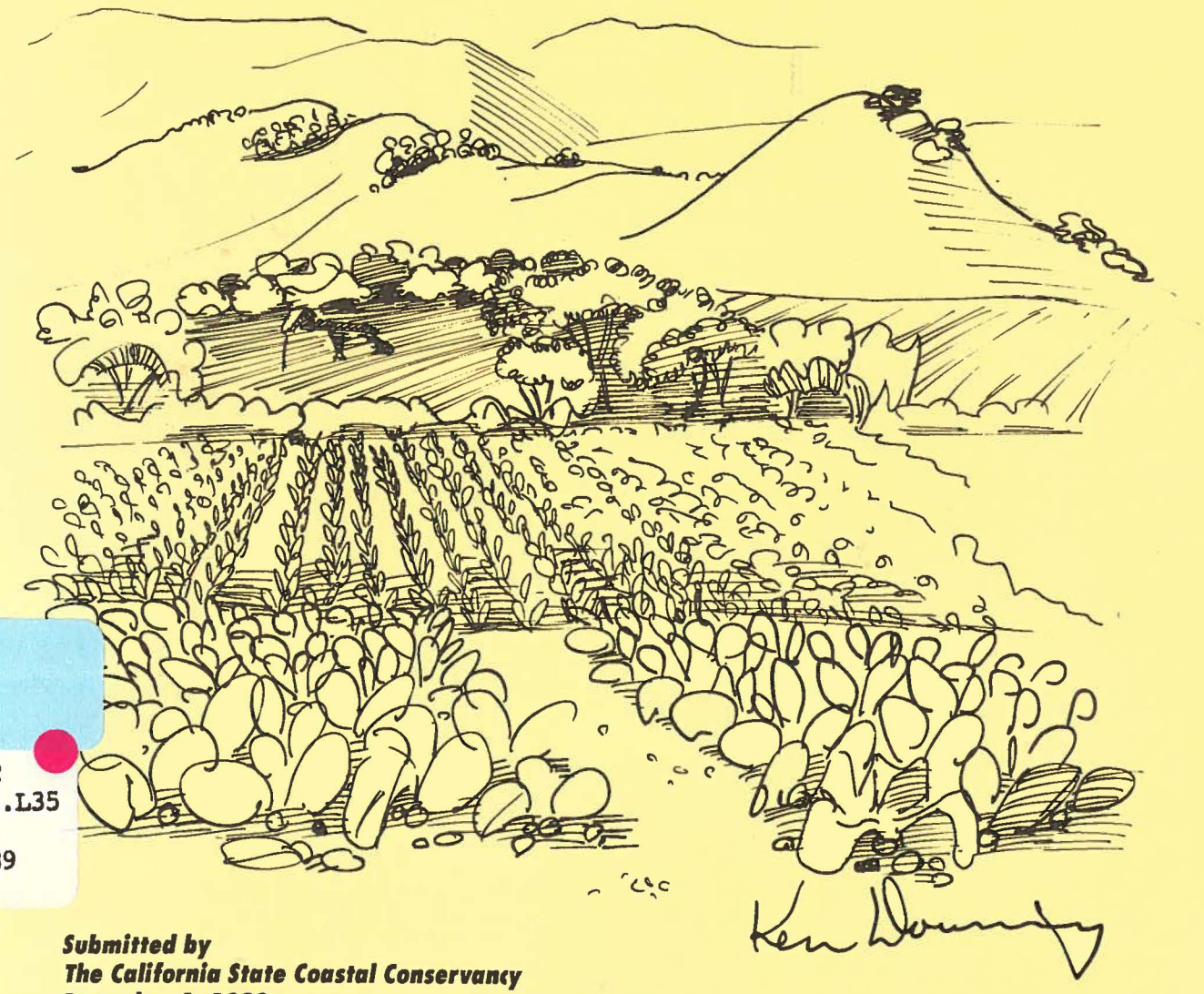
12-1-1989

Evaluation of Agricultural Land Trusts

California State Coastal Conservancy

Evaluation of Agricultural Land Trusts



Submitted by
The California State Coastal Conservancy
December 1, 1989

Evaluation of Agricultural Land Trusts

Pursuant to Government Code Section 51297.5

California State Coastal Conservancy
Peter Grenell, Executive Officer

December 1, 1989

TABLE OF CONTENTS

SUMMARY

PURPOSE

This report fulfills the requirements of Government Code Section 51297.5, which directs the California State Coastal Conservancy to evaluate the potential for using nonprofit agricultural land trusts to preserve productive agricultural lands.

APPROACH

The first part of the analysis evaluates and compares, in case study format, three demonstration projects funded by the State Coastal Conservancy which involve three nonprofit organizations: the Marin Agricultural Land Trust (MALT), the Sonoma Land Trust (SLT), and the Monterey County Agricultural and Historical Land Conservancy (MCAHLC). For a comprehensive look at how well these nonprofit institutions and their associated agricultural land conservation techniques function, the report contrasts these projects with three agriculture projects carried out directly by the Conservancy: the Cascade Ranch project, the Muzzi/Silvestri project, and the Cowell Ranch project, all in San Mateo County. Though executed in cooperation with land trusts, these Conservancy projects represent a different approach to agricultural land conservation in terms of the type of organization administering the project and the conservation techniques employed. Based upon data collection and interviews with Conservancy staff, land trusts, and county planners in each of the counties, the projects were evaluated against a set of criteria designed to gauge success and failure in terms of:

* completion of projects
* cost effectiveness of methods
* time effectiveness of methods

* ability to meet program goals
* ability to generate additional funding
* ability to generate additional projects
* perception of success and impact on areawide farming.

The second part of the report examines the prospects for using agricultural land trusts to protect productive agricultural lands in other counties. It lists the existing land trusts in California that are actively pursuing the long-term protection of agricultural land and surveys representatives of seven of the land trusts concerning the factors that have helped and hindered the land trusts' formation and productivity. Next, each of the four counties in which the case studies are located is examined to identify possible background factors that may have influenced the agricultural protection programs. Then, statistics measuring agricultural production and urban growth are examined for all the California counties. For purposes of this analysis, the counties are divided into three categories: counties with active land trusts operating long-term agricultural protection programs; counties with land trusts in place, but which have not yet demonstrated success in providing long-term agricultural protection; and counties without land trusts.

CONCLUSIONS

The major conclusions of this report are:

1. Land trusts can successfully provide long-term protection for agricultural land if local agricultural lands appear threatened by conversion to other uses and land trusts have:
   * financial support,
   * receptive local agricultural leaders and landowners,
   * supportive governmental policies,
   * a committed and competent land trust board and staff, and

* access to information about long-term agricultural protection techniques.

2. Local nonprofit land trusts have the following advantages over state agencies in administering agricultural conservation projects:
   * familiarity with the local area,
   * cost savings from use of donations and volunteers,
   * greater success at negotiating transactions at less than fair market value, and
   * many farmers and ranchers prefer not to deal with government agencies.

3. Acquisition of nonpossessory interests such as easements is less costly on a per acre basis than fee simple acquisition and less time-consuming than acquisition and resale with an easement, while still providing long-term protection.

4. Agricultural land trusts that have a single purpose—like MALT—may have an easier time successfully implementing agriculture projects than land trusts that have broader environmental goals.

5. It takes time for a land trust to form and become operative, and often several more years before the first successful land transaction is completed. The availability of funding, such as that provided by the Coastal Conservancy, is crucial in helping land trusts complete projects, establish a track record, and generate new projects.

6. The coastal zone boundary excludes many areas of important coastal agriculture, which makes it difficult or impossible for the Coastal Conservancy or those land trusts with which it works to provide significant long-term protection for the agricultural land base in such areas as Monterey, Sonoma, and Ventura Counties.

7. The historic rate of expansion of agriculturally related land trusts into new California counties has been approximately two new land trusts a year.

8. Land trusts have recently begun forming in California's major agricultural counties in the Central Valley, although more time will have to pass before these new groups can establish a track record of successful projects that provide long-term protection for agricultural land.

9. Counties that have land trusts are not clearly and measurably different than counties that do not have land trusts. This implies that land trusts can be established in new counties and may be effective in providing protection for agricultural land.

10. Proposition 70 has provided state funding for a number of local programs to provide long-term protection of agricultural lands outside the jurisdiction of the Coastal Conservancy. For future efforts to make the benefits of these programs available to more California counties, consideration should be given to administration by an organization with a legislative mandate to protect the agricultural land base and promote long-term agricultural use, and general powers similar to those of the Coastal Conservancy.

INTRODUCTION

CALIFORNIA AGRICULTURE

California is the nation's leading agricultural state with 31 million acres of agricultural land that typically yield 10 percent of national farm income. The state leads the nation in production of 48 different crop and livestock commodities and produces about half of the fruits, nuts, and vegetables grown in the United States. In terms of the value of agricultural products sold, the three top-producing counties in the country are all in California. In addition to its large yield, California's agricultural production is distinguished by its variety, high quality, and year-round output of many commodities.[1]

California has 9.5 million acres of irrigated cropland, 1.5 million acres of dry-farmed cropland, and 19.7 million acres of privately owned grazing land. About 44,000 acres a year of cropland are being converted directly to urban uses.[2] In the ten major agricultural counties of the Central Valley, the American Farmland Trust estimates that current land use plans and growth rates would result in conversion of 500,000 acres of productive farmland to urban uses by the year 2010.[3] Other lands are being taken out of production through the process of "parcelization" for large-lot "ranchette" development, through changes in the economics of agriculture, and through conversion to other types of uses, like wildlife habitat, recreation, or watershed lands.[4]

In several counties, conversion of agricultural land to other uses is offset by new lands brought into agricultural production, chiefly through expanded irrigation. This tends to mask the loss of important agricultural land in other areas. However, new agricultural lands tend to have less productive soils than lands that have historically been farmed, and the supply of potentially irrigable land is rapidly diminishing.

There are many reasons for farmland to be taken out of agricultural use. Spiraling property values, often fueled by speculation, have encouraged landowners to sell their lands. Prices are so high in some areas that new farmers cannot afford to purchase these lands. In urban fringe areas where subdivisions are interspersed with agricultural uses, urban development may have disrupted the local agricultural economy, setting the stage for future conversions by extending roads and public services. Conflicts in these areas, such as vandalism of crops and farm machinery, and objections to the dust, noise, and chemicals resulting from agricultural practices, also diminish the ability to use land for agriculture. These losses in agricultural land and limitations on production cut into the continued profitability of agricultural support industries like farm supply, food processing, distributing, and marketing. Beyond these hindrances, farming has simply become less attractive as costs, including transportation, energy, labor, and financing continue to rise and make conventional farming increasingly less profitable. Finally, in the past decade increased competition from foreign imports has forced many farmers out of business or caused them to make fundamental shifts in their methods of production.

In the coastal valleys of California, both the natural productivity of the soils and the pressures for conversion of agricultural land to other uses are magnified. Coastal vegetables can be raised throughout the winter and many crops can be harvested as often as two, three, and even four times a year. Only southern Florida and the Rio Grande Valley in Texas produce similar winter vegetable crops, and the California coast produces almost twice as much produce as these two other states combined. Unfortunately for coastal agriculture, the coastal strip is one of the most rapidly urbanizing regions of the state, making the rate of agricultural land lost even higher on the coast. Since the late 1950s, there has been a net increase of nearly 500,000 acres of urban land along the coastline while farmland has decreased by 125,000 acres.[5]

BACKGROUND TO REPORT

Concern for protection of agricultural land in the coastal zone was articulated in conclusions of the California Coastal Plan.[6] In this plan, the California Coastal Zone Conservation Commission found that particular combinations of soil and climate along the coast create special conditions that make agriculture highly productive. The plan also suggested three situations in which selective acquisition of interests in agricultural lands would serve a public purpose:

(1) to establish limited agricultural buffers;

(2) to assemble prime lands that are subdivided into parcels of uneconomic size and then to resell the combined larger holdings to farmers; and

(3) to provide financial help to relieve specified hardship situations in coastal agriculture.

