



DELAWARE AGRICULTURAL LAND PRESERVATION

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Saving America's Working Lands National Conference

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AGRICULTURE

DELAWARE'S #1 INDUSTRY

- 525,000 acres of farmland, Delaware's 2,300 family farms produce agricultural products
 - Origin of the commercial broiler industry
 - Top producer of organic chicken and lima beans
 - Highest value: chickens, watermelon, horticulture
 - Top acres: corn, soybeans, wheat, barley

Economic Impact

- Food and agriculture industries provide 65,000 jobs (1 in 8 from Delaware's workforce) and \$8.9 billion in economic activity to the state, including \$1.5 billion in direct sales.



FARMING AND FARMLAND IS UNDER THREAT

Every Acre Counts

- Americans are paving over agricultural land at a rapid pace
- From 2001–2016, America lost or compromised 2,000 acres of farmland and ranchland every day

Farmland Lost to Development (2001-2016)**		
1	NJ	8.7%
2	NC	6.7%
3	CT	6.4%
4	DE	5.8%

**American Farmland Trust “Farmland Under Threat: State of the States” (2020)



DELAWARE'S FARMLAND PRESERVATION PROGRAM

- Established in 1991
 - Title 3, Ch. 9 – Ag Lands Preservation Act
- First funded in 1995 via 21st Century Fund
- Now funded in statute through annual \$10M Realty Transfer Tax appropriation
- Governance: Aglands Preservation Foundation
 - 11 board members appointed by Governor
- Seeks to preserve enough agricultural land to sustain our agricultural industry





AGRICULTURE PRESERVATION DISTRICTS

Entirely voluntary, two step process:

1. Landowners enroll their farm into a **10-year Preservation District agreement**.
2. After enrolling, landowners can apply to sell their farm's development rights, known as a **preservation easement**, keeping the farm preserved for perpetuity.

Easements are selected through an **annual bid process**

- Interested farms are appraised
- Owners submit offers based on their appraisal
- Offers are ranked by discount
- Farms are selected with available funds each year
- Selected farms are surveyed and go to settlement and pay for the easement
- Restrictions become permanent

