

Protecting Farmland On The Edge: What policies and programs work?

by
Jerry Paulson

Referenced Studies

- [Farming on the Edge](#)
- [McHenry County, Illinois](#)
- [DeKalb County, Illinois](#)
- [Dane County, Wisconsin](#)
- [Waukesha County, Wisconsin](#)

Farmland in southern Wisconsin and northern Illinois was identified by the American Farmland Trust as third of the 20 most threatened farmland regions in the United States in its 1997 report on farmland in the path of development, *Farming on the Edge*. The rules, practices and attitudes regarding protection of farmland in two counties in southern Wisconsin and two counties in northern Illinois were studied as part of the AFT's review of the effects of suburban sprawl on farmland conversion in the region to determine which policies and programs work and do not work.

The four counties that were reviewed were Dane and Waukesha counties in Wisconsin and DeKalb and McHenry counties in Illinois. These four case studies represent two fundamentally different state approaches to protecting farmland, and the full range of development pressures on farmland, from a predominantly urban county to a rural one. The studies show that some policies help to slow down the development of prime farmland in urban growth areas, but that the attitude of local elected officials toward land use planning and development is the primary factor in how well farmland protection policies and programs are implemented.

The State of Illinois takes a hands-off approach to local land use decisions. The power to plan and zone the use of land is given entirely to county and municipal officials in Illinois. Municipalities in Illinois also have almost unlimited power to annex land for development. A few state programs and policies encourage farmland preservation, but the ultimate decision on land use is left to the landowner and to the county board or municipality.

Wisconsin takes a similar approach to land use planning and

zoning, but with greater state-level oversight of local development plans. Wisconsin has a state-wide farmland preservation program that provides tax incentives to landowners who participate in the program and financial assistance to counties and towns to develop farmland preservation plans. But, decisions on rezoning farmland for development are left to local officials to make without any interference by the state.

The result is a hodge-podge of land use patterns that reflect each local government's attitudes about the type of growth they want, and how they choose to respond to increasing development pressures. The lack of a coordinated effort to control urban and suburban growth into some of the nation's best farmland continues to put farming on the edge at risk.

Illinois: Giving Away the Farm

Of all the different programs and policies that promote farmland protection in McHenry and DeKalb counties, county zoning ordinances, land use policies and state annexation laws appear to have the most impact on the premature loss of farmland. State laws and policies in Illinois have had little effect on the conversion of farmland to other uses, with one exception - farmland property assessments. The assessment of farmland based upon its productivity instead of its market value gives farmers and farmland owners a real financial advantage. The property tax cap that applies to McHenry County also helps to keep taxes on farmland lower than they otherwise would be. Other than that, the Illinois legislature has given away the farm to the whims of local officials.

The land use policies and zoning ordinances in both McHenry and DeKalb counties discourage the conversion of prime farmland to residential uses, but the real test of the county boards commitment to protect agriculture in both counties has yet to come as development pressure increases. Both McHenry and DeKalb counties have exclusive agricultural zoning and allow only one new home in this zone on each forty acres. They both allow rural residential development on land that is judged to be unsuitable for farming because of its soils or slope, or its use for pasture or trees. The land use policies of the two counties both direct high density development to municipalities where it can be served by public sewer and water. This approach to planning and zoning has prevented most development in the unincorporated portions of the counties.

The greatest threat to farmland in McHenry County and

DeKalb County is the rush by municipalities to annex land for development. Most municipal officials will agree that residential development does not pay its own way in taxes collected for the services demanded. Increased retail sales bring added tax revenues into city coffers, and commercial development usually follows more homes. Gaining control over strategic locations for retail stores along major highways and at intersections, is one reason given for aggressive municipal annexations policies.

For example, the village of Lake in the Hills, in McHenry County, was landlocked by other towns on three sides, with no commercial tax base. Several years ago it initiated a concerted effort to annex land all the way to Illinois Route 47, almost four miles away, to secure an area for commercial development. The village was able to annex more than 2,500 acres and is now the fastest growing suburb in northern Illinois. According to recent U.S. Census data, Lake in the Hills' population increased by 186 percent between 1990 and 1996 from 5, 866 to 16,889 people respectively.

Other municipalities, like the Village of Algonquin next door to Lake in the Hills, have taken a more deliberate approach to contain development. The village negotiated boundary agreements with its neighbors so it can take its time about annexations, and is phasing in development according to an overall plan that attempts to balance residential and commercial land uses. This strategy also allows the village to get the developers to pay for needed infrastructure improvements through the use of recapture agreements, Tax Increment Financing and other financing methods.

