

# VERMONT FOOD SYSTEM PLAN ISSUE BRIEF



## ISSUE: Farmland Conservation

### What's At Stake?

Over the past 40 years, Vermont made substantial investment and progress in farmland conservation, permanently conserving 15-20% of the state's farmland.<sup>1</sup> Farmers have greatly benefited from ongoing, coordinated conservation efforts, yet threats to farm viability in the state continue to loom large. At least 3,000 Vermont farms and many more acres of high-quality agricultural soils are not conserved.<sup>2</sup> Over the next five years, as many as 300 Vermont farms (conserved and not-conserved) may change hands as existing farmers retire. If managed strategically, these transfers could lead to the next generation of vital farms and strengthen Vermont's rural economies. If not, land farmed for generations could sit fallow, become less productive, or be lost to development. The COVID-19 pandemic has shed light on the urgency of securing our agricultural land base in order to support a more localized food supply.

### Current Conditions

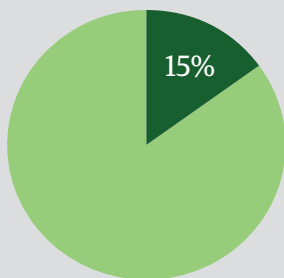
Farmland conservation is one of the best ways to protect Vermont farmland from development, keep it in production, ensure localized food production capacity in case of emergencies, and maintain an economically viable agricultural sector.

Land is conserved with a legal document called a conservation easement (typically held by a land trust) which permanently limits development, restricts subdivision, and protects natural resources. This is also known as "sale of development rights," as landowners are usually compensated for the loss of the potential income from development (though some donate or partially donate this value). Conservation easements generally reduce the land's appraised value and can impact a future sale price. In Vermont, the Option to Purchase at Agricultural Value (OPAV) tool is typically part of the conservation easement, to keep land affordable for farmers with commercial agricultural operations and discourage conversion of good farmland into estate-type properties.

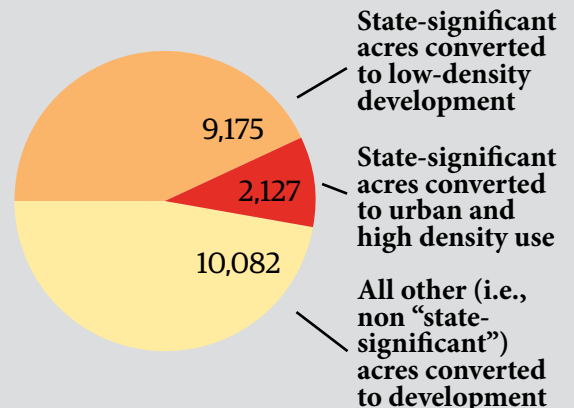
Selling development rights is a critical economic tool for Vermont farmers, allowing them to sell a legal asset while still retaining ownership of the land, and use sale proceeds to expand, diversify, invest in new infrastructure, buy more land, and/or facilitate a family transfer. Despite its social, agricultural, and economic benefits, land conservation is also challenging. Not all farmers want or are able to conserve their land. The demand for funding to purchase development rights far exceeds the supply, despite years of relatively stable federal and state funding for farm easements.

Permanent farmland protection plays a critical role in the economic transformation and ownership transitions that Vermont agriculture is facing, but conservation alone will not ensure the survival of Vermont's agriculture sector. Fortunately, Vermont's farmers, land trusts, agricultural lenders, and service providers are well-coordinated, and share key goals around the successful transition of Vermont's agricultural economy to the next generation, responsible land stewardship, and the importance of farm viability.

Approximately 15% of Vermont's agricultural land is currently protected.



From 2001-2016, approximately 21,400 acres of agricultural land in Vermont were compromised by development. 52.9% of these acres had statewide significance in terms of calculated productivity, versatility, and resiliency.