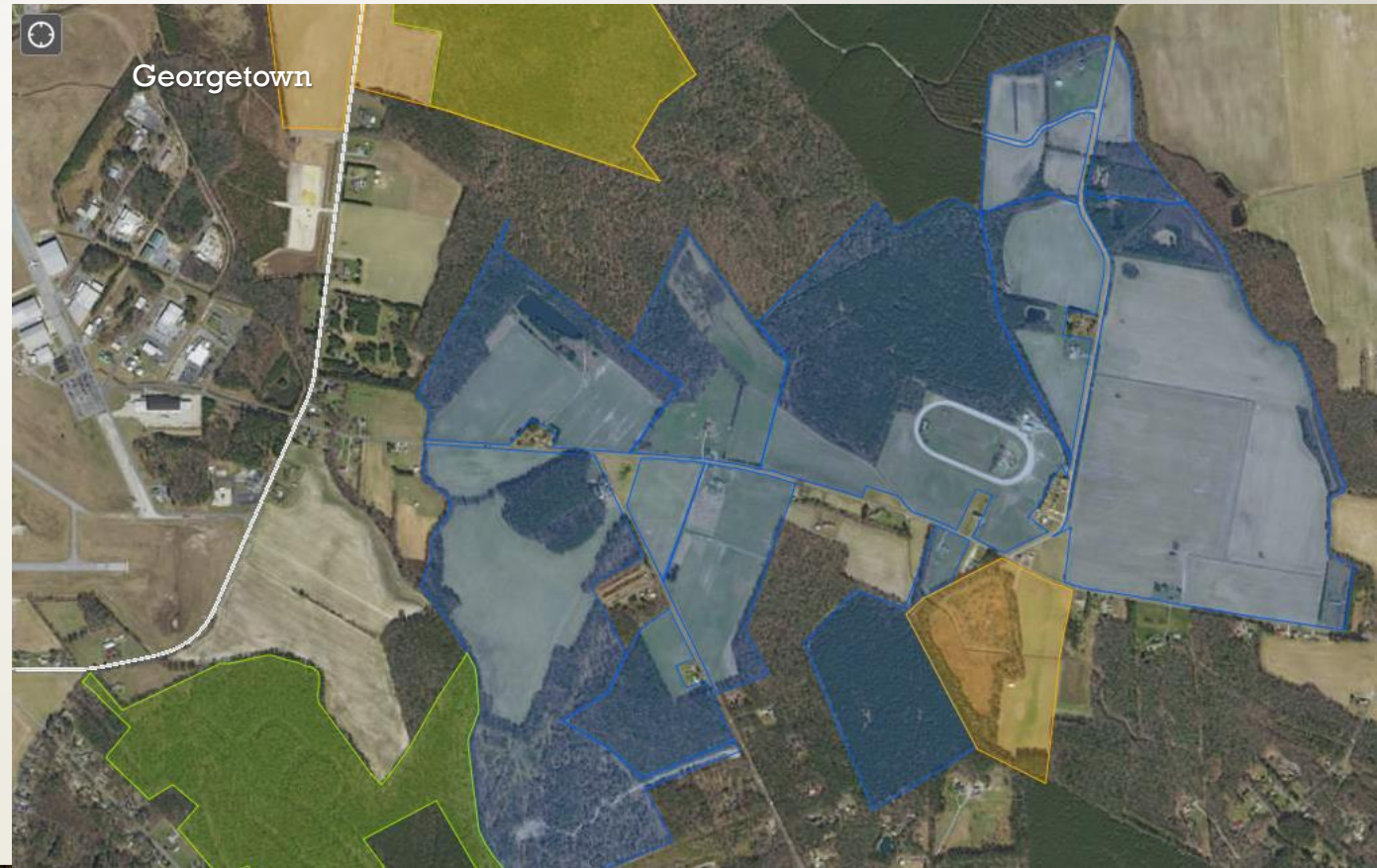
AGRICULTURE PRESERVATION DISTRICTS

District Eligibility

- Must be active farmland or forestland and willing to enroll “all eligible” land
- Not subject to a “major subdivision”
- Land & Site evaluation score: 170/300
- Must agree to no development for 10 years

New Districts must be 200 acres

- Smaller districts allowed if within 3 miles of a 200 acre district
- Minimum 10 acres





AGRICULTURAL DISTRICT BENEFITS

Landowner Benefits:

1. Participation in easement selection process
2. (Slightly) better right to farm law language
3. Property tax exemption (though similar to what all farmland receives)
4. Real Estate Transfer Tax exemption on sales of preserved land (district or easement)
5. Protection from encroachment – no occupancy permits within 50 ft. Subdivisions within 300ft require a deed warning about agriculture activities

Districts are a gateway to permanent easements

Contingent Sale Enrollment

- Buyer is interested in bringing land into an agricultural district
- Seller completes application and agreements are signed at settlement, prior to sale
- Sale is exempt from transfer tax (4% of sale, split between buyer and seller)
- No risk to seller – if sale falls through the preservation agreements are not signed.
- After sale, land is restricted from development for 10 years, renewing after 5 years
- Many buyers are selected for a permanent easement the following year

DELAWARE'S AGRICULTURAL DISTRICTS AND EASEMENTS

**Industry should guide agricultural
production to meet market needs, not us**

1. Farmland remains privately-owned, but must remain in agricultural and related use
2. Any type of agricultural production is allowed – field crops, orchards, livestock, chickens, controlled-environment ag...
3. No restrictions on farm structures or locations – chicken houses, greenhouses, equipment sheds, etc
4. No rezoning or major subdivision
5. Limited residential use and no commercial use (except for certain farm-related activities). Energy production allowed for farm use



SEPARATE ELIGIBILITY FROM PRESERVATION

1. Eligibility is considered when becoming an agricultural district
2. All current agricultural districts are eligible for the easement selection process
3. Only discount is considered when selecting farms for easements

Result is remarkable program efficiency and a gateway for landowners to preservation