The City of DeKalb has adopted a similar perspective on planning and development. The city's land use plan focuses on development of vacant land already annexed into the city. Any further annexations are to be made for deliberate purposes to balance the tax base. The plan is compatible with the county's goals to protect farmland and encourage compact development, a good example of city-county planning. But, with prime farmland stretching to the horizon in every direction, the City of DeKalb has no natural limits on how much farmland it can annex.

The fate of farmland in the remaining unincorporated areas of McHenry and DeKalb counties is left to the county board in each county. The greatest pressure facing McHenry County is keeping property taxes down while paying for the increased

cost of the services it provides to county residents. The prevailing attitude of the McHenry County Board is that keeping land as farmland costs less in services than rezoning it for residential use, but bringing in new businesses to the county provides more tax revenues without a demand for increased services.

This was the primary reason that county officials did everything in their power to bring the Motorola cellular phone plant to McHenry County. The plant added more than \$15,000,000 to the assessed value of the county in 1996, the first year of operation. This number will more than double when the plant is finished. The trick is how to provide the necessary work force for new businesses without increasing demands for residential development. So far, no one has perfected this balancing act. Soon after the Motorola plant was approved, the City of Harvard annexed 830 acres of prime farmland to provide housing for Motorola employees.

The changes in McHenry County's zoning ordinance and land use policies make it easier to rezone farmland for scattered residential development. It can be expected that more farmland will be converted to rural residential uses in unincorporated areas as demand for this type of housing increases, and as more farmers decide to retire or to move out of the county. DeKalb County has gone in the other direction, making it more difficult to rezone farmland for scattered rural home sites, and denying requests to rezone land in agricultural areas.

The cost of providing sewer and water to newly annexed lands has slowed down the conversion of farmland somewhat. Because these expansions are often financed by the use of revenue bonds paid off by user fees instead of taxes, they are not subject to property tax caps and do not require referendums. The policy adopted by the Northeastern Illinois Planning Commission that attempts to limit the premature conversion of prime farmland through the Facility Planning Area amendment process has had very little impact in McHenry County. The final decision on FPA expansions is made by the Illinois Environmental Protection Agency, and the IEPA almost never denies a permit for expansion of a sewage treatment plant or public water supply.

Recently, several townships in McHenry County have appointed planning commissions and adopted comprehensive plans that encourage protecting farmland. Townships have very limited power to influence zoning and annexations, but do

provide a forum for discussion of the issues and options available to landowners. Because this is a new area for townships in Illinois, the ultimate role that they can play in helping to protect farmland in the county is yet to be seen.

Wisconsin: A Prescription for Sprawl

The multi-layered land use planning and zoning structure in Wisconsin creates a political system that is a prescription for sprawling residential developments into rural areas. Both the county and the town boards in Dane and Waukesha counties have the power to plan and zone, creating the opportunity for conflicts in how land is used. Any planning efforts that may threaten a town board's local control over land use decisions is vigorously opposed, as was recently demonstrated during the debate about approval of Dane County's "Vision 2020" land use and transportation plan, and Waukesha County's land development plan.

The "Vision 2020" plan was developed by the Dane County Regional Planning Commission with the cooperation of Dane County, the City of Madison and the Wisconsin Department of Transportation. Members of the village boards and town boards are represented on the Regional Planning Commission. Nevertheless, 23 towns and five villages out of the county's 60 municipalities voted to reject the plan, and urged the Dane County Board to vote against adopting it. Their concern seemed to be that the plan would erode local control over land use decisions. Despite the opposition, the Dane County Board voted 23-to-15 on November 21, 1997, to approve the land use and transportation plan, which promotes farmland protection.

Development forces won out in Waukesha County's land development plan. Only a small corner of the county is designated for agricultural use in the adopted plan, a loss of almost 48 square miles of farmland to rural homesites, "hobby farms" and country estates. The battle to save the county's remaining farms was lost many years ago when town boards, and the farmers who elect them, decided that development was inevitable and efforts to encourage farmland preservation were useless. The self-fulfilling prophecy of this attitude is reflected in the land development plan.

Farmland preservation plans and county zoning ordinances in Dane and Waukesha counties take the same approach to protecting farmland from premature conversion as the two counties in Illinois take: exclusive agricultural zoning and a limit on the size of a parcel that a home can be built on in the

agricultural zone. A 35 acre parcel is the minimum size for building a new home in an area zoned exclusively agriculture in Dane and Waukesha counties, but, only farm residences are allowed. Like the two counties in Illinois, the two Wisconsin counties allow less productive, wooded or pasture land to be used for rural residential development.

Besides the political structure, the major difference between the Wisconsin and Illinois approaches to farmland protection was, until recently, the way that farmland is assessed for property taxes. The Wisconsin legislature has passed changes in how farmland is assessed so it will be based upon what the land can produce instead of its market value. This change will have a direct impact on the Farmland Preservation Program in the state, but it is not clear if it will help it or hurt it.