The California Coastal Act[7] of 1976 incorporated many policies of the 1975 Coastal Plan, including protection of prime agricultural land. The Act established a coastal zone boundary (amended many times since) for each coastal jurisdiction, within which state resource planning and management policies would apply.

The State Coastal Conservancy also was created by legislation in 1976 to take affirmative steps in a non-regulatory manner to resolve resource conflicts on the California coast, and to implement programs for protecting, restoring, and enhancing coastal resources. Sections 31150 through 31156 of the Public Resources Code authorize the Conservancy to undertake projects to acquire interests in coastal agricultural lands in order to keep these lands from being converted to other uses. The Conservancy can also install improvements on such lands and can consolidate small parcels into more economic agricultural holdings. The Conservancy can acquire interests in the lands directly or can give funds to local governments or to nonprofit groups that are organized under Section

501(c)(3) of the Internal Revenue Code and have among their primary purposes the preservation of land. The interests that the Conservancy or its grantees acquire can be fee title, leases, development rights, easements, or other nonpossessory interests, but the projects must be located in the coastal zone, and the land must be returned to private use or ownership as soon as possible.

The Coastal Conservancy has had more experience working with nonprofit land trusts and administering programs to support the long-term protection of agricultural land than any other department of the State of California. In addition, the Conservancy is the only department that has provided funding for local programs that purchase easements and other less-than-fee interests.

In 1984, Senate Bill 2270[8] authored by Senator Milton Marks authorized the Coastal Conservancy to provide funds for a demonstration agricultural land conservation project in Marin County. Appendix 1 includes the full text of this legislation, which became Sections 51296-51298 of the Government Code. As part of the bill, the Legislature made a finding that:

> "Agricultural land trusts represent a promising method of preserving productive agricultural lands without the direct intervention of state or local land use regulations."[9]

The intent of the demonstration project was "to determine the feasibility of preserving productive agricultural lands through the acquisition of nonpossessory interests in these lands by an agricultural land trust." Senate Bill 2270 also required the Conservancy to submit a comprehensive evaluation of the "prospects for using agricultural land trusts to preserve productive agricultural lands in other counties."

For a comprehensive evaluation, it was decided to examine and evaluate not only the Marin demonstration project, but also the experience of Conservancy agriculture pro-

jects in other locations. Part 1 of this report is designed to determine whether an agricultural land trust is an appropriate administrative mechanism for protecting productive agricultural land and whether a nonpossessory interest (i.e. easement) is the most appropriate technique. Part 2 of the report addresses the prospects for using agricultural land trusts to conserve agricultural lands in other counties.

The Conservancy approved disbursement of $1 million to the Marin Agricultural Land Trust (MALT) in August 1984 to carry out the intent of Senate Bill 2270. At the same time, the Conservancy also awarded $1 million each to the new Monterey County Agricultural and Historic Land Conservancy (MCAHLC) and to the Sonoma Land Trust (SLT) for demonstration projects in Monterey and Sonoma counties. The Conservancy decided that these additional counties had important agricultural resources that were threatened with conversion to other uses, and that developing three demonstration projects at the same time would better test the potential for success of a nonprofit land trust program than developing a program in a single county.

DEFINITIONS

It is important to define three basic terms used in this evaluation: the "type of organization" that carries out agriculture projects, the "technique" of agricultural land protection, and the term "nonpossessory interest." Clarifying these terms places the subject of this report in context and underlines the limitations of the analysis.

For purposes of this analysis, in California, there are five main types of organizations that pursue the goal of retaining land in agricultural use: (1) **state government**, (2) **local governments**, (3) **general purpose nonprofit land trusts**, (4) **nonprofit agricultural land trusts**, and (5) **resource conservation districts**.

Several departments of the **State of California** play a role in carrying out the State's policies concerning agricultural land: the Department of Food and Agriculture, the Department of Conservation, the University of California Cooperative Extension, and additionally, in the coastal zone, the State Coastal Conservancy and the California Coastal Commission. With the passage in 1988 of the California Wildlife, Coastal and Park Land Conservation Act (commonly known as Proposition 70),[10] the Department of Parks and Recreation has assumed a larger role in administering grants to protect agricultural lands.

This report focuses on the State Coastal Conservancy; it is the only department that has the specific legislative mandate to expend funds to help prevent the conversion of agricultural lands to other uses. In this respect, the Conservancy's agriculture mandate is similar to the purposes that motivated the establishment of the Marin County demonstration program.

The **local government** institutions that get involved in agricultural issues are predominantly counties, but also may include some cities that have agricultural lands within the city limits. In addition, Local Agency Formation Commissions (LAFCo's) have been formed in most counties to rationalize the process of municipal annexation and incorporation and to set spheres of influence for each jurisdiction.

Nonprofit land trusts provide an alternative to the exclusively public sector approach to agricultural land protection. Land trusts vary in geographic scope, degree of experience and professionalism, level of financial capacity, and the types of land-related resources they seek to preserve. There are, however, several attributes common to most land trusts:[11]

(1) they are private, nonprofit, tax-exempt organizations;

(2) they seek to preserve resources through the acquisition or acceptance of legal interests in land; and

(3) they are locally supported and community oriented.

These institutions include both national nonprofit organizations, the best known of which are the American Farmland Trust (AFT) and the Trust for Public Land (TPL), and locally based nonprofits. Because the Legislature emphasized locally based agricultural protection efforts in the demonstration projects, this evaluation focuses mainly on local land trusts that have historically been organized on a county-by-county basis.

This analysis makes a further distinction between those land trusts that are organized exclusively to address agricultural issues and those with a broader focus on land conservation. **Agricultural land trusts** can be characterized by: (a) having substantial representation of agricultural interests on the board of directors; (b) having a reference to agriculture in their name; and (c) having protection of agricultural land as a primary purpose stated in the bylaws or articles of incorporation. In contrast, **general purpose land trusts** may carry out projects dealing with agricultural land in addition to other land conservation projects. SB 2270 specifically called on the Conservancy to evaluate the success of agricultural land trusts.

The fifth type of organization dealing with agricultural land conservation are **resource conservation districts** (RCDs). RCDs combine state enabling legislation[12] with locally elected boards of directors, and often administer federal grant funds. The main purposes of RCDs are to address soil and water conservation issues, but in a number of areas the RCDs have chosen to take an active role in the long-term protection of the agricultural land base.

Turning to the "technique" of agricultural land protection, the menu of potential techniques is long. This report makes a major distinction between **short-term** and **long-term** techniques as described in Appendix II. The five techniques of short-term agricultural protection and the five techniques of long-term protection chosen as representative examples include:

Short-Term Techniques

- General Plan Policies
- Zoning
- Minimum Parcel Sizes
- Urban Limit Lines
- Williamson Act Contracts

Long-Term Techniques

- Fee Simple Acquisition
- Bargain Sales
- Conservation Easements
- Purchase of Development Rights (PDR)
- Transfer of Development Rights (TDR)

In practice, these techniques often overlap. Local zoning ordinances set minimum parcel sizes, PDR programs normally purchase conservation easements, and bargain sales can be combined with fee simple acquisition or purchase of conservation easements. Each of these techniques is described in greater detail in Appendix II.

Short-term techniques tend to be utilized by local governments through the execution of their planning and zoning powers. They are presented here to provide a comparative framework for the analysis, but an evaluation of the success and failure of short-term agricultural protection techniques is beyond the scope of this evaluation.[13] Long-term techniques involve the acquisition or acceptance of legal interests in agricultural lands threatened with conversion to provide more permanent protection.

Senate Bill 2270 used the term "nonpossessory interests," which in this report is interpreted to mean a legal situation where the title to the land and the right to make commercial use of it is held by one party, while a less-than-fee interest in protecting the long-term resources of the property is held by another party. In practice, this means conservation easements,[14] as described in Appendix II. This report uses the terms "nonpossessory interests," "conservation easements," and "agricultural easements" interchangeably.

PART I:
EVALUATION OF CASE STUDIES

This part of the report analyzes several demonstration projects in four California counties to determine whether an agricultural land trust is an appropriate administrative mechanism for protecting agricultural land and whether a nonpossessory interest (i.e., an easement) is the most appropriate technique. A case study format was selected to best compare and contrast the different organizations and techniques involved in these agriculture projects. In Marin County, the focus is on the Marin Agricultural Land Trust; in Sonoma County, on projects carried out by the Sonoma Land Trust; in Monterey County, on the Monterey County Agricultural and Historic Land Conservancy; and in San Mateo County, on projects carried out directly by the State Coastal Conservancy.

Each case study includes a synopsis of the background and the objectives of the organization carrying out the agriculture projects, information on the methods employed to protect agricultural land, details of the transactions that have been completed or are being implemented, the costs and time associated with each transaction, and the extent to which the program has met its stated goals. The analysis concludes with a look at local perceptions of the effects the program has had on areawide agriculture, the extent of local support, and whether or not the demonstration projects have led to new projects.

More specifically, through interviews with the land trusts and county planners in each of the case study areas, the projects were evaluated against the following set of criteria:

1. What are the program's objectives and criteria for projects?
2. Have the projects met the program objectives and criteria?
3. How much agricultural land has been protected?
4. Which agricultural land protection techniques are used?

5. What are the direct acquisition costs?
6. What are the organization's operational costs?
7. How much time is invested per transaction from initiation to close of escrow?
8. What are the costs of monitoring/managing the projects?
9. What is the source of funding?
10. Does the organization have the ability to generate additional funding?
11. Have the demonstration projects led to additional projects?
12. Do the projects have an effect on areawide farming?
13. Is there local support for the conservation efforts?
14. What is the administering agency's perception of the success of the projects?
15. What is the staff's capability and experience?

MARIN AGRICULTURAL LAND TRUST

The Marin Agricultural Land Trust was created in 1980 and incorporated officially in 1981 by an alliance of ranchers and environmentalists in response to the agricultural crisis caused by the 1976-1977 drought.[15] Each group had a different reason for wanting to protect farmland in Marin: for the ranchers, it was to preserve their way of life; the environmentalists recognized the difficulty of maintaining open space and realized that in the long run it would be easier to maintain favorable zoning if there were an agricultural land base to support the open space and natural resource designations. MALT employs three full-time staff members: an executive director, a development director, and a secretary. MALT's fourteen-member board contains eight farmers, two attorneys, two environmentalists, an investment executive, and a county supervisor. The name of the organization, the composition of the board, and the purposes of the organization (as described further below) clearly classify MALT as an agricultural, as opposed to a general-purpose, land trust.

METHODS AND ACREAGE PRESERVED[16]

MALT's techniques of agricultural land conservation include the purchase of agricultural conservation easements to remove the potential for nonagricultural development. The Board of Directors made a conscious policy decision not to purchase fee title to agricultural properties if it could be avoided, to keep transactions as simple as possible. MALT currently holds easements over 11,530 acres of farmland—6,605 acres acquired before Conservancy funding, 2,820 acres with Conservancy funding, and 2,106 acres subsequent to Conservancy funding.

The Coastal Conservancy first authorized funds for MALT in 1982. The funds were to be used for MALT's proposed Tomales Bay agriculture project, which would have consolidated three ranches, recorded agricultural easements to keep the majority of the property in agricultural use, and allowed for limited visitor-serving commercial development at one location near Highway 1. After several years of negotiation, MALT was unable to convince all three landowners to agree on the details of the project.