## Conservation of Farmland

### Current Conditions

Funders and land trusts use established criteria to assess a land parcel's resources (e.g., soils, water, special ecological attributes), development threat, and proximity to other conserved parcels, as well as the plans for the farm operation. The land is appraised to determine the current value with full development rights and the value after conservation with limited development rights. The easement value, and financial compensation to the landowner, is the difference between the two.

- For the past several years, the Vermont Housing & Conservation Board (Vermont's primary funder of farm easements) has typically funded **20 to 22** farm projects each year, protecting about **3,000 acres**.
- **\$2.7 million** in state funding each year (on average) leverages **\$3 million** in federal dollars through the Natural Resources Conservation Service (NRCS) and **\$1 million** per year in philanthropic and local funds, as well as landowner bargain sales.
- VHCB's current conservation pipeline has **40** projects waiting to be funded with a value of over **\$9 million** of easement funding.

### Bottlenecks & Gaps

- An easement's value may not offer sufficient financial return for certain landowners.
- Criteria from funders does not always match the available land.
- Easement restrictions may not accommodate a landowner's plans.
- The volume of land that could transfer over the next five years will create bottlenecks for scarce resources and staff capacity at Vermont Housing and Conservation Board (VHCB), land trusts, and agricultural service providers.

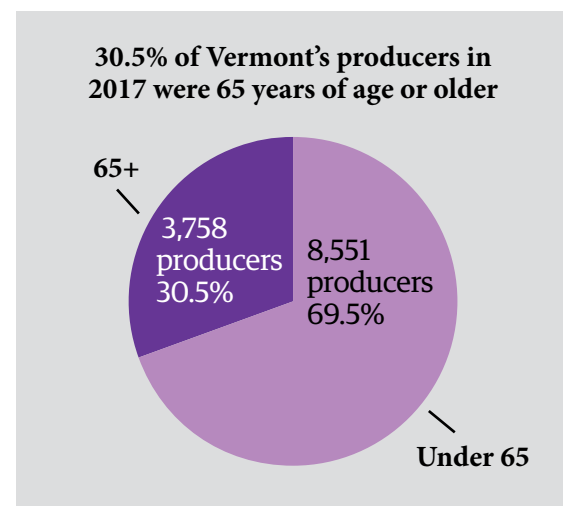
### Opportunities

- Securing more land for food production through farmland conservation can be an effective strategy to address threats posed by climate change and global pandemics.
- The Vermont conservation community is coordinated and skilled at working together (see [Business and Technical Assistance brief](#)).
- Vermont farmers continue to have a strong interest in selling development rights, and understand the importance of securing their land base.

## Conservation and Land Transfers

### Current Conditions

The amount of farmland expected to transfer creates a tremendous opportunity to conserve more acres, add ecological protections and affordability options to already-conserved land, help new or beginning farmers gain access to the transferring land, or expand existing businesses. Conservation during a sale process can be a powerful tool to make land more affordable for a new owner, and if the property is already conserved, it may be more affordable than non-conserved parcels.



## Bottlenecks & Gaps

- New tools are needed to make already-conserved land affordable for potential buyers, who cannot use the sale of development rights to finance their purchase.
- When farmland goes up for sale, all parties must act quickly to ensure that it does not get sold for development.
- Matching buyers with sellers at the right time is a challenge, and the process of sale and transfer can be lengthy.

## Opportunities

- Easement holders have ongoing relationships with landowners and can provide timely assistance and resources during transitions.
- Creative financing and land-access tools such as land banks, affordable housing models, conserving different land assets, and upgrading easement provisions, have promise (see [Alternative Land Ownership and Access Models brief](#)).
- Low-cost, flexible, and patient capital sources can help the owner and buyer weather the wait time to complete the transaction (see [Access to Capital brief](#)).

## Conservation and Farm Viability

### Current Conditions

Conservation alone does not ensure land will remain actively farmed and productive. Farmland needs to be able to transfer viably from one owner to another in order to stay productive. Keeping Vermont's conserved (and non-conserved) farmland in active, economically viable operation requires a healthy agricultural economy with robust market opportunities, technical and business support, and policies that incentivize active farming (e.g., the Use Value Appraisal program).