The Fate of Farmland on the Edge

As long as the land remains undeveloped, it will continue to be farmed, even if it is owned by investors or land developers. Escalating prices being paid for farmland in northern Illinois and southern Wisconsin, rising property taxes and federal tax policies all push farmers to sell out. It is unlikely that any state or local tax incentives could off-set the money that can be gained by selling the land for development. Recent changes in capital gains taxes and federal estate taxes may actually make farmland more attractive as an investment.

Land use policies and zoning ordinances that encourage compact and contiguous development can forestall premature conversion of farmland to some extent, but it is unlikely that local officials will turn down the chance to increase property tax assessments or the opportunity for increased sales tax revenues by rezoning farmland for industrial and commercial development. Changes in Illinois laws are needed to give counties more say over annexation of farmland designated for protection.

Dane County and McHenry County both promote the purchase of development rights and use of conservation easements as a way to preserve prime farmland, and to establish growth boundaries, or greenbelts, around towns and villages. A recent public opinion poll of 400 residents of McHenry County selected at random, asked the question, "Are you concerned about maintaining farmland in your area?" More than half (53.6 percent) of the residents say they are very concerned about maintaining farmland, and 32.7 percent are somewhat concerned. But, when asked if they would support purchasing

development rights to preserve farmland and maintain open space, the majority of the people (51.6 percent) opposed the idea, while only 32.9 percent supported purchase of development rights. Although farmers already receive significant property tax breaks, the benefits of using taxpayer money to protect farmland is clearly not a concept that is well understood by people in McHenry County. It is already being done in the Town of Dunn in Dane County.

Transfer of development rights is another concept that is not well understood, and would be difficult to implement without careful planning and intergovernmental cooperation. The McHenry County zoning ordinance allows for density transfers within a given parcel of land under its planned development provisions, but there is no legal mechanism for transfers between parcels. State laws allow for the formation of intergovernmental planning agencies that could do this in the right circumstance. So far, there has been little interest in undertaking such planning efforts. Dane and Waukesha counties have both initiated a process to determine how to implement a transfer of development rights program.

The use of greenbelts, growth boundaries and boundary agreements between municipalities could put a limit on annexation of farmland into municipalities. This approach would have to be coupled with a very strong commitment by the county board in each county to also limit development in unincorporated areas, otherwise the effect will be minimal.

The answer seems to be a combination of good planning policies and politics. There has been a resurgence of political interest in slowing the rapid growth that is occurring in Dane, DeKalb and McHenry counties. The costs of "growth" was an issue in almost every municipal election this year in McHenry County, and several "slow growth" candidates were elected to office, including the new mayor of Woodstock. Farmers in the county are also getting more actively involved in local political campaigns as they see their lifestyles and livelihoods threatened by higher property taxes and suburban sprawl.

There is no single solution to stopping the continued loss of farmland on the edge of rapidly expanding urban areas in northern Illinois and southern Wisconsin. But it is clear that what is done to control suburban sprawl, and protect farmland in the next few years will determine the fate of farmers who are farming on the edge.

Based upon the findings of the four county case studies, the authors make these recommendations to help protect farmland in northern Illinois and southern Wisconsin:

1. State and county policies and plans should recognize the important role that farming plays in the local economy and the contribution that farmland makes to local property taxes without putting demands on public services, and not view farmland as vacant property waiting to be developed. Viewed as an economic asset provides decision makers with greater justification to protect farmland and farming when faced with proposals for development.
2. Local governments should not rely on zoning to protect farming. More permanent solutions are needed to stop expansion of urban areas into prime farmland and rural areas. Creation of greenbelts, or growth boundaries, around municipalities through the use of conservation easements, transfer of development rights, or purchase of open space lands, are viable options, but the benefits of such programs must first be explained to taxpayers.
3. County and township planning officials should recognize that allowing low- density residential development in rural areas displaces farming as surely as other development, and is the worst kind of sprawl. Rural residential development should not be allowed in farming areas just because the land is not used for production of row crops. Pasture and woodland contribute to viable farming operations, and help to provide other sources farm income.
4. Counties should be given more authority to implement farmland preservation plans and policies through the use of intergovernmental agreements, property tax incentives to discourage annexation of farmland, and limits on expansion of utilities into designated agricultural areas.

Views expressed are those of the author(s) and not necessarily those of the American Farmland Trust.

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CONTACT INFORMATION:

American Farmland Trust

Center for Agriculture in the Environment

148 N. 3rd St.

P.O. Box 987

DeKalb, Ill. 60115

Phone: (815) 753-9347

Fax: (815) 753-9348

E-mail: Ann Sorensen (asorensen@niu.edu), Director.

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