In response to SB 2270, the Conservancy made available $1 million of demonstration funds to MALT for the Marin County Agriculture Program in August 1984. The Conservancy's funding was matched with a $1 million grant from the local Buck Trust (now administered by the Marin Community Foundation).

MALT brought its first project under the demonstration program, the **Cerini** easement, to the Conservancy for approval in June of 1986. The project as approved involved the purchase of an agricultural conservation easement over 360 acres on a hilltop near the town of Tomales, at a purchase price of $144,328 or $401/acre. This sale to MALT was a bargain sale at $45,000 less than the appraised value of the easement. The full fair market value of the property was $533,000; this means the land was permanently

protected with an expenditure of only 26 percent of its market value. The underlying fee to the property was retained by the then-current owner, who continued to lease the property for cattle grazing. Escrow closed on the transaction in December of 1987. Under current zoning, the 360 acres could be subdivided into five parcels; the terms of the easement prohibit such subdivision.

In October of 1987, MALT brought three other projects to the Conservancy for approval, and the Conservancy authorized expenditure of the remaining amount originally authorized for the Marin County Agriculture Program and the Tomales Bay agriculture project, with $17,500 added to complete the acquisitions. All three new projects involved the purchase of agricultural easements, although two of the easements were purchased in conjunction with a sale of the underlying fee to a new owner.

In the **Giacomini** transaction, MALT purchased an 826-acre easement and twelve development rights for $330,744 or $400/acre. The property's appraised value was $825,000, so that the land was protected at about 40 percent of its unrestricted fair market value. At the same time the ownership of the underlying land, which had been developed as a horse ranch, was transferred to one of west Marin's established dairying families. The **Barboni** transaction involved one of the three ranches that MALT had proposed to incorporate into the Tomales Bay agriculture project in 1982. The landowner sold MALT an easement over 823 acres of the 883-acre property, and gave up twelve of the fourteen development rights associated with the land. This 823-acre easement cost $500,000 or $607/acre; since the property's appraised fair market value was $927,000, the project protected the land at a cost of 53 percent of the unrestricted fair market value. Finally, the **Spaletta** transaction involved a 1,450-acre property with frontage on the Pacific Ocean and Estero Americano which had been marketed for large-lot residential development. MALT purchased an 811-acre easement (including twelve development rights) for $336,000 or $414/acre, and an option to

purchase an easement on the remainder of the property at a later date for an additional $326,000. Sale of this easement brought the price of the land down to the point that it was affordable to an agricultural buyer interested in sheep and cattle ranching. The appraised fair market value for the whole property was $1,650,000; if both easements are purchased, it will protect the site with an expenditure equivalent to 40 percent of its unrestricted market value. Escrow closed on the Giacomini and Barboni projects in December 1987 and on the Spaletta transaction in early 1988.

Prior to the Conservancy's approval of the Cerini transaction in 1986, MALT had either acquired or received donations of easements over 6,605 acres of agricultural land. After the Conservancy-funded projects began in 1986, MALT acquired additional agricultural conservation easements using other funding sources over another 2,106 acres—a 1,161-acre ranch (including five separate parcels) in Hicks Valley in 1986, the 477-acre LaFranchi Ranch in Nicasio Valley in 1986, and the 468-acre Tamagno Ranch in 1987. The LaFranchi transaction was especially complex, involving MALT's purchase of the entire property from one owner, a tax-deferred exchange, and resale of the property to a new owner subject to a conservation easement. These additional projects indicate that MALT has been successful in continuing and expanding its program beyond the scope of the original demonstration grant.

FUNDING, PROJECT COSTS AND TIMELINES

Initially, MALT received a $300,000 seed grant in 1982 from the private Buck Trust to get established. Also in June 1982, MALT received $360,000 from the Coastal Conservancy to fund the Tomales Bay agriculture project; this amount was later reduced to $295,000 and was eventually used to fund the Barboni transaction described above. In 1984, MALT received $1 million from the Conservancy, and $1 million in matching funds from the Buck Trust to establish the Marin County demonstration program. In

addition to the Coastal Conservancy/Buck Trust program, MALT operates a cooperative program with the County Open Space District, which allocates 10 percent of the district's unallocated acquisition funds annually (about $40,000) to MALT for agricultural land projects. Marin County was also granted $15 million from Proposi-tion 70 funds[17] to protect agricultural lands. The county selected MALT to administer the program to use these funds, and MALT is in escrow on two potential transactions that will make use of these funds.

MALT is able to cover its operating costs of $160,000/year with funding support from a base of individual donations (approximately 1,000 donors) and membership dues. Interestingly, most financial support is not from ranchers but from other people in the urban areas of the county who believe in what MALT is doing. MALT recognizes and emphasizes the importance of the environmental aspects of its programs. The nonprofit does its own fundraising and supplies some community education on such issues as land conservation techniques and tax benefits from conservation. In July 1989, MALT announced that it was the recipient of an additional $400,000 grant from the Buck Trust through the Marin Community Foundation to help defray the costs of MALT's operations over a four-year period.

MALT used $1,312,500 of Conservancy funds to purchase a total of 2,820 acres of easements, at an average cost of $465 per acre. The appraised value of the lands before the easements were imposed was on the average approximately $1,395/acre, demonstrating the cost-effectiveness of the easement purchase approach. In addition, one of the transactions (Cerini) was completed as a bargain sale, $45,000 below even the appraised value of the easements.

It did take 25 months, from August 1984 to September 1986, for MALT to develop its "Program Implementation Plan" (as described further below), obtain Conservancy

approval of the Plan and the first specific project, and complete the transaction. Part of this time was spent in locating a landowner who wanted to continue agricultural operations and was willing to sell an easement; MALT was in negotiation with the owners of the Barboni property off and on for six years before the purchase of the easement was consummated. Part of the delay is attributable to Conservancy procedures and requirements. These requirements, designed to ensure that private organizations that are expending public funds be accountable and subject to review by various public agencies, do decrease the flexibility of a nonprofit land trust in executing transactions quickly.

Bob Berner, MALT's Executive Director, noted that the purchase of a conservation easement takes on the average several months (including the appraisal, title report, easement drafting, and financial arrangements). The difference between the time it takes to negotiate a conservation easement and the time it takes to acquire fee title to a property is insignificant; both are real estate transactions that require negotiation, appraisals, legal review, etc. Both types of transactions have associated management responsibilities after the real estate transaction. Easements require periodic monitoring and have the potential to involve time-consuming and costly enforcement activities. On the other hand, purchasing fee title to agricultural land requires managing the land, leasing it for agricultural use, and dealing with the property taxes and liability associated with holding the property. If the land is to be resold to other parties with a retained agricultural conservation easement, it is a separate legal transaction and escrow. If a private farmer has not previously committed to buying the land, the institution holding the property may be saddled with land management responsibilities for years.

Currently, the cost to MALT of monitoring and managing easements is not significant. It takes one day per year to monitor an easement, and with eleven easements this is a minor commitment of time and money. However, because the $15 million from Proposition 70 will enable MALT to develop many new projects, MALT foresees a considerable increase

in its management responsibilities as its total easement inventory grows. Also, to date, MALT has not had to legally defend or enforce any of its easements, but as its easement inventory increases, the chances of disputes will also increase and add further to management responsibilities. The land trust is building an endowment to help offset the ongoing cost of easement monitoring.

PROGRAM OBJECTIVES

MALT's organizational goals are stated in the "Program Implementation Plan" submitted to the Coastal Conservancy in February 1985 as part of the Conservancy's grant requirements. For the Marin County demonstration grant they are as follows:

(1) provide a permanent mechanism for the protection of agricultural land;

(2) develop and demonstrate specific techniques for the protection of agricultural land which can provide a basis for future programs and funding of county agricultural land preservation;

(3) optimize the quality and quantity of land preserved per dollar cost;

(4) develop a countywide constituency for agricultural land preservation and support for MALT's programs and operations; and

(5) offer technical assistance to the ranching community.

MALT has met all of its program goals:

(1) By acquiring only the conservation easements over agricultural land, MALT is keeping the land in private ownership, thereby maintaining its productivity and providing a permanent mechanism for the protection of agricultural land. Since 1983, MALT has obtained easements over 11,500 acres of land; of this total, 2,820 acres were acquired using the Conservancy funding and 2,106 acres were protected subsequent to the Conservancy's funding authorization.

(2) As a result of MALT's ability to establish a successful track record, the County of Marin along with MALT and members of the community have procured $15 million of Proposition 70 funds for the further protection of agricultural lands in Marin County. MALT continues to receive financial support from its members and significant funding from the Marin Community Foundation.

(3) By targeting strategic and productive agricultural lands and by using a cost efficient method for protection (conservation easements), MALT has optimized the quality and quantity of the land preserved.

(4) In the beginning, MALT did not have the complete support of the farmers in Marin, but by enlisting the support of local leaders in the farming community and by demonstrating to the community how farmland protection can work, MALT has developed a countywide constituency over its nine years of existence. As evidenced by the land trust's large membership, MALT has gained support for its programs and operations.

(5) MALT offers technical assistance to the farming community in the form of quarterly newsletters and other pamphlets to inform the community of its activities.

EFFECTS ON AREAWIDE AGRICULTURE AND LOCAL SUPPORT

Marin is a slow growing, predominantly urban county. Agricultural land is threatened mainly with "ranchette" development. Though this type of development may preserve some of the rural character of the county, it nonetheless removes valuable agricultural land from production by breaking land into small units unsuitable for farming. Livestock and livestock products (predominantly dairy products) comprise more than 80 percent of total agricultural revenues for the county. Traditionally, dairy operators have been well-organized and committed to the long-term preservation of agriculture in the county. Fortunately for agriculture, the Board of Supervisors in Marin has been consistent for the past 15 years in their land use decisions relating to agricultural land.

The County has successfully defended its 60-acre minimum lot sizes in agricultural areas against lawsuits, and the county has not cancelled Williamson Act contracts.

Bob Berner is cautious in judging the effect of the land trust's actions on areawide agriculture. He surmises that the county may hesitate if asked to approve residential development on a ranch neighboring another ranch with easements on it. MALT's successful track record, marketing abilities, and efforts to educate the community about long-term agricultural protection have certainly influenced the decisions of landowners to sell conservation easements to MALT. The local perception of MALT is very positive. The ranchers feel like they control MALT since half of the Board is comprised of ranchers and the environmentalists see it as a positive way to preserve open space and sensitive natural resources.

SUMMARY

The factors contributing to the success of the Marin Agricultural Land Trust are:

* **Financial support.** The Buck Trust's $1,300,000 and the State Coastal Conservancy's $1,312,500 of financial support were key factors in building MALT's program and reputation in the community. This financial backing allowed MALT to compensate landowners for keeping their land in agriculture and to establish a track record with the completion of successful projects. MALT's own fundraising ability has enabled the nonprofit to cover its operational costs. Its cooperative program with the County Open Space District and the recent grant from the Marin Community Foundation have added to MALT's fiscal security and ability to carry out future projects. MALT's initiative and successful track record along with the County's support resulted in $15 million of Proposition 70 funds being earmarked for agricultural projects in Marin County.

MALT's executive director stressed that developing financial capability has been very key to MALT's success.

* **Broad-based support.** Recognizing the likelihood of preserving open space if land remains protected for agriculture, environmentalists have supported MALT from the beginning. This support was not widespread among ranchers at first. However, the land trust was able to secure support from leaders in the farming community by emphasizing the voluntary nature of its program and by having respected members of the agricultural community on the MALT board. By allowing these individuals to help make policy decisions for the organization, MALT has slowly gained endorsement from other ranchers.