Percent of Farms with a New or Beginning Principal Producer, by Economic Class (i.e., Market Value of Agricultural Sales)



## Bottlenecks & Gaps

- Sale of development rights can provide a vital infusion of capital to a business, but only once.
- Limited access to markets, competition, and low price points can make it difficult to sustain a viable new agricultural operation (see [Supporting Future Farmers brief](#)).
- The cost of farmland is high compared to the low margins farm operations typically deliver.
- Vermont's transferring dairy farm parcels and infrastructure may not match the needs of incoming non-dairy farm businesses (see [Succession brief](#)).

## Opportunities

- Conservation groups are developing creative tools, legal instruments, and funding streams to assist farm businesses.
- Collaborative ownership, long-term leasing, and other business models can provide equitable access to farmland without fee simple ownership, and address affordability issues (see [Alternative Land Ownership and Access Models brief](#)).
- Vermont has a strong network of farm viability and farmland access organizations that can provide services to farmers at all stages of business.

## Summary

Vermont has a long and successful track record of protecting farmland. Although Vermont ranks in the top 25% of American Farmland Trust's Agricultural Land Protection Scorecard of States,<sup>3</sup> more resources and new tools are needed to keep up with the current and anticipated demand, and to ensure that conserved farms stay in active agriculture and remain economically viable. As the pace of farm transitions intensifies, new opportunities and tools are emerging to help farmers access land. Vermont needs well-funded, coordinated programs, including land conservation, to support the transition of farmland and farm businesses in Vermont. Ultimately, successful farmland conservation strengthens both community vitality and farm viability.

## Recommendations

- Support the development of additional tools that can be applied to already-conserved properties to ensure affordability and access for the next generation. Some examples include performance mortgages, shared equity models, ground leases, and more. To support this, create a lending vehicle specifically set up to provide low-cost capital to alternative ownership models that may be challenging to finance through traditional farm loan programs.
- Fully fund the Vermont Housing and Conservation Board through the Property Transfer Tax Fund. This funding is essential in order to capture the opportunity to protect farmland now as successions accelerate and the risk of losing farmland increases.
- Allocate \$3 million annually to VHCB's Farm & Forest Viability program in order to expand their capacity to provide critical business and technical assistance services to farms and forest products businesses of all types across Vermont. (see [Business and Technical Assistance brief](#))
- Appropriate \$3 million of flexible, low-cost financing to a Community Development Financial Institution or other lender, to support new farmers in purchasing farmland. This could be leveraged by VLT's \$15 million Farmland Futures Fund. These funds would be used in coordination with VHCB's Farm and Forest Viability Program as well as the Working Lands Enterprise Fund.
- Enhance equitable access to farmland, as VLT has done with the Pine Island Community Farm in Colchester. Partner with and support organizations that assist Black, Indigenous, and People of Color farmers gain access to viable farmland.



Farm to Plate is Vermont's food system plan being implemented statewide to increase economic development and jobs in the farm and food sector and improve access to healthy local food for all Vermonters.

The Vermont Agency of Agriculture, Food & Markets (VAAFMM) facilitates, supports, and encourages the growth and viability of agriculture in Vermont while protecting the working landscape, human health, animal health, plant health, consumers, and the environment.

**This brief was prepared by:**

**Lead Authors:** Abby White and Maggie Donin, *Vermont Land Trust*  
**Contributing Authors:** Mike Ghia, *Land for Good* | Holly Rippon-Butler, *Young Farmers Coalition* | Peg Merrens, *Upper Valley Land Trust* | Nancy Everhart, *Vermont Housing & Conservation Board*  
Tyler Miller and Tracy Zschau, *Vermont Land Trust*.

**For end notes and data sources, and to read other food system briefs, visit [vtfarmtoplate.com/plan](http://vtfarmtoplate.com/plan)**