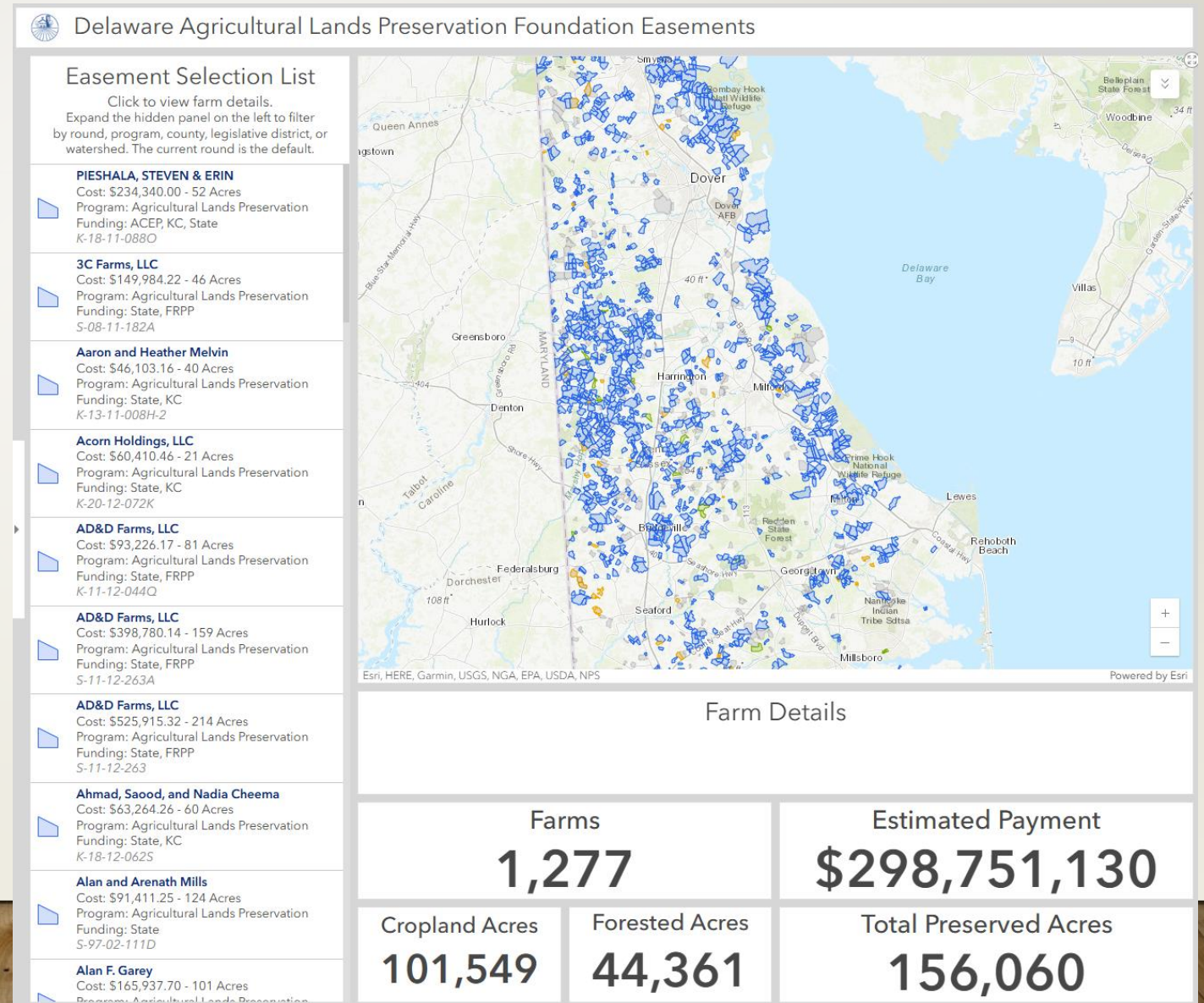
STATEWIDE PRESERVATION EASEMENTS

DE.gov/agddashboard

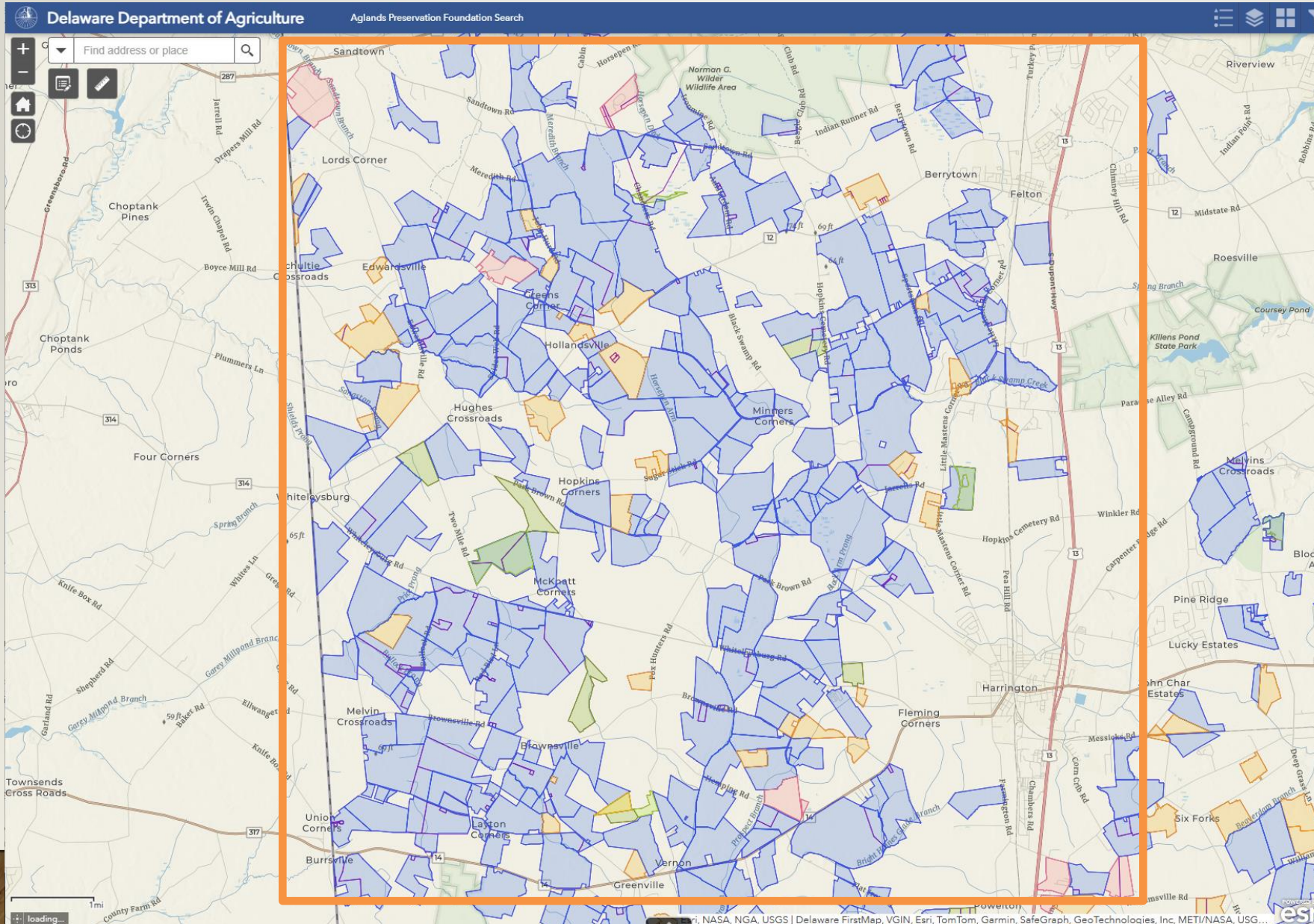
27% of Delaware farmland

Primary state funding: Realty Transfer Tax

Total Easement Costs:	\$298 million
State funds:	\$212 million
Federal funds:	\$ 64 million
County funds:	\$ 19 million
Other funding:	\$ 3 million
Total Landowner Discount:	\$394 million



LANDSCAPE-SCALE LAND PRESERVATION



- 10 x 10 mile box in southwest Kent County
- Primarily grain, corn, soybeans, poultry, and horse farms
- 160 separate agriculture preservation districts and easements
- 18,000 acres preserved



OTHER DELAWARE AG VIABILITY PROGRAMS

Farmland Assessment Act

- Property tax exemption* for unimproved farmland
- Value based on production capability for agriculture, horticulture, and forestry
- Rollback Tax – upon change to non-agriculture use, land in Farmland Assessment is subject to up to 10 years of avoided property taxes. Rollback taxes are paid to the Aglands Foundation

Young Farmer Loan Program

- 30-year, no-interest loan for $\sim\frac{1}{2}$ of land value, farm placed in permanent easement
- 40 young farmers have received nearly \$9.8 M in loans
- 3,372 acres of land permanently preserved through Young Farmer Loan Program

Delaware Agriculture Loan Program (Equipment)

- Low interest loans through Division of Small Business (Dept of State)



QUESTIONS?