* **Supportive land use policies and zoning.** In Marin County, there is currently a political commitment to continued agricultural land use. Supportive local government policies have been a major factor contributing to the success of the land trust. But because this political will may change, MALT exists to broaden and strengthen support for the long-term protection of the county's agricultural resources.

* **Unique county agricultural factors.** It is to the land trust's advantage that Marin County's agriculture is concentrated in the dairy industry. This homogeneity makes it easy for the county government as well as for the land trust to understand and meet the needs and interests of the farming community they serve. In addition, MALT's director noted that Marin County is unique among California's agricultural counties in that most of the county's farmers support the long-term protection of agriculture. Elsewhere in the state, farmers often want to keep options open for development of their land in the future, but Marin's agricultural leadership has recognized the desirability of protecting agriculture as a way of life in the long term.

* **Competent nonprofit administration.** MALT has proven itself to be a well-directed and competently run nonprofit by having successfully met all of its five goals as described above and by its demonstrated ability to generate additional funding and additional projects prior to and subsequent to Conservancy funding. Its ability to attract and retain a professional staff conveys the impression that MALT is an established institution that can be expected to remain active and committed to its purposes in the future.

* **Exclusive agricultural emphasis.** MALT's goals, the composition of its board, and its name all indicate that it is an agricultural land trust focusing on the single purpose of agricultural land conservation. MALT has avoided being distracted by other conservation issues that might be divisive for its primary constituency. Because MALT deals only with agricultural issues, its supporters have a very clear idea of where the organization will stand, and the nonprofit can be very effective and successful in what it does.

SONOMA LAND TRUST

The Sonoma Land Trust was created in 1975 as an environmental organization dedicated to preserving open space in the Sonoma Valley. The land trust's purview has now expanded to include all of Sonoma County. SLT's overall purpose includes conservation of land in agricultural uses. The Sonoma Land Trust employs two people: one land acquisition consultant and an administrator working 80 percent of the time. The land trust currently has nineteen trustees, six of whom have agricultural backgrounds, including a hay farmer, a dairy rancher, an organic produce grower, and a veterinarian. Because the Sonoma group is involved in a number of conservation projects in addition to its agricultural projects, it is most appropriately classified as a general-purpose land trust in contrast to an agricultural land trust.

METHODS AND ACREAGE PRESERVED[18]

Consistent with its general purposes, the Sonoma Land Trust currently holds interest in 3,272 acres of land in the county, which includes both agricultural and non-agricultural lands. A total of 1,556 acres are held in fee, and 1,716 acres are protected with conservation easements. In addition, the land trust has been involved in brokering conservation transactions involving 295 acres which have subsequently been transferred to public agencies for management. Within its larger inventory, SLT has interests in 2,009 acres of agricultural lands. Prior to the Conservancy's grant SLT had completed three agriculture projects: the Morgan Hill conservation easement (22 acres), the Oak Hill Farm conservation easement (700 acres), and the Watson Ranch conservation easement (525 acres). The Coastal Conservancy funded a 528-acre transaction as described further below. Subsequently SLT received two more donations involving agri-cultural lands, 175 acres in fee, and a 49-acre easement.

In August 1984, the State Coastal Conservancy authorized $1 million for a demonstration agriculture program in Sonoma County. The County selected the Sonoma Land Trust as an appropriate local organization to administer the funds. The land trust used $5,000 to prepare a program plan that identified which geographical areas of the county should be given highest priority for use of the funds. Although pressures to convert agricultural land to urban uses are strongest in the Petaluma/Rohnert Park/Santa Rosa corridor, this area is outside the jurisdiction of the Coastal Conservancy and was thus ineligible to receive funding. Instead, SLT identified two other high priority areas: the diked hay fields in the Lakeville area near the shore of San Francisco Bay, and the remaining private ranches on the scenic Sonoma coast.

In February 1986, the land trust presented a proposal to the Conservancy to use the remaining funds for the bargain sale acquisition of a 528-acre parcel fronting on Highway 37 between the Petaluma River and Lakeville Highway. The unrestricted value of this property, known as the **Lower Ranch** or **Herzog** property, was appraised at $1,475,000 or $2,793/acre. However, Sonoma Land Trust was able to convince the owner to sell the property for $995,000, or $1,884/acre, and to take the difference in value as a charitable deduction from his income taxes. The land trust proposed to sell this parcel to a farmer while retaining a conservation easement over the property to ensure that the property is available for agricultural and open space uses in perpetuity.

The Conservancy approved acquisition of the property, and SLT took title to the property in September 1986. For a variety of reasons, however, the marketing of the property to private farmers took much longer than anticipated. Because of the use of public funds, SLT was required to go through a public bid process to dispose of the property. The land trust accepted one bid, only to have the potential buyer back out of escrow. The land trust subsequently sold the restricted property for $455,000; escrow closed on this transaction in September 1989. The net investment of public funds for the acquisition was $540,000 or $1,023/acre. Thus, through this acquisition and resale subject to a conservation easement, 528 strategic acres were permanently protected at a cost of 36 percent of the appraised value of the unrestricted property. The proceeds of the sale, less SLT's expenses, were returned to the Conservancy and are available for reappropriation for other projects.

After the SLT expended the Conservancy funds on the Lower Ranch property in 1986, the land trust was donated the fee to the 175-acre Laufenburg Ranch and received a donation of a conservation easement over the 49-acre Airport Boulevard agricultural property. The Laufenburg property includes some old orchards and some areas of good quality

agricultural soils, and the Airport Boulevard property is being planted in vineyards as a buffer between Highway 101 and an adjacent commercial development. Given the size, location, and nature of these properties, it is not certain that agricultural operations will continue in the long term. Currently, SLT is negotiating a conservation easement on a 1,251 coastal sheep ranch that could serve to reinvest the proceeds of the Lower Ranch sale. This possible acquisition would more than double the acreage of agricultural land protected with the Conservancy's initial investment.

FUNDING, PROJECT COSTS AND TIMELINES

Most of the interests SLT holds in agricultural land have been donated by private land owners interested in the tax deductions associated with charitable contributions for conservation purposes and concerned with the threat of development of Sonoma County's agricultural land base. However, since federal tax law changed in 1986, charitable donations of real property interests are not as attractive financially as they once were. SLT, as well as other land trusts throughout the nation, has witnessed a decline in donors' interest in tax benefits. The Sonoma Land Trust receives money for operational costs through donations and membership fees. It conducts membership fundraising campaigns and has found that the visibility of its projects serves as a fundraising mechanism.[19]

As described previously, two elements of the Lower Ranch transaction helped minimize the amount of public funds required. First, SLT was able to convince the current owner to sell the entire property to the land trust at less than its fair market value, representing a saving of 33 percent. Then the property was eventually resold subject to the retained easement, which generated income and cut another 31 percent off the net cost of the project.

Joan Vilms, the Acquisition Consultant for the land trust, confirms that on the average, negotiating for the easement donations and land acquisition took the SLT six to eight months per transaction.[19] The initial acquisition of the Lower Ranch property fit this timeline, but the requirements for subsequent resale stretched it into a four-year project. In the interim, SLT leased the property for hay production and thus derived some rental income from the property. On the other hand, the land trust needed to pay property taxes and insurance premiums. Overall, because no capital improvements were made and the land trust did not incur any liabilities while it held title to the property, the carrying costs for this property were small. However, marketing and transaction costs were significant; the land trust documented $20,978 of costs (including staff time) in administering the Lower Ranch project.

The time required for SLT to monitor and manage its easements is approximately one day per year per easement. Up to this point, the easements have been monitored by a volunteer.

PROGRAM OBJECTIVES

The program objectives of the Sonoma Land Trust stated in the "Program Implementation Plan" submitted to the Coastal Conservancy in 1985 are as follows:

(1) Securing land in strategic locations,

(2) Designing model transactions,

(3) Showing marketability of conservation projects, and

(4) Reinforcing landowners' commitment to long-term agriculture use.

The Sonoma Land Trust has achieved all four of its program objectives:

(1) The trust has secured a 528-acre hay ranch in a strategic location that was threatened with development.

(2) The Lower Ranch transaction provides a model of the technique of acquisition and resale with easement, and the bargain sale element is especially noteworthy. In addition, in previous and subsequent transactions, SLT has demonstrated the technique of soliciting donations of both fee title and easements. The land trust is working on a current project that, if completed, will involve purchase of an easement and development rights, leaving the land in private ownership.

(3) The land trust demonstrated the marketability of its projects through the eventual resale of the Lower Ranch property. Although there were complications early in the process, the completion of the project has set an important precedent for Sonoma County. It has shown that private parties are willing to purchase lands subject to conservation easements, and has set a market price for such transactions. However, the land trust has experienced some difficulty in finding a long-term lessee of its 175-acre Laufenburg property.

(4) By accepting donations of conservation easements over 1,306 acres of agricultural land, entering into a long-term lease of the Laufenburg Ranch, and reselling the fee to the 528-acre Lower Ranch with a conservation easement over it, the land trust is reinforcing the landowners' commitments to long-term agricultural use.

EFFECTS ON AREAWIDE AGRICULTURE AND LOCAL SUPPORT

Sonoma is a rapidly growing county with both large urban and rural populations. Livestock and poultry products represent 34 percent of Sonoma's agricultural revenues, and fruit and nut crops (primarily from wine grapes) represent 35 percent of the revenues.[20] These two agriculture industries have different interests and needs, and these differences have complicated the land trust's efforts to market its programs in the farming community. SLT's Acquisition Consultant also noted that agricultural protection has not been a priority of the local government in the past, making zoning changes and the subsequent development of agricultural lands a lucrative and attractive prospect for farmers. However, the Sonoma Planning Department updated its General Plan in 1988

and has added a new agricultural element that includes policies to protect the county's agricultural land base.[21]

Joan Vilms believes that SLT's projects serve as tangible examples of agricultural conservation in the county and promote a spirit of cooperation among agricultural and conservation groups that are traditionally antagonistic to each other. Visible results have encouraged people to donate money and easements to the land trust.[22]

People in the community are receptive to SLT but have some reservations. Farmers have complained that the land trust is more of an environmental organization than an organization that represents the interests of agriculture. Different sectors of the Sonoma County agricultural community view the land trust in different ways, with the wine industry generally being positive about and supportive of the SLT. The Sonoma County Farm Bureau has recently criticized the land trust's involvement in a potential project that might take land out of agricultural production to restore historic wetlands.

SUMMARY

To summarize, the Sonoma Land Trust fulfilled all of its stated goals, but has had mixed success with developing a long-term agricultural protection program in Sonoma County. Overall, the Sonoma Land Trust is perceived as mostly successful yet lacking in widespread community support in the agricultural sector. Elements responsible for the SLT's success include:

* **Financial support**. The State Coastal Conservancy's $1 million enabled the SLT to demonstrate to landowners in the area, through an actual acquisition project, that it had the financial backing to compensate landowners for protecting farmlands. Two landowners have donated easements or outright fee title over agricultural properties to the land trust since the Conservancy funding in 1984, but these properties, on their

own, may not represent commercially viable agricultural operations. The land trust is developing a track record as an organization capable of soliciting financial support for its projects in the county. SLT's ability to fundraise and the revenues derived from some of its projects have enabled it to cover its operating costs. The land trust played an instrumental role in obtaining $8 million of Proposition 70 funds for Sonoma County projects, although these funds are targeted to wetlands and "natural lands" that probably will not involve agricultural uses. The Conservancy's initial funding for the demonstration program in Sonoma County did not lead to any new funding sources that specifically target the county's agricultural land resources.

* **Committed land trust.** Since 1975, the SLT has proved itself a committed nonprofit. The numerous land donations to the trust are evidence of the organization's competence with land preservation. These donations were initially largely a result of the land trust's dissemination of information on tax advantages of charitable contributions to the nonprofit, but since the tax law changes of 1986, donors have been mostly motivated by the conservation purposes of the organization.

Shortcomings of the SLT may be explained in part by:

* **Need for broad-based support.** Though SLT has strong support among the environmental community, it has yet to gain widespread support among the agricultural community. Part of the reason for this lack of support may be what the farmers perceive as the environmental mission of the land trust: the preservation of open space that happens to be in agricultural use. The trust's organization as a general purpose land trust, as compared to an exclusively agricultural land trust, compounds this difficulty. Another reason for the relative lack of support may be the diversified nature of the farming community in Sonoma County. Wine growers and ranchers have historically formed separate communities within the county to further their different interests, and

may take opposing sides in local debates about agricultural issues. Until the dialogue between the environmentalists and the ranchers and the ranchers and the wine growers improves, the SLT will continue to face difficulties with its diversified task of preserving open space, agricultural lands, and wetlands in Sonoma County.

* **Lack of consistent land use policies.** Joan Vilms believes that the inconsistency of the county policies on agricultural protection in the past has sent mixed messages to the county's farmers and ranchers. The county's new General Plan incorporates stronger agricultural protection policies, including an agriculture element, and therefore may play an important role in the future in assisting the land trust in accomplishing its agricultural protection goals.

* **Technique of agricultural protection.** The purchase-and-resale technique that the land trust chose to employ for the Lower Ranch transaction is more time-consuming and initially more costly than the conservation easement technique. The land trust purchased fee title to the land because the landowner was not interested in continuing the farming operations and the land was listed for sale with no assurance that it would remain in agricultural use. SLT reasoned that rather than risk losing the agricultural land to development, it would purchase the property in fee simple and make it available to farmers at a price they could afford. Thus, in spite of the abovementioned shortcomings, fee purchase may sometimes be the only way to secure threatened farmland.

* **Geographical limitations on Conservancy funding.** Because Conservancy funds are limited to benefitting projects in the coastal zone, the Sonoma Land Trust was unable to pursue conservation projects in the Petaluma/Rohnert Park/Santa Rosa corridor. It is in this corridor that agricultural production is highest in Sonoma County and also is the most threatened with urban development.

MONTEREY COUNTY AGRICULTURAL AND HISTORIC LAND CONSERVANCY

In August 1984, the State Coastal Conservancy approved $1 million for Monterey County for a demonstration agricultural land preservation program. The Monterey County Agricultural and Historic Land Conservancy was incorporated the next year to administer these funds. However, the organization did not receive its federal tax exempt status until March 1987 due in part to a dispute with the IRS about the charitable purposes of the organization.[23] The MCAHLC has a nine-member board of directors that includes a County supervisor, a realtor, an appraiser, a seed grower, two other farmers, and a parks commissioner. The land trust had no administrative staff for the first five years of its existence. However, it recently received a $50,000 grant from the local Hardin Foundation and the group intends to hire its first executive director in November of 1989. Because of its purpose, its name, and the composition of its board of directors, MCAHLC should be classified as an agricultural land trust.

METHODS AND ACREAGE PRESERVED

The MCAHLC intends to buy agricultural parcels with the Conservancy funds and resell the land with agricultural easements. The MCAHLC also would consider purchasing only agricultural easements if this opportunity arises, although the land trust perceives a reluctance among the county's farmers to retire the development potential from their land. The MCAHLC has not yet completed an agricultural land transaction. The organization has entered into a purchase agreement for one agricultural property, but a dispute over the appraisal prevented the opening of escrow and the property was sold to a local farmer.

FUNDING, PROJECT COSTS AND TIMELINES

Of the $1 million of demonstration funding authorized by the Conservancy in 1984, MCAHLC has used $5,000 to develop program objectives and criteria and to identify potential projects in the Monterey County coastal zone. The remaining $995,000 has not yet been disbursed to the land trust. In addition to this funding, the MCAHLC has been selected by Monterey County to administer the $4 million provided to the county from Proposition 70 for protection of agricultural lands.

PROGRAM OBJECTIVES

The MCAHLC has identified the following program goals as stated in the "Program Implementation Plan" submitted to the Coastal Conservancy:

(1) Acquiring full or partial interest in productive, critical and strategic lands,

(2) Developing model techniques,

(3) Demonstrating marketability,

(4) Maximizing effort and finances of involved parties,

(5) Assisting and reinforcing farmers' commitment to long-term agriculture, and

(6) Providing reinforcement for public policies supporting agriculture.

The MCAHLC has thus far made progress in meeting only two of its program objectives. Members of the board of directors have served as advocates for farmland conservation in various public forums, and the nonprofit has produced a brochure to acquaint members of the agricultural community with its efforts to accomplish long-term protection for the County's agricultural lands.

EFFECTS ON AREAWIDE AGRICULTURE AND LOCAL SUPPORT

Monterey is a rapidly growing county with 77 percent of its population living in urban areas. Agriculture contributes over $1 billion annually to the local economy, with 71 percent of the agricultural revenue attributed to vegetable crops.[24] Local government is highly supportive of agriculture. Monterey County's Salinas Valley supports one of the two largest concentrations of coastal agricultural land in California, rivaled only by the Oxnard Plain in Ventura County. However, in both counties the vast majority of this agricultural resource is outside the coastal zone boundary, and therefore ineligible to receive funding from the Coastal Conservancy.

The directors of the land trust believe that there is skepticism in the farming and ranching communities toward their program.[25] They indicate that they have been unable to initiate a project because farmers in the area are unwilling to sell at the appraised agricultural value of their property, in anticipation that the land can eventually be sold at the higher development value. They also point to the fact that very few agricultural properties in the coastal zone have been sold since the land trust was incorporated. This has been a major barrier to the group's entry into the real estate market.

However, Monterey County's landowners have provided for long-term protection of their agricultural lands in other circumstances. In April 1984 the Coastal Conservancy provided funding to the county to support a flood control project on Moro Cojo Slough in the coastal zone. The project was initiated by local farmers. In exchange for $115,000 of state funding to repair tidegates, five landowners along the slough granted agricultural and conservation easements to the county that ensure that 108 acres will remain available for agricultural or open space uses. At the southern end of the county, in 1985, the owners of the Miller/King Ranch donated a conservation easement over 1,100 acres to the American Farmland Trust. In the future MCAHLC may be able to take title to

the easements generated by these two transactions, which would be a first step toward generating new projects on its own.

SUMMARY

In summary, MCAHLC has not demonstrated success in developing an agricultural land conservation program in Monterey County in the first five years of its existence. The reasons include the following:

* **Lack of established nonprofit organization.** The MCAHLC spent the first several years after the Conservancy's funding authorization dealing with basic organizational issues. The MCAHLC had no staff to initiate or administer projects and had to rely on its Board of Directors to perform all its necessary functions. The Board of Directors has been slow to disseminate information about the land trust, its purpose, and proposed activities in order to educate the farming community. Until recently MCAHLC was not successful with fundraising to support its administrative costs. The anticipated hiring of a new executive director may change this situation and allow the group to make use of the Conservancy's financial support.

* **Lack of community support.** Whereas MALT and SLT were created by community members several years prior to receipt of their Conservancy funding and therefore already had community support and a track record of conservation projects in place, the MCAHLC has had to take additional time to build its support base. This support is vital for the land trust's ongoing funding, and to have spokespeople within the community spreading information about the organization and its strategies for farmland protection. To some extent, MCAHLC must compete with the well-established Big Sur Land Trust for the allegiance of its local community.

* **Geographic limitations.** Because of the Conservancy's restrictions on funding projects only within the coastal zone, the nonprofit has encountered difficulty in finding cooperative landowners for agricultural conservation projects. The lands that remain eligible for Conservancy funding have not yet been made available by willing owners.

STATE COASTAL CONSERVANCY

To shed further light on whether nonprofit agricultural land trusts represent a promising method of protecting agricultural land it is useful to compare the land trust projects analyzed above to projects directly implemented by the Conservancy. Though the State Coastal Conservancy was involved in all three of the land trust projects previously described, this involvement was limited to financial and technical assistance and some influence on the organizations' guiding objectives and criteria. After the initial capital and technical support, the success or failure of each nonprofit was due largely to its internal initiative and organization. The following three agricultural projects, all located in San Mateo County, involve direct state intervention by the Coastal Conservancy, through acquisition in fee and short-term land management in the case of the Cascade Ranch and Muzzi/Silvestri Ranch projects, and through acquisition of conservation easements in the case of the Cowell Ranch project.

METHODS AND ACREAGE PRESERVED

Cascade Ranch Project

The 4,088-acre Cascade Ranch project was a cooperative acquisition, begun in 1985, involving the State Coastal Conservancy, the State Department of Parks and Recreation (DPR), and private funding sources. This large-scale project was designed to keep agricultural lands in production through Conservancy efforts while providing needed

coastal recreational opportunities and open space preservation on neighboring lands through DPR and private efforts. The agricultural elements of the project demonstrate the technique of acquisition and resale with retained agricultural conservation easements. As described below, the Conservancy is also required to make capital improvements on the property, and to lease the land in the interim for agricultural use.

In 1985, the Legislature appropriated funding to both DPR and the Conservancy to carry out the project and spelled out guidelines for the Conservancy's role in enhancing agriculture at Cascade Ranch. Assembly Bill 20 (Elder)[26] set the following objectives for the Conservancy:

(1) purchase at fair market value all lands currently in row crop production, plus additional acreage that could be farmed if water were available;

(2) develop water impoundments to expand irrigation and allow additional acreage to be cultivated;

(3) resell the property to farm operators but retain agricultural easements; and

(4) continue to lease the property in the short term to the current tenant.

The Cascade Ranch project was initiated by the national nonprofit organization, the Trust for Public Land (TPL). TPL purchased an option on the property after a tentative subdivision map had been approved by the county and the Coastal Commission that would have subdivided the ranch into 38 "ranchettes," and the Sierra Club brought suit against the Commission's decision. TPL subsequently exercised the option and sold a 680-acre portion of the ranch to the Conservancy, a 2,928-acre portion to DPR, and, a year and a half later, sold the 480-acre remainder to a private party for development of a lodge and public campground.

After the Conservancy purchased the agricultural acreage, new research on the federally listed rare and endangered San Francisco Garter Snake (SFGS) revealed that the snake

occupied a larger habitat range at Cascade Ranch than originally thought. This new information resulted in a reassessment of the contemplated agricultural improvements and may require the transfer of an additional 133 acres from the Conservancy's agricultural holding to DPR to provide expanded habitat for the snake. The Conservancy also met with unexpected conflicts over increased agricultural water diversions from streams in the area and unanticipated costs when the Division of Safety of Dams rejected the initial proposal for irrigation impoundments. In 1987 and again in 1988, the Conservancy prepared negative declarations concerning the environmental effects of the construction of the new impoundments, the increase in agricultural acreage, and the revised property boundaries.

The Conservancy is now funding a third set of environmental documents which will combine ongoing studies of stream flows, fishery resources, irrigation technology, and garter snake habitat to determine the most environmentally sensitive balance between agricultural production and multiple resource management. The irrigation ponds cannot be built until these environmental documents are complete, and the property cannot be sold to private farmers until the ponds are in place. The land is, however, protected from private residential development, and the existing farmland remains in production under lease to a private farm operator.

Muzzi/Silvestri Project

In 1986, the Conservancy approved the 240-acre Muzzi/Silvestri project as a demonstration project to address the problem of parcelization of coastal agricultural land. Like the Cascade Ranch project, it involves purchase and resale with retained easements. Like the Cascade Ranch project, the initial project design contemplated some improvements to the property while it was in interim public ownership, but the number of

interim land management issues that the Conservncy has been asked to address has considerably expanded with time.

This project was also initiated by a nonprofit organization, but implemented by the Conservancy. The Peninsula Open Space Trust (POST), a locally based general-purpose nonprofit land trust, identified six adjacent agricultural parcels on the San Mateo coast threatened with residential development. These parcels lie west of Highway 1 and adjacent to the Ano Nuevo State Reserve, and contain mostly prime, productive soils. Several of the parcels were too small to support commercially viable agricultural operations, and construction of homes on the sites would have taken prime soils out of production, blocked views in the scenic highway corridor, and introduced incompatible uses next to the state reserve. POST optioned one of the properties to prevent its sale, appraised the properties, and opened the negotiations that led to eventual Conservancy acquisition. The Conservancy developed a restoration and agricultural management plan which included the following eight recommendations for Conservancy involvement:

(1) acquisition of all six parcels,

(2) an interim lease to the current farmers on a year-to-year basis,

(3) an agreement with the adjacent landowner concerning water rights,

(4) consolidation of the lots into a single 240-acre parcel,

(5) a buffer between the public coastal access route and agricultural operations,

(6) boundary adjustments between the Ano Nuevo State Reserve and the agricultural parcels,

(7) an agricultural easement, and

(8) resale to the highest qualified bidder subject to the agricultural easement.

The Conservancy has completed the first two items of the restoration plan outlined above, and has made substantial progress toward the completion of items 3, 4, 6, and 7. New fences have been installed, and work is proceeding to finish buffering the access route from the adjacent agricultural fields. In January of 1988, the Department of Fish and Game indicated that it would seek to challenge the Conservancy's existing license for irrigation diversions from Waddell Creek unless the Conservancy agreed to a new minimum bypass in the stream during the summer months. This has prompted the Conservancy to prepare a full environmental impact report (EIR) for the Waddell Creek diversions. Because of resource conflicts brought to light during the Conservancy's efforts to perfect its water rights to serve the property, the Conservancy is considering approval and implementation of a Waddell Creek Enhancement Plan that will involve modifications in the irrigation system for the ranch. This has postponed efforts to market the property to new agricultural owners and to finalize the water rights agreement with the adjacent landowner. In the interim, the former owners continue to lease and farm the property.

Cowell Ranch Project

The Cowell Ranch is a third agricultural project on the San Mateo coast undertaken by the State Coastal Conservancy (also with the Peninsula Open Space Trust) in April 1989. The property consists of a total of 1,297 acres on both sides of Highway 1; it is the first commercial agricultural operation south of the city limits of Half Moon Bay. In addition to the agricultural resources, there are other coastal resources associated with the property, including almost two miles of shoreline with three private beaches (including a harbor seal haul-out area), riparian habitat, and an historic town site. This diversity of coastal resources led the Conservancy to develop a project that has agriculture, public access, and resource enhancement components. Although the project

is complex, it differs from the other San Mateo County projects in several ways that demonstrate the maturation of the Conservancy's agriculture program in San Mateo County.

From the Conservancy's perspective, the agricultural component of the project involves only the purchase of conservation easements covering 1,165 acres of the property. (The public access component of the project involves a two-phased Conservancy acquisition of fee title to 77 acres of bluffs and beaches adjacent to the agricultural fields, for eventual transfer to DPR, but this acreage and the costs associated with this component are excluded from subsequent analyses to make the case studies more comparable.)

From the perspective of POST, the Cowell Ranch project represents the approach of purchase and resale with conservation easements. POST acquired the entire 1,297-acre property with funds raised privately, sold the conservation easements covering 1,165 acres and the fee title to the 77 acres of recreational lands to the Conservancy, and will resell the agricultural land burdened by the Conservancy's conservation easement back to private owners. In this way POST, rather than the Conservancy, retains responsibility for interim leasing, land management, and improvements, and for marketing the property. POST expects to find new buyers for the property who will continue existing agricultural operations.

FUNDING, PROJECT COSTS AND TIMELINES

The Conservancy paid the appraised fair market value for its **Cascade Ranch** property —$1,984,574, or $2,918/per acre. However, this figure needs to be adjusted in two ways to determine the net cost of the project: to account for the value of the improvements the Conservancy proposes to put on the property, and to account for the revenues to be derived from the sale of the property.

As of April 1989, a total of $315,000 had been spent on the property above the cost of the initial acquisition, for such things as fencing the new property boundaries, locating a new domestic water well, and engineering designs and permit fees for the improvements. On completion, the total anticipated cost for the project may be in the neighborhood of $3.6 million. The cost of improvements will be at least partially recaptured in the increased resale value of the agricultural property, but the true net cost of the project cannot be measured until the improvements are in place and the property is sold.

Resource conflicts have delayed completion of the Cascade Ranch project for at least three times as long as initially estimated. It now appears that construction of the impoundments and resale to private farmers will take six years. In the interim, the Conservancy continues to make cash expenditures for improvements to the land and to incur the liabilities of land management. On the positive side, the land is protected, and the entire 4,088-acre multiple-use project could not have been successfully carried out in the absence of Conservancy involvement in this way.

The initial acquisition cost for the **Muzzi/Silvestri** property was $1,503,500 or $6,265 per acre when the Conservancy closed escrow in December 1986. The resale value of the single 240-acre consolidated parcel was anticipated to be $600,000, which would have reduced the cost of the project to $3,812 per acre. However, until the water rights situation is resolved and the Waddell Creek EIR is completed and approved by the Conservancy, it is not possible to predict what the net cost of the Muzzi/Silvestri project will be, and what additional site improvements, if any, will be required. It has taken three years to develop this purchase-and-resale-with-conservation-easements project to this point.

The **Cowell Ranch** conservation easements covering 1,165 acres of agricultural land were purchased by the Conservancy at the appraised value of $3,883,147 or $3,333

per acre. POST had identified the Cowell Ranch agricultural lands as a desirable acquisition in the late 1970s because of their strategic location on the urban fringe; purchasing this property was viewed as a chance to control the spread of urban development south of Half Moon Bay. POST negotiated an option to purchase the entire property in October 1986, and was successful in raising $4,500,000 from donors to make the down payment and hold the property for resale to public agencies. The Conservancy agreed to fund the project in April 1989. Escrow closed on the Conservancy's initial easement purchase in September 1989, 36 months after POST first entered into the agreement to purchase, and only six months after the Conservancy's authorization.

The purchase of easements over the Cowell Ranch was relatively expensive when compared to the MALT easements. This is because of the higher land values due to the proximity of the property to urban development, and the higher general land values of prime agricultural soils in San Mateo County compared to grazing land in Marin. The easement approach did allow the Conservancy to protect the agricultural lands through an expenditure equivalent to 72 percent of the fair market value of the unrestricted land. The initial acquisition by POST demonstrated the nonprofit's ability, through use of charitable donations and successful fundraising, to control the property in the short term at a price substantially below the fair market value. This saving allowed the land trust to hold the property for several years, to fund access improvements, to pay for other transaction costs, and still to sell the property to the state at the appraised value.

PROGRAM OBJECTIVES

In January 1979, the Conservancy adopted a set of criteria to be used in selecting agriculture projects. The adopted criteria include:

(1) location on the urban fringe where pressure to develop exists;

(2) potential willing sellers;

(3) local government support;

(4) economic viability of the project as agriculture;

(5) value as a model; and

(6) maximum use of local, state, and federal resources.

The Conservancy has met most of its program goals with the Cascade Ranch, Muzzi/Silvestri, and Cowell Ranch projects.

(1) The Cascade Ranch and Muzzi/Silvestri projects were imminently threatened by "ranchette" development, and both are close to the second largest metropolitan area in the state. The Cowell Ranch is even more strategically located on the urban fringe and easement acquisition will help buffer valuable agricultural lands to the south from urban encroachment.

(2) In all three cases, a nonprofit land trust (TPL or POST) negotiated the acquisition transaction with the willing landowners for the Conservancy.

(3) San Mateo County representatives sent letters of support to the Conservancy when the board was considering each of the three projects.

(4) In terms of economic viability, alll three properties have been in active agricultural use since the 1870s and all have prime agricultural soils. Cascade Ranch is a viable commercial agricultural operation, although the infrastructure of the ranch has not been maintained due to years of absentee ownership. The Muzzi/Silvestri property is more intensively farmed. However, even though the Conservancy acquired the land to keep it in agricultural use, it may be lost to production if the Waddell Creek water right is lost. The Cowell Ranch property includes two existing agricultural leases that generate approximate $550,000 of agricultural products annually and employ 35 agricultural workers.

(5) By purchasing the Cascade Ranch and the Muzzi/Silvestri properties, the Conservancy prevented 920 acres of productive farmland and habitat land from being converted to other uses. This was the first time that long-term agricultural protection techniques had been applied in San Mateo County, and lessons learned from these models helped fine-tune the techniques used on the subsequent 1,165-acre Cowell Ranch easement acquisition. However, the resource conflicts

of the first two projects highlight (a) the problems that may be faced in water-scarce areas; (b) the potential burden of interim land management for a public agency engaging in fee acquisitions, whose primary mission is land protection, not management; and (c) the complexities that may sometimes arise from multiple-use projects.

(6) In terms of other funding sources, the Conservancy's $1.9 million investment for its Cascade Ranch acquisitions was joined by DPR's outlay and by the lodge and campground developer's investment of private funds. Similarly, the Cowell Ranch project will include DPR funding for future beach access and recreational improvements and major expenditures and risks on the part of POST in initially purchasing and holding the property. There was no other funding source besides the Conservancy for the Muzzi/Silvestri project.

EFFECTS ON AREAWIDE AGRICULTURE AND LOCAL SUPPORT

San Mateo is a slow growing, predominantly urban county. Flower and nursery crops comprise 81 percent of the county's agricultural economy. In 1987, voters passed an initiative (Measure A) that requires voter approval anytime there is a proposed amendment to change the key land use plan policies that affect the San Mateo coastal zone. The Board of Supervisors try to balance the interests of both developers and those interested in preserving the open space character of the coast. A recent study, commissioned by the county at the request of local landowners who favor less restrictive development policies, concluded that all agricultural sectors with the exception of cattle ranching are still productive and viable.[27]

If the Conservancy is able to construct additional impoundments on Cascade Ranch and possibly on the Muzzi/Silvestri property as well, the projects will contribute further to the agricultural economy of the area and serve as a model to other farmers who may wish to improve their irrigation systems and enhance agriculture. It is difficult to assess how these projects will affect farming in the area because they are not yet com-

pleted, although the 2,085 acres of agricultural land involved do represent 5 percent of the county's land in farms.

The considerable public support for the Cascade Ranch project was due largely to enthusiasm for the proposed new state park expansion and opposition to the proposed subdivision. The project is a very complex one, however, as it involves not only acquisitions for the state park expansion and agricultural conservation, but also development of a range of badly needed overnight accommodations, including a privately developed lodge and public campground. This complexity has necessitated a lengthy process of working out numerous technical issues. Both the Cascade Ranch and Muzzi/Silvestri projects as they have evolved exemplify the problems that may arise when the goals of agriculture protection, wildlife habitat conservation, and provision of public access are all embodied in the same project. Resolving such situations was a major reason for the Coastal Conservancy's creation, and these projects must, in the last analysis, be viewed in this light.

So far, the San Mateo County agricultural community remains supportive of the Conservancy's efforts to maintain its Waddell Creek water rights, but reserves judgment on the state's commitment to build impoundments and put the land back in the hands of private farmers. This situation can only be resolved with completion of the projects. Some accommodations may have to be made, however, in order to adequately take into account the stream flow and habitat concerns mentioned above. The net results may be fewer acres of new land brought into cultivation at Cascade Ranch than originally proposed, and some changes in cropping pattern and/or farming methods as a consequence of possible reductions in the agricultural water supply.

Throughout its five years of working on these projects on the San Mateo coast, however, Conservancy staff have developed a close working relationship with many sectors of the

local agricultural community. The more recent Cowell Ranch project has evidenced a new spirit of cooperation,[28] and embodies the learning experience of the two earlier projects.

SUMMARY

* **Land management responsibilities.** With the Cascade Ranch and Muzzi/Silvestri projects, the Conservancy has assumed the role of property owner with its attendant responsibilities such as leasing the land to private farmers, conforming to county health standards, and responding to resource conflicts arising out of the agricultural use of the property. In addition, the special requirements that the Conservancy make improvements to the agricultural operations at Cascade Ranch and the multiple-use components of both projects have increased the complexity, time, and expense involved in completing these projects.

* **Role of nonprofits.** Even though these three San Mateo County projects were implemented by the State Coastal Conservancy, all three projects were initiated and all acquisitions were mainly negotiated by nonprofit land trusts. Taking a broader look, in its thirteen-year history the Conservancy has not completed an agriculture project where there was not a locally based nonprofit organization to help work out the details of the transactions.

CONCLUSIONS FROM CASE STUDIES

The range of possible agricultural protection techniques and types of organizations are well represented by the case studies, as summarized in Table 1. Of the nonprofit land trusts under study, MALT obtains strictly nonpossessory interests in the farmland, and has completed four projects with the Conservancy's demonstration funding and three

Table 1

AGRICULTURE PROJECTS IN MARIN, SONOMA, MONTEREY AND SAN MATEO COUNTIES SINCE AUGUST 1984

NAME AND TYPE OF ORGANIZATION	PROJECT NAME	TECHNIQUE USED	ACRES	NET COST AND COST/ACRE	NET COST AS % OF FMV	FUNDING SOURCE	DATE OF INITIATION	DATE OF COMPLETION	TYPE OF AGRICULTURAL USE
Marin Agricultural Land Trust	Cerini	bargain sale of easement	360	$144,328 ($401/acre)	26%	SCC	Apr 1986	Dec 1986	dairy
	Giacomini	easement purchase	826	$330,744 ($400/acre)	40%	SCC	Jun 1987	Dec 1987	dairy
	Barboni	easement purchase	823	$500,000 ($607/acre)	53%	SCC	Jun 1982	Dec 1987	dairy
	Spaletta	easement purchase	811	$336,000 ($380/acre)	40%	SCC	Jun 1986	Jan 1988	sheep
	Hicks Valley	easement purchase	1,161	$320,000 ($276/acre)	*	Buck Trust	Jun 1986	Dec 1986	cattle
	LaFranchi	purchase, resale with easement	477	$435,000 ($911/acre)	*	Buck Trust	Dec 1985	Dec 1986	dairy
	Tamagno Ranch	easement purchase	468	$180,000 ($384/acre)	*	Buck Trust	Dec 1986	Mar 1987	dairy
agricultural land trust			Total: 4,926						
Sonoma Land Trust (SLT)	Herzog/Lower Ranch	bargain sale/resale with easements	528	$995,000 ($1884/acre)	36%	SCC	Jan 1985	Sep 1989	hay
	Airport Boulevard	TDR/easement donation	49	$0	0%	donor	Aug 1988	Apr 1989	vineyard
	Laufenburg	fee donation	175	$0	0%	donor	Oct 1987	Jan 1988	orchard and habitat
general purpose land trust			Total: 752						
Monterey County Agricultural & Historic Land Conservancy (MCAHLC) agricultural land trust	no projects yet								
State Coastal Conservancy (SCC)	Cascade Ranch	purchase, improvements and resale with easements	680	$1,984,574 ** ($2,919/acre)	100%	SCC, DPR, private dev.	Apr 1985	***	vegetables, cattle and habitat
	Muzzi/Silvestri	purchase, improvements and resale with easements	240	$1,523,500 ** ($6,348/acre)	100%	SCC	Mar 1986	***	vegetables
	Cowell Ranch	easement purchase	1,165	$3,883,147 ($3,333/acre)	72%	SCC/Prop 70/ POST/DPR	Oct 1986	Oct 1989	vegetables, hay, cattle
State of California			Total 2,085						

* information not available

** includes acquisition price only. Resale subject to conservation easements will lower net costs.

*** initial acquisition completed in December 1985 for Cascade Ranch and December 1986 for Muzzi/Silvestri.

other projects with other funding sources. SLT has received several donations of conservation easements and one donation of fee simple, and has completed its purchase-and-resale of the Lower Ranch property. The Conservancy's first two acquisitions on the San Mateo coast utilized the fee purchase-and-resale technique with an added element of land improvements, and only the acquisition phase has been completed so far. However, the Conservancy's Cowell Ranch project relied on the purchase of easements, and this component of the project has been completed.

Within the case studies of this report, the seven projects that involved purchase of non-possessory easements were able to provide permanent protection at a cost that ranged between 26 and 72 percent of the unrestricted fair market value of the agricultural land involved in the transaction. The one completed project that involved purchase and resale subject to retained easements had a much higher initial acquisition cost, but once the property was resold to farmers, the net cost was 36 percent of the unrestricted value of the property.

Comparing the net cost per acre of different transactions is misleading, especially when comparing different counties, because the costs are highly dependent on the initial unrestricted value of the property in question. This value in turn depends primarily on the type of agricultural land involved and on the proximity of the property to urban areas.

Comparing the projects that were carried out by nonprofit organizations and those in which the Coastal Conservancy took title directly to interests in the property is valid and revealing. Twelve[29] projects involved an acquisition where a nonprofit organization took title, at least initially, to agricultural properties. Of these projects, two involved donations without any net cost to the nonprofit, and four involved bargain sales at less than the appraised fair market value of the property. Three[30] projects involved direct

purchases by the Coastal Conservancy, and all were at the appraised fair market value of the property interest acquired, even if the seller was a nonprofit organization. Thus half of the nonprofit transactions were at less than fair market value, and none of the state acquisitions showed such cost savings.

Finally, using this information, one can compare the relative success of agricultural land trusts and general-purpose land trusts in carrying out agriculture projects. MALT, as an agricultural land trust, has completed seven projects affecting 4,926 acres since August 1984; SLT, as a general-purpose land trust, has completed three projects affecting 752 acres in the same period. The last two of the SLT projects involve properties that, by themselves, may not be commercially viable agricultural operations, where the donors were mainly interested in preserving the open space and natural features of the land. Based on this limited data, agricultural land trusts seem to be better able to carry out agriculture projects than general-purpose land trusts. However, the lack of success shown by MCAHLC, a second agricultural land trust, in the same period of time must add a cautionary note to this general conclusion. The long start-up time that MCAHLC experienced is not unusual for land trusts, and is not a result of its exclusively agricultural orientation. Other factors are obviously influential in determining the success or failure of specific programs.

The following conclusions can be drawn from the analysis of these case studies.

1. Land trusts can successfully provide long-term protection if local agricultural lands appear threatened by conversion to other uses and land trusts have:
   * financial support,
   * receptive local agricultural leaders and landowners,
   * supportive governmental policies,
   * a committed and competent land trust board and staff, and
   * access to information about long-term agricultural protection techniques.

2. Local nonprofit land trusts have the following advantages over state agencies in administering agricultural conservation projects:
   * greater familiarity with local area,
   * cost savings from the use of donations and volunteers,
   * greater success at negotiating transactions at less than fair market value, and
   * many farmers and ranchers prefer not to deal with governmental agencies.

3. Acquisition of nonpossessory interests such as easements is less costly on a per acre basis than fee simple acquisition and less time-consuming than acquisition and resale with an easement, while still providing long-term protection. However, nonpossessory interests are less easily understood than fee simple acquisition, and therefore require community education and outreach to find receptive landowners. MALT and SLT have been effective in educating their communities about easement transactions, and this effort has contributed to their success.

4. Agricultural land trusts that are single purpose—like MALT—may have an easier time successfully implementing agriculture projects than land trusts that have broader environmental goals such as the general-purpose SLT. The Sonoma farm-ing community has voiced some reservations about the dual purpose of the land trust and thus is not always supportive of the nonprofit's activities. This lack of support may slow the land trust's ability to interest farmers in long-term protection of their agricultural lands.

5. It takes time for a land trust to form and become operative and often several more years before the first succcessful land transaction is concluded. The availability of funding, such as that provided by the Conservancy, is crucial in helping land trusts complete projects and establish a track record. Having a track record of successful agricultural projects was cited by both MALT and SLT as an important factor in generating additional projects. However, simple financial support is not enough, as evidenced by the MCAHLC case study.

6. The composition of the board of directors and competence of the staff of the land trust plays a major role in obtaining respect and credibility in the local agricultural community. MALT's board is mostly comprised of agricultural representatives, and the organization maintains a highly qualified and active professional staff; this nonprofit land trust has been very successful in gaining

community support and protecting agricultural lands. One-third of SLT's board is drawn from the agricultural community, and the trust also maintains a professional staff, though only on a part-time basis. The SLT is lacking in widespread acceptance in the farming and ranching communities but still has met with considerable success in its other preservation efforts. The MCAHLC's board is nearly half agricultural, but it has no staff to carry out projects; until now the MCAHLC has depended on the volunteer efforts of its board members and has yet to complete a project.

7. If a land trust accepts public funds for its acquisitions, it must be held to the same standards of accountability as a public agency, and may lose some of the flexibility possible if it remains strictly within the private sector. All three land trusts noted the delay associated with state grant funding, and MCAHLC has attributed its inability to initiate projects to the "strings" attached to its public sector funding.

8. The characteristics of the local farming community and supportive local government policies affect the chances for success of a land trust. MALT indicated that consistent county policies restricting development of agricultural land, a homogeneous farming community of ranchers, and a unique commitment by most Marin dairymen to long-term agriculture have helped MALT's efforts. The SLT indicated that impediments to its program have been the inconsistent county policies regarding development of agricultural land and a heterogeneous agricultural community of viniculturists and livestock ranchers with different interests. MCAHLC is located in a county with strong support for agriculture in local government policies and a close-knit farming community, but the community is generally distrustful of programs that would remove the development potential from agricultural lands.

9. The coastal zone boundary excludes many areas of important coastal agriculture, which makes it difficult or impossible for the Coastal Conservancy or those land trusts with which it works to provide significant long-term protection for the agricultural land base in such areas as Monterey, Ventura, and Sonoma Counties.

10. The additional multiple use (wildlife habitat conservation and public access) and agricultural improvement elements distinguish the three San Mateo County projects from the nonprofit land trust projects. One can only conclude that the

more complex the goals associated with the conservation project are, the more difficult it will be to meet these goals, at least in the same time frame as a single-purpose agriculture project.

11. After the initial acquisitions are complete, there are still ongoing costs associated with long-term agricultural protection, no matter what technique of acquisition is used. Easements involve minimal costs for periodic monitoring, but have the potential for incurring major costs associated with enforcing the easement terms. Any organization, whether public or private, that holds title to agricultural lands (even on an interim basis) will need to address issues of land management and invest considerable time in either negotiating agricultural leases or marketing the property.

12. In both Sonoma County and Marin County, the nonprofits that received funding from the Coastal Conservancy were able to go on and complete additional agricultural projects that did not rely on the Conservancy for financial support. All three nonprofit grantees played a role in ensuring that Proposition 70 included new state funding for agriculture projects in their respective counties.

13. In no case study county do the lands affected by long-term protection techniques represent more than 10 percent of the land in farms. However, the significance of the successful programs is much greater than a simple tally of acreage would imply because the processes of agricultural land conversion and conservation are influenced by individual and community perceptions. By making commitments to long-term agricultural use through successful land transactions, public and private institutions can reassure the farming and ranching communities that there is a future in agriculture.

14. In California, both the use of land trusts and the use of conservation easements to provide long-term agricultural protection are relatively new phenomena. Neither the institution nor the technique has a long enough track record to judge the difficulties involved in providing "permanent" protection. Although public acquisition of fee title is a more traditional technique to provide permanent protection for natural resources, it has the distinct disadvantage of taking property off the tax rolls.[31] Also, in agricultural communities there is widespread mistrust of government and a perception that public ownership of land is antithetical to commercially viable agriculture.

PART 2:
EVALUATION OF THE PROSPECTS FOR THE USE OF AGRICULTURAL LAND TRUSTS IN NEW COUNTIES

Part 1 of this report looked at some of the factors influencing the success of land trusts in protecting productive agricultural lands. This part explores the process by which land trusts became established and spread into new counties.

First, the report examines the historic development of agriculturally related land trusts in California. It inventories the 21 land trusts that have been established and/or are actively pursuing the long-term protection of agricultural land. Table 2 lists these land trusts by date of incorporation to determine the rate of formation of agriculturally related land trusts in California. Representatives from seven of the land trusts were also interviewed concerning their perceptions of the factors that have helped and hindered their formation and productivity.

Second, each of the four counties in which the case studies are located (Marin, Sonoma, Monterey, and San Mateo) are examined to identify possible background factors that may have made these counties especially amenable to the formation of agriculturally related land trusts. Factors are isolated that would gauge the importance of agriculture to the local economy, the amount of support for agricultural protection in local government policies, the rate of conversion of agricultural land to other uses, and the nature of the county's agricultural industry.

Finally, statistics concerning agricultural production and urban growth are examined for all the California counties. For the purposes of this analysis, the counties are divided into three categories: counties with active land trusts operating long-term

agricultural protection programs; counties with land trusts in place, but which have not yet demonstrated their success in providing long-term agricultural protection; and counties without agricultural land trusts.

HISTORICAL DEVELOPMENT OF CALIFORNIA LAND TRUSTS

Table 2 shows that agriculturally related land trusts have been formed in California at a rate of approximately two land trusts per year over the last thirteen years. It is clear that the movement began in the coastal counties, especially in central California, and has subsequently spread inland. In the last three years, land trusts have begun forming in the agricultural counties of the Central Valley.

Representatives from seven of these land trusts were interviewed to determine what factors helped and hindered their establishment.[32] In these interviews, the three factors most often cited as critical for establishing land trusts in new counties were:

* perceived pressure to convert agricultural land,
* nucleus of a committed board of directors and volunteers to provide leadership for the organization, and
* availability of financial support from public agencies or other sources.

In six of the seven interviews, the respondents cited a threat to agricultural land because the local government could not or would not do enough to protect the agricultural land base. Also highlighted were the foresight, perseverance, and creativity of the initial leaders of the organizations. The interviews revealed that a board of directors or trustees that had broad geographical representation, a variety of professions (including agriculturalists), and a willingness to work cooperatively together is important to the success of a land trust's efforts. Besides the significance of the board of directors, several respondents discussed the need for active support from the broader local

Table 2

AGRICULTURALLY-RELATED CALIFORNIA LAND TRUSTS
BY DATE OF INCORPORATION

ORGANIZATION	COUNTY	DATE OF INCORPORATION
Sonoma Land Trust	Sonoma	1976
Napa County Land Trust	Napa	1976
Peninsula Open Space Trust	San Mateo/Santa Clara	1977
Land Trust for Santa Cruz County	Santa Cruz	1977
Big Sur Land Trust	Monterey	1978
Marin Agricultural Land Trust	Marin	1981
Land Trust for Santa Barbara County	Santa Barbara County	1982
Ventura County Land Conservancy	Ventura	1982
Bolinas Land Trust	Marin	1983
San Luis Obispo County Land Conservancy	San Luis Obispo	1984
Monterey County Agricultural & Historic Land Conservancy	Monterey	1985
Solano County Farmlands and Open Space Foundation	Solano	1986
Riverside Land Conservancy	Riverside	1987
Davis Rural Land Trust	Yolo	1987
Ojai Valley Land Conservancy	Ventura	1987
Yolo Land Conservation Trust	Yolo	1988
Lassen Land and Trails Trust	Lassen	1988
Southern California Agricultural Land Foundation	San Bernardino	1988
Humboldt Agricultural Land Trust	Humboldt	1989
Middle Mountain Foundation	Sutter	1989
Foothills Farmland Trust	Placer	1989

Sources: Nonprofit Program files maintained by the State Coastal Conservancy, interviews with staff of AFT and TPL, and Office of the Secretary of State, Corporate Status Unit.

community—support in terms of funding for the operations of the land trust, and a vocal electorate to encourage policies supportive of agricultural protection. Two respondents observed that most of their financial support came from the urban areas of the county.

Several of the land trusts that are now successfully functioning received initial start-up funding from public agencies or foundations. The significance of the Buck Trust in the early days of MALT's existence has been underlined in the previous section. POST received two grants from the Mid-Peninsula Regional Open Space District when it was getting established. The San Luis Obispo County Land Conservancy received a grant from the Coastal Conservancy to acquire a number of small lots in Cambria, and was subsequently able to carry on to do other projects. In Solano County, the local land trust was created and funded through the settlement of a lawsuit involving the conversion of agricultural lands, and this approach is currently being pursued in San Joaquin County as well.

In these last two counties, funding for agricultural protection efforts is being provided locally through the mechanism of Mello-Roos assessment districts.[33] (The mechanism is in place and operating in Solano County, but only proposed in San Joaquin County.) This represents a promising new source of locally generated funding that could be used to match any future funding for agricultural protection efforts provided by the State of California. In other jurisdictions such as the City of Carlsbad, developers of agricultural lands pay a conversion fee that is available to make improvements to support the areawide agricultural economy.

The respondents to the Conservancy's survey of agriculturally related land trusts did not mention a fourth factor which Conservancy staff nonetheless believe to be important in the formation of land trusts in new counties: the availability of technical assistance. In the early 1980s, the Coastal Conservancy sponsored a series of workshops to help edu-

cate potential land trust directors about the techniques of long-term land protection. Conservancy staff were available to advise new land trusts as they formed in Santa Barbara, Ventura, San Luis Obispo, and Monterey Counties, among others. In the last five years, California's land trust community has shown an increasing ability to provide technical assistance to its new members. In particular, the California offices of AFT and TPL have played a major role in helping land trusts establish themselves outside the Conservancy's jurisdiction in Solano, Riverside, Lassen, and San Bernardino Counties. There is now a national organization called the Land Trust Alliance that provides printed information, consultations, and coordination for land trusts. Whether the assistance comes from public or private sources, new land trusts need to have access to knowledge about long-term agricultural protection techniques so they can explain the relatively unfamiliar concepts of land trusts and conservation easements in their communities.

Land trust representatives also identified three general factors that impeded their efforts to get established and complete successful agricultural projects:

* lack of funds,
* government review procedures, and
* misconceptions and unrealistic assumptions among landowners.

The lack of funds for projects was the major hurdle that the Coastal Conservancy attempted to overcome with the three demonstration programs in Marin, Sonoma, and Monterey counties. Some young land trusts have also had a hard time soliciting and maintaining financial support for their basic operations; it took the Monterey group five years before it received a grant enabling it to hire a staff person.

More recently, Proposition 70 has provided additional capital outlay authorizations in the four case study counties, as well as in other counties. The initiative, approved by California voters in 1988, authorized the sale of $776 million of bonds, of which $63

million was made available specifically for agriculture projects in various counties. Only $8 million of this amount is administered by the Coastal Conservancy, for use in San Mateo County; this provided the funding source for the Cowell Ranch project. In other counties, including Marin and Monterey, the funding comes in the form of grants from the Department of Parks and Recreation to the individual counties. Proposition 70 funds administered in this manner have not yet resulted in any completed agriculture projects.

Several land trust representatives expressed frustration at certain government procedures perceived as impeding the implementation of successful projects. Two of the land trusts interviewed had protracted negotiations with the Internal Revenue Service over their tax-exempt status. In both cases this was due in part to the inclusion of farmland conservation among their charitable purposes. The Napa County Land Trust lost two transactions that were eligible for Proposition 70 funding because the administering State agency was unable to review them fast enough. The MCAHLC also lost a transaction because it could not get a government-approved appraiser to support the proposed purchase price; the lack of comparable sales for agricultural properties in the coastal zone of Monterey County complicated the determination of fair market value.

The third impediment to land trust success involves the receptivity of the local farming community. The techniques of long-term agricultural protection are new, and many landowners do not want to foreclose their future options by making a permanent commitment of the land to agricultural use. It was noted that farmers often bear an antipathy toward government interference in general and mistrust or misunderstand the role of land trusts in the governmental process.

In conclusion, these interviews reinforce the conclusion that a few common background factors in each county are associated with the establishment of a land trust to provide

long-term agricultural protection. These factors are: an important agricultural resource, a perceived threat of conversion of local agricultural land to other uses, a local community of committed volunteers and donors and a core group to form the initial governing board, and receptive landowners. Organizers of local land trusts need to identify significant agricultural resources that are under threat of conversion, undertake a program of outreach and public education to locate responsive landowners and inform them of agricultural protection goals and techniques, and organize community support for their efforts. Securing major financial support and successfully completing demonstration projects are key selling points.

PROFILES OF CASE STUDY COUNTIES

The background characteristics of each of the case study counties (Marin, Sonoma, Monterey, and San Mateo) were analyzed to assess whether these counties that all support land trust activities (with varying degrees of success) have common characteristics to distinguish them from other counties, and whether these factors may correlate with the success or lack of success of the demonstration programs as analyzed in Part 1. Factors were selected that would seem to indicate that agriculture is important economically in the county, that agricultural protection is a policy of local government, and that conversion of agricultural land to other uses is enough of a threat to warrant local action, and to describe the nature of the county's agricultural industry.

The following questions were examined:

1. What type of farming predominates?
2. What is the contribution of agricultural production to the local economy?
3. What has been the population growth in the past ten years?
4. What is the rate of agricultural land conversion to non-agricultural uses?

5. What amount of land is under Williamson Act contract?

6. Is Williamson Act acreage increasing or decreasing?

7. Are there strong zoning laws and other regulatory and incentive measures to encourage farming?

No conclusive patterns emerged from this analysis. Monterey was the fifth largest agricultural county in California in 1988 according to the dollar value of its agricultural products, while Marin, Sonoma, and San Mateo counties have more modest agricultural sectors. Population growth in Monterey and Sonoma counties exceeds the statewide average, while Marin and San Mateo counties are growing much slower than average. In all four counties the amount of agricultural land under Williamson Act contract has remained relatively constant in the past decades, although new lands going into contract may balance lands being taken out of the program. In general, lack of data about the agricultural land base and the rate of conversion to other uses was a major problem in all the counties. All have relatively strong local government policies against the conversion of agricultural land, although the Sonoma Land Trust has complained of past inconsistencies in actually carrying out these policies.

In summary, the analysis of county background factors yielded inconclusive results. No patterns emerged that would clearly distinguish these counties that have agriculturally related land trusts from other counties. Similarly, the counties with successful long-term agricultural protection programs (San Mateo, Marin, and Sonoma) do not seem to be measurably different from the county with unproven success (Monterey). Factors such as the presence of committed staff, directors, and donors, or the receptivity of the agricultural community probably do influence the spread and success of land trusts, but these factors cannot be easily measured.

STATISTICