poised to achieve more than ever before in ensuring a bright future for farming and growing food.

According to a survey conducted by American Farmland Trust (AFT) in July 2015, the demand for state farmland protection funds among farmers and their applicant partners remains as strong as ever. Twenty-one land trusts, counties, and municipalities that have previously participated in the Farmland Protection Implementation Grant (FPIG) program indicated that they hoped to protect nearly 100,000 acres in the next 10 years in partnership with the State of New York.

### NEW YORK'S FARMLAND PROTECTION PROGRAM APPLICANTS HAVE AMBITIOUS CONSERVATION GOALS

	How many acres of farmland does your organization hope to protect	How much funding would be necessary to protect those acres	
in the next year?	12,290	\$32,185,000	
in the next ten years?	96,300	\$270,500,000	

SOURCE: American Farmland Trust New York survey, September 2015. Responses from 21 previous participants in the FPIG program.

Protecting 100,000 acres in the next decade would be a significant accomplishment for the State of New York—representing nearly twice as many acres as had been protected in the program's first twenty years, and completion of this work in only half the time (10 years versus 20 years).

Achieving this outcome would also be a stark contrast to circumstances when the Farmland Protection Program was created in the 1990s, as approximately 10 farms were lost to real estate development for every 1 farm that was permanently protected with state funds. By contrast, protecting 100,000 acres over the next decade could allow New York to protect 2 farms with state funds for every farm lost to real estate development.

Protecting 100,000 acres of farmland over the next decade would also result in tangible benefits for New Yorkers, including:

- ▶ Feeding New Yorkers 100 million meals a year, forever.
- ▶ Providing land for 1,000 new or existing farm families.
- ▶ Supporting \$550,000,000 in annual economic activity.<sup>40</sup>

**RECOMMENDATION 1:** Allocate \$300 million from the Environmental Protection Fund, or other state economic development, infrastructure or other funding sources to permanently protect New York's most productive farmland that is under threat from real estate development.

The Environmental Protection Fund (EPF) was established in 1993 as a dedicated source of state funding for critical environmental programs that protect clean water, farmland, parks and other natural resources. The EPF's principal funding source is the state's real estate transfer tax (RETT) that has funded the EPF since it was created, and has generated between \$400 million and more than \$1 billion annually in new state revenue.

In SFY 2015-16 Governor Cuomo and the State Legislature increased the EPF to \$177 million—an increase of \$15 million from the previous year—making further progress towards the stated goal of \$300 million in annual funding. In January of 2016, Governor Cuomo proposed increasing annual funding for the EPF to \$300 million in SFY 2016–17.

Since 1996, \$252,404,000 has been allocated from the EPF to the state's Farmland Protection Program. Additional funding has been committed from the 1996 Clean Water Clean Air Bond Act, as well as a more recent allocation of \$20 million in

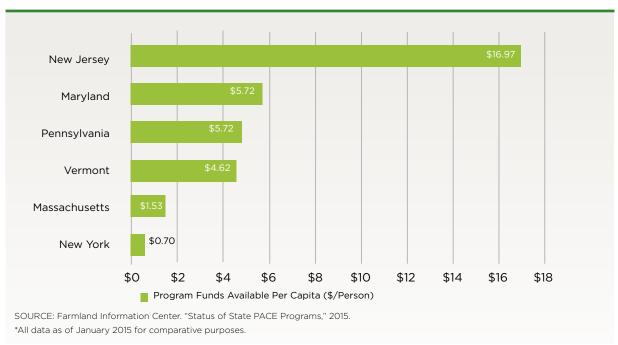
### PEAK PERFORMANCES IN NEW YORK'S FARMLAND PROTECTION PROGRAM

Most funds applied for: \$86.6 million, 2004 Most funds awarded: \$34.8 million, 2007 Most funds disbursed: \$21.9 million, 2007 Most funds appropriated: \$35 million, 2015 Fastest project completion: 6 months, 2015

funding for the Hudson Valley Agricultural Enhancement Program sourced from a Special Infrastructure Account established with settlement funds received by the State of New York from financial institutions.

Appropriating \$300 million from the EPF or other funding sources is only slightly more than the total of \$290,504,000 appropriated for protecting farmland between 1996 and 2016. This funding level is roughly \$1.50 per New Yorker per year—dramatically below the investment of \$4.87 per capita in Pennsylvania and \$16.97 per capita in New Jersey.<sup>41</sup>

### NEW YORK'S PER CAPITA FARMLAND PROTECTION SPENDING OUTPACED BY NEIGHBORING STATES



**RECOMMENDATION 2:** Engage the United States Department of Agriculture (USDA) and Congress to leverage additional funding from the national Agricultural Conservation Easement Program (ACEP) for permanent farmland protection projects in New York.

The federal Agricultural Land Easement (ALE) component of ACEP, formerly known as the Farm and Ranch Lands Protection Program (FRPP) represents an important partner for leveraging funding to protect working farmland in New York through the purchase of development rights (PDR) on farmland. This federal PDR program, which was first enacted in the 1996 Farm Bill and revised as part of the 2014 Farm Bill, helps protect the agricultural use, future viability, and related conservation values of eligible land by limiting the conversion of productive working lands to non-agricultural uses, protecting the land with an agricultural conservation easement.

ALE offers up to 50% of the fair market value of agricultural conservation easements. While there have been challenges in matching federal funds with funding

from the state's Farmland Protection Program, the most recent FPIG RFP allowed for federal funds as a partial match if state funds represent no more than 25% of eligible project costs. Importantly, local governments and private land trusts have demonstrated strong interest and ability to leverage federal funds in New York.

In Fiscal Year 2014, total ACEP allocations to New York (including funds for wetlands easements) were \$2.7 million out of a total of \$274.9 million appropriated to states for technical and financial assistance. This is in comparison to appropriations of \$4.8 million for Pennsylvania, \$5.3 million for Massachusetts, and \$5.7 million for New Jersey.

State leaders should work with New York's congressional delegation to ensure full funding for ACEP during the remainder of the current Farm Bill cycle, work to increase funding committed to ACEP in future Farm Bills and increase the proportion of such funds coming to New York. Additionally, the most recent Farm Bill integrated funding for conservation easements on working farmland with wetlands under the ACEP. It is important that at least 40% of ACEP funds be committed towards ALEs on working farms to ensure a fair allocation of these funds for protecting working farmland in New York.

**RECOMMENDATION 3:** Enable and encourage local governments to generate funding for protecting farmland through the expansion of the Community Preservation Act and other local funding mechanisms.

Local governments have been important partners in protecting farmland across New York. As of 2012, local governments in New York had invested more than \$400 million to protect more than 36,000 acres of farmland, independent of state funded projects.  $^{42}$ 

New York City has been an active partner in conserving farmland as part of its efforts to protect the supply of clean, largely unfiltered drinking water for more than 9 million people. This partnership began in 1997 with leadership from the New York City Department of Environmental Protection and the Watershed Agricultural Council, a regional nonprofit organization that works to promote the economic viability of agriculture and forestry, the protection of water quality, and the conservation of working landscapes, to protect well-managed farmland as a natural water filter for the city's drinking water supply. Since its inception, the partnership has helped permanently protect more than 25,000 acres of farm and forestland. More recently, New York City leaders have been pursuing opportunities to protect working farms in the Hudson Valley and areas near the city as part of its strategy to support a strong, resilient food system.

The Community Preservation Act (CPA), first passed in 1998, originally allowed 5 towns in the Peconic Bay region of Long Island to levy an up to 2% real estate transfer tax, dedicating funds generated by the tax to the protection of agricultural, historic, and environmentally sensitive land. Voters in all the municipalities passed referenda to levy the additional tax. In 2006 the municipalities voted to extend the tax until 2030. By 2015, the CPA had enabled these Long Island communities to generate over \$1 billion for land conservation. Also in 2015, the State Legislature

passed and Governor Cuomo signed legislation A. 7471/S. 5324 that extended the CPA authority for these communities on Long Island from 2030 to 2050 and enabled them to use up to 20% of the funds generated for water quality protection.<sup>45</sup>

In addition, in 2007 the towns of Red Hook in Dutchess County and Warwick in Orange County were authorized to enact real estate transfer taxes to generate local land conservation funds—at 2% in Red Hook and .75% in Warwick. Also in 2007, the Hudson Valley Community Preservation Act authorized municipalities in Westchester and Putnam Counties to enact real estate transfer taxes for land conservation, but neither have subsequently chosen to exercise this authority. Other local governments in New York have chosen to allocate dollars from their general fund, bonds, sales tax and other sources to protecting farmland.<sup>46</sup>

The State of New York should encourage local governments to generate local sources of funding for protecting working farmland and provide appropriate authorization, such as expanding the communities eligible to enact dedicated real estate transfer taxes under the Community Preservation Act.

**RECOMMENDATION 4:** Support additional federal incentives to encourage farmers and non-farming landowners to convey permanent agricultural conservation easements in New York.

Federal income tax deductions have been a powerful tool to incentivize landowners to protect farmland by donating an agricultural conservation easement, or receiving less than the full value payment for conveying a conservation easement, which is referred to as a 'bargain sale.' In 2006, the federal government first authorized an expanded federal enhanced charitable income tax deduction for donated easements or those with bargain sale components. This deduction allows qualified farmers and ranchers to deduct up to 100% of their adjusted gross income (AGI) in a year, and increases the number of years over which the farmer can take the deductions from 6 years to 16 years. Other landowners are able to deduct up to 50% of their AGI with a similar carry forward. Since its original passage, the enhanced tax deduction has been allowed to expire several times, and it was reinstated and made permanent in the tax extenders bill enacted by Congress at the end of December 2015.

Congress and the USDA should explore opportunities to extend tax and other financial incentives to farmers and farmland owners. For example, the Debt for Nature program offers forgiveness for Farm Service Agency (FSA) loans secured by real estate in exchange for farming practices providing conservation, recreation, and wildlife benefits, under a contract for up to 50 years. This program could be enhanced to create incentives for protecting working farmland by enabling borrowers with FSA-held debt to reduce or eliminate such debt by conveying permanent agricultural conservation easements on productive farmland. Such a 'Debt for Working Lands' program would create new incentives for farmers, particularly beginning farmers, to protect their land, while offering participants other options to reduce their debt and enhance the future for their farm business.

### Farmer Story

#### **CRITZ FARMS**

Town of Cazenovia, Madison County

"We believe in the Purchase of Development Rights program (New York's Farmland Protection Program). It is an economic incentive for the region, as well as a way to provide land protection. The award allows us to ensure that the farm can pass to the next generation, and keeps the land pricing affordable for agriculture.

It is also positive for the local economy because we have immediately invested back into the community by buying local products, from the hardware store, to the lumberyard and the equipment dealers. This helps to sustain ancillary jobs in the area, as well as the fifty or more people employed at the farm."

- Matthew and Juanita Critz, Critz Farms



Matthew and Juanita Critz

#### Goal 2: Improve Capacity to Protect Farms Quickly and Efficiently.

#### BENCHMARK: Consistently complete state-funded farmland protection projects in less than two years.

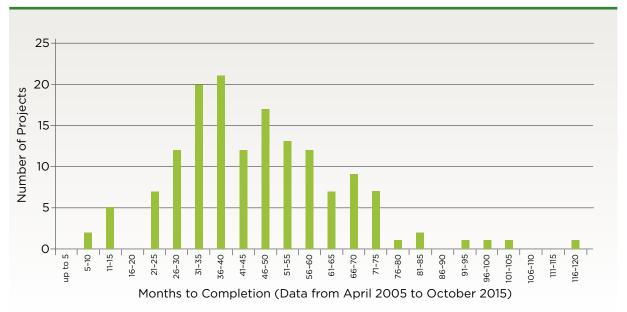
The average time to complete state-funded farmland protection projects has been nearly 4 years (46 months). Since 2005, only 9% of projects have been completed in 24 months or less.48

The state Department of Agriculture and Markets, in concert with local governments and land trusts, has taken steps to reduce this timeline for completing projects, but a concerted effort must be continued in order to decrease the maximum time to complete projects to two years or less.

Based on data collected by American Farmland Trust, the New York State Department of Agriculture and Markets has generally had 1 full-time employee committed solely to the Farmland Protection Implementation Grant (FPIG) program. This has been the case even as the number of applications has gone up from 9 applications in Round 1 to a high of 68 applications in Round 12 (2008). This staffing level is small given the FPIG program's growth, but it is also a significantly smaller staff compared with that of the nation's leading states.

Additionally, land trusts comprised over 75% of the successful applicants in the latest round of farmland protection applications. Their staff capacity to work with farm families in developing and completing state-funded projects is a critical consideration.

### 90% OF FARMLAND PROTECTION PROJECTS TOOK OVER 24 MONTHS TO COMPLETE



SOURCES: New York Department of Agriculture and Markets data, September 2015; "Agriculture Commissioner Highlights Success of New Grant Process to Help Farmers Preserve Land," 2015.

**RECOMMENDATION 5:** Provide greater flexibility to local partners working with the state's Farmland Protection Program in the design, review and completion of state-funded projects.

Over the last 20 years, New York has witnessed the growth of a strong network of county, municipal, and nonprofit land trust partners with years of experience and staff dedicated to farmland. These partners have the means, capacity and experience for direct involvement with participating farm families and communities, including site visits and personalized site planning.

Since its inception, New York's Farmland Protection Program has sought to support local efforts to protect farmland. It is vital that this approach to program administration continue to be embraced by increasingly drawing on expertise at the local level to design and implement farmland protection projects. For example, the Department of Agriculture and Markets should provide greater flexibility in the 'land planning' for projects by accepting exclusions to approved projects if the participating farmer, future easement holder and county Agricultural and Farmland Protection Board have all made a determination that it will not have a significant impact on farm viability.

Alternatively, the Department of Agriculture and Markets has limited the number of projects that an easement holder can submit to 4 applications per Request for Proposals (RFP). This cap may be appropriate for a county or municipal government but significantly impacts regional land trusts working across multiple counties. The Department of Agriculture and Markets should change this per applicant cap to encourage regional land trusts that are key partners with the state's Farmland Protection Program, particularly in more rural areas of the state.

**RECOMMENDATION 6:** Improve capacity at the Department of Agriculture and Markets to consistently complete projects in less than 2 years.

For the past 10 years, there has generally been a single staff person at the Department of Agriculture and Markets committed full-time to the implementation of the state's Farmland Protection Program. Given additional funds and the high demand from farmers interested in protecting their farmland, the workload required to administer this program has grown beyond the Department of Agriculture and Markets' historic staffing levels for administration of the Farmland Protection Program.

The State of New York should demonstrate a commitment to the efficient and timely completion of FPIG projects by ensuring that the Department of Agriculture and Markets has at least 4 full-time staff, or equivalents, committed to the Farmland Protection Program. Such additional capacity should allow staff to work with local partners to develop high-quality projects, review applications, give personalized assistance such as site visits, and help complete funded projects consistently within 2 years.

# NEW YORK'S FARMLAND PROTECTION PROGRAM NEEDS GREATER CAPACITY

State	Number of Staff (in Full-Time Equivalents)
New Jersey	9
Maryland	8
Massachusetts	7
Pennsylvania	4
New York	1

SOURCE: Survey data collected by Farmland Information Center for the Status of State Programs 2015.

**RECOMMENDATION 7:** Provide financial support for building land trust capacity to work with communities and farm families in protecting farmland and keeping farmers on the land.

Since 2003, New York State has made an investment of over \$11 million in the capacity of land trusts through the Conservation Partnership Program, funded by the Environmental Protection Fund. The competitive program provides funds to land trusts in order to build organizational capacity, continue professional development, increase community engagement, and complete land conservation transactions.

To date, the awards have had a consistent, annual release schedule, and have leveraged more than \$13 million in matching funds. <sup>49</sup> Continued high levels of funding for this program will be crucial if the state is to efficiently use its land trust partner resources to streamline the FPIG application process.

<sup>•</sup> Figures include contract positions

**RECOMMENDATION 8:** Develop a consistent annual timeline for releasing the Request for Proposals (RFPs) and the announcement of funding awards associated with the state's Farmland Protection Program.

Working with farm families to develop strong projects poised to be completed quickly and obtaining all of the information required for a compelling application to the FPIG program takes a great deal of effort. It is difficult for farm families to do appropriate planning and for applicants to develop well-constructed applications within the allotted time after an RFP. Throughout the history of the FPIG program, RFPs have been released at varying times of the year.

## FARMLAND PROTECTION PROGRAM REQUESTS FOR PROPOSALS ARE RELEASED INCONSISTENLY

Month and Year of RFP Release
November 1996
August 1997
April 1998
May 1999
June 2001
Unknown
August 2003
July 2004
November 2005
April 2006
June 2007
June 2008
May 2014

SOURCE: Department of Agriculture and Markets data, September 2015.

The State of New York should commit to a consistently-timed, annual release of an RFP and announcement of funding awards to send a signal to farmers and local partners about the state's dedication to having a highly effective program, positioning project applications to be well-developed and funded projects to be completed quickly.

## Goal 3: Enable the Transition of Farmland to New and Next Generation Farmers.

#### BENCHMARK: Help 5,000 new and next generation farmers in finding land in New York over the next 10 years.

The significant transition occurring in the state's farm community requires strong action by the State of New York. Too often in the past, farm families felt trapped and did not see an alternative to selling their farm to real estate developers as they sought to retire. More must be done to help farm families navigate these challenging financial, business, family and personal issues and to provide alternative options for farm families.

Similarly, new and next generation farmers face substantial challenges in finding land and launching successful businesses in New York. Purchasing development rights and placing an agricultural conservation easement on farmland makes land affordable for farmers, easing the transition of agricultural land from one farming generation to the next. The State of New York must build on its recent efforts to aid these young farmers, as well as retiring farmers, by ensuring that the state's Farmland Protection Program is adequately funded and that funded projects are regularly completed in less than 2 years. Other actions that should be taken include:

**RECOMMENDATION 9:** Create a state capital gains tax deferral for farmland sold to new and next generation farmers, and support federal tax incentives that encourage the successful transfer of New York's working farmland to the next generation.

As senior farmers and landowners look to transition from farming, they can be faced with difficult choices between selling their farm to a real estate developer or a farmer. As more and more senior farmers retire, these decisions will play an increasingly large role in the ability of new farmers to get started in farming and increase the likelihood that New York's farmland will be lost to real estate development.

The State of New York has taken steps to address these issues by increasing the exemption levels for the estate tax to \$5 million by 2018 and tying them with federal exemption levels afterwards.<sup>50</sup> These changes will benefit farm families that choose to wait until the death of farm owners to transfer farm ownership.

However, farm transfers involve complex business, financial and personal decisions that often require months and sometimes years to successfully address. Therefore, the State of New York should encourage farm families and landowners to initiate this process earlier, and to facilitate the successful transfer of farmland to new and next generation farmers.

Generally, farmland owners pay capital gains taxes on the difference between the amount of money they originally paid for their land, and the price they receive when they sell their land. The State of New York's capital gains tax rate is the second highest in the nation, and the steady appreciation of land values means that many farmers and owners of agricultural land can have a significant long term capital gain that may be taxed at the maximum state rate of 8.82%. The federal government currently has a maximum capital gains tax rate of 20%.

#### TAXING CAPITAL GAINS: AN EXAMPLE

- ▶ Farmer Green owns and operates a 200 acre dairy farm in Central New York. She is deciding whether or not to retire and sell her farm to a young farmer for the price of \$3,000 per acre. When she originally purchased the farm thirty years ago, the price per acre was \$1,000.
- ► Farmer Green's long-term capital gain on the sale of her farm is the difference between its current price and its original price. It is calculated as: 200 acres x (\$3,000 \$1,000) = \$400,000
- ► In New York State, her capital gains would be taxed at a rate of 6.85%. This tax payment is calculated as: \$400,000 x 6.85% = \$27,400
- ➤ The effective federal tax rate based on her income is about 15%.

  This tax payment is calculated as: \$400,000 x 15% = \$60,000

Altogether, Farmer Green pays \$87,400 in taxes, or almost 22% of the funds she had hoped to use towards retirement. Providing a capital gains tax deferral would provide her with a strong incentive to sell her land to the young farmer.

The State of New York should develop a deferral of state capital gains taxes for farmland sold to new and next generation farmers, until the land is converted out of agriculture or compatible conservation uses. Accrued capital gains taxes would be levied if the qualifying farmland is converted to real estate development or other uses making the property no longer viable for agricultural use. Such a deferral could be extended indefinitely, particularly if the land is protected by a permanent agricultural conservation easement.

Deferring the state's capital gains tax will provide a sizeable incentive for farmland owners to seek a buyer interested in keeping land in active agricultural use, and this effect could be substantially increased by encouraging a similar deferral for the payments required by the federal capital gains tax.

**RECOMMENDATION 10:** Make agricultural conservation easement provisions aimed at keeping protected farmland affordable and in active agricultural use eligible costs in projects awarded funding from the state's Farmland Protection Program.

Farmland that is protected by an agricultural conservation easement using state funds is permanently protected from real estate development and available for agriculture, but it is not required to remain in active agricultural use or in the continued ownership of a working farmer. Although the FPIG application does ask for a narrative explanation of the farm operation's future viability, the state should also seek other means for ensuring that protected land remains affordable for new farmers and in active agricultural use.

In certain areas of New York, like Long Island and the Hudson Valley, protected farmland can be a target for non-farmer buyers who can afford to pay more than farmers. Such landowners may desire such property for personal and recreational uses that don't conflict with the terms of a traditional agricultural conservation easement, but can take protected farmland out of active farming.

State Farmland Protection Programs in Massachusetts and Vermont, as well as private land trusts, have sought to include new provisions in agricultural conservation easements to keep protected farmland under farmer ownership and in active agricultural use. In these other states, the clause is referred to as an Option to Purchase at Agricultural Value (OPAV), and in New York they are often referred to as Preemptive Rights to Purchase at Agricultural Value.

This clause stipulates that protected farmland must be sold at its agricultural value to an approved farmer or that the easement holder has the right to purchase the protected farmland at its agricultural value, if the landowner decides to sell the land to someone other than a family member. Because this clause represents another restriction on the property owner, it is often compensated for with a higher payment for the agricultural conservation easement.

The State of New York should permit such provisions as eligible costs in statefunded farmland protection projects and support local partners and farm families that are interested including such provisions in agricultural conservation easements.

**RECOMMENDATION 11:** Actively make state-owned farmland available to farmers, particularly new farmers, and keep it in active farming. Ensure that state-owned farmland is protected with an agricultural conservation easement if it is to be sold by the State of New York.

State agencies such as the Department of Corrections, Department of Health and Mental Hygiene, Office of Parks, Recreation and Historic Preservation, and others own land that has been or could be used for farming. However, there has never been a coordinated effort to make such land more readily available for agricultural use, and to ensure such land is not developed by state agencies or if the land is sold by the State of New York.

The State of Connecticut has developed a structured process for leasing state-owned agricultural land, and in 2013, House Bill No. 6542 passed both the Connecticut House of Representatives and Senate, with unanimous support and was signed into law by Governor Malloy. This bill established a procedure to preserve and manage state-owned property known as the "Farmland at the Southbury Training School." The campus of this state-funded and state-operated residential and rehabilitative facility includes 900 acres of farmland, which will be put under an agricultural conservation easement and made available for farmers.<sup>51</sup>

Similarly, New York City leases city-owned farmland in the watersheds surrounding its drinking water source reservoirs. The program is managed by the City's Department of Environmental Protection and allows agricultural uses of City-owned watershed lands when these uses are compatible with water quality protection. Agricultural uses include tapping maple trees for sap, harvesting hay, and harvesting row crops such as corn, and pasturing livestock. <sup>52</sup>



The State of New York should take steps to make state-owned farmland available for active agricultural use, with a preference for new farmers, and work to ensure that such land is not developed by state agencies if it is sold.

**RECOMMENDATION 12:** Support new partnerships to aid beginning farmers in securing access to land and facilitating the transfer of farms to the next generation of farmers in New York.

Greater investments are needed in the human capital, or professional support network, needed to help the next generation of farmers find land in New York and support senior farmers as they transfer their farms. Resources from the State of New York with American Farmland Trust (AFT), additional land trusts, Cornell Cooperative Extension and other partners have aided farm families facing these challenges.

AFT has extensive expertise in helping farmers secure land and recently coordinated the launch of the Hudson Valley Farmlink Network, a partnership of 14 organizations dedicated to ensuring the availability of farmland in the Hudson Valley for the farmers of today, and tomorrow. In its first year this partnership has launched the Hudson Valley Farmland Finder website (www.HudsonValleyFarmlandFinder. org), helped train more than 350 farmers and landowners and enabled over 30 farmers to find land.

NY FarmNet annually facilitates over 75 successful farm business transfers to the next generation of farmers; likewise, Cornell's Small Farms Program coordinates the

Northeast Beginning Farmer Project and offers training resources for both beginning farmers and professionals that work with them.

The State of New York should take steps to make state-owned farmland available for active agricultural use, with a preference for new farmers, and ensure that such land is not developed by state agencies or if it is sold by the State of New York.

### Goal 4: Plan to Conserve Farmland Resources for a Resilient Farm and Food Economy in New York.

BENCHMARK: Development of a statewide plan and supporting state policies by 2020.

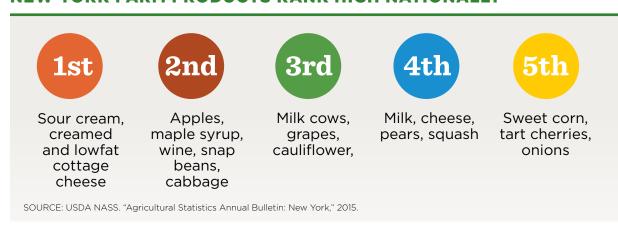
**RECOMMENDATION 13:** Develop a state plan for protecting New York's food producing resources to ensure a resilient food system capable of providing a significant portion of the food needs of New Yorkers.

New York has a history of supporting local planning for agriculture, as state Farmland Protection Planning Grants have been offered annually since 1994. Seventy-five municipalities and 53 counties have developed agricultural and farmland protection plans with support from the State of New York. More recently, the state's Regional Economic Development Councils have developed regional economic development strategies and Regional Sustainability Plans that articulate visions for growing the economy and sustaining environmental quality.<sup>53</sup>

New York City has also developed *One New York: The Plan for a Strong and Just City* that articulates a vision for a growing, sustainable and resilient city, which includes goals and strategies for strengthening and sustaining the regional food system and helping to protect the region's farmland.<sup>54</sup> Private partners have also contributed to this forward-looking planning for protecting farmland to grow food for New Yorkers. In 2013, Scenic Hudson released a foodshed conservation plan focused on 11 counties in the Hudson Valley and identified 815 farms totaling 212,047 acres as 'highest priority' for conservation and an additional 1,970 farms totaling 263,333 acres as 'high priority' for conservation.

The State of New York has an *Open Space Conservation Plan* that serves as a blueprint for state land conservation efforts. Development of the state's *Open Space* 

#### **NEW YORK FARM PRODUCTS RANK HIGH NATIONALLY**



Conservation Plan is led by the Department of Environmental Conservation and Office of Parks, Recreation and Historic Preservation and, in a limited capacity, the Department of Agriculture and Markets, Department of State, and Department of Transportation. While the Open Space Conservation Plan acknowledges the importance of protecting working farmland, agricultural land receives limited focus. Working farms are the subject of no more than 6 pages of the state Open Space Conservation Plan's 74 pages of introductory language and receive variable treatment in the regional conservation priorities described later in the plan. 55

Other states have developed proactive visions for ensuring that agriculture and food production are a vibrant part of their future. Organizations in the 6 New England states have developed the *New England Food Vision*, which has the goal of feeding 50% of the region's population from local sources by 2020. To achieve this goal, they project the need to keep all of their region's farmland in active farming and bring an additional 2 million acres of land into agricultural use.<sup>56</sup> Similarly, the State of California has developed the *California Agricultural Vision*, which among other goals seeks to stabilize farmland and water resources by 2030.<sup>57</sup>

The 20<sup>th</sup> anniversary of New York's Farmland Protection Program is an opportune moment for the State of New York to develop a bold, unified vision for protecting the state's food producing resources to ensure a resilient agricultural sector that can provide the food and other benefits to meet the needs of New Yorkers. Such a state plan should provide a broader, statewide vision that unifies municipal, county and regional plans across the state and provide direction for state policies and programs, and offers guidance for future local planning and implementation efforts. Specific topics that should be addressed in the plan include:

- Goals for protection of farmland and ensuring the long-term viability of agriculture in New York
- ▶ Factors impacting the availability and viability of farmland in New York
- Location or areas of farmland to be protected
- ▶ Benefits of protecting such land to the state and its citizens
- ▶ Consequences of conversion of such lands
- Policies and programs that could be employed by the State of New York to achieve stated goals

**RECOMMENDATION 14:** Adopt a state farmland mitigation fee to offset farmland converted due to road, water, sewer or other infrastructure projects receiving public funding, incentives or authorization.

New York needs to establish public policies that reflect the critical importance of protecting farmland as a limited natural resource. Adopting a statewide policy that requires mitigation to offset the loss of productive farmland will discourage the siting of water and sewer lines, natural gas pipelines, electricity transmission lines and facilities, roads and other infrastructure on productive farmland. If there is no feasible alternative, then a state farmland mitigation fee could be applied to generate funds to ensure that at least an equal value of farmland could be permanently protected for agriculture.

Local governments in California, as well as the states of Connecticut, Massachusetts, Pennsylvania, and Vermont utilize forms of farmland mitigation. In Connecticut, for example, localities are required to protect, acre-for-acre, land taken by eminent domain. They can do so either by protecting lands of comparable or superior soil quality within their boundaries or paying a mitigation fee to the state's Farmland Protection Program. The State of California is now considering legislation that would create a farmland mitigation fee to counter the impacts of farmland conversion, including increases in greenhouse gas emissions, associated with converting farmland to development.

#### CONCLUSION

Over the last 20 years, New York has made important strides in protecting its working farmland. State leadership has contributed to an 80% reduction in the annual loss of farmland to real estate development in New York since the 1990s. Working with farm families, land trusts and local governments, the State of New York has invested \$140 million to protect more than 50,000 acres of farmland across the state.

New York is uniquely poised to have a farm and food economy that feeds millions of state residents, and serves as a cornerstone of the state's economic future. Protecting farmland is a key component of ensuring the land resources necessary for a secure and resilient future for farming in New York. The capital investment inherent in protecting working farms will drive further growth in the agricultural sector and facilitate the transition of farmland to new and next generation farmers.

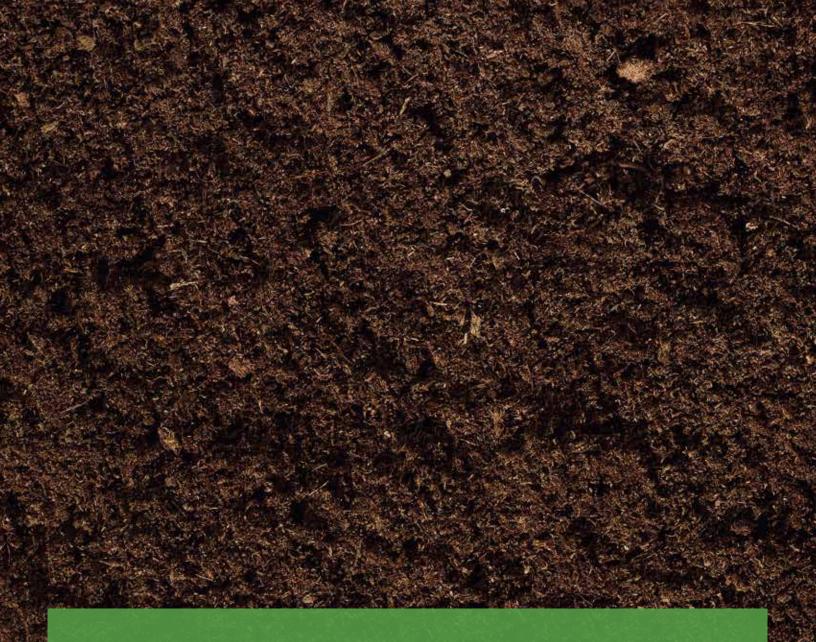
But, significant new forces—such as climate change and the difficulties of transitioning farms to the next generation—are posing new threats to New York's irreplaceable farmland. On the 20<sup>th</sup> anniversary of state funding for New York's Farmland Protection Implementation Grant Program, it is vital that the State of New York renew its commitment to protecting working farmland.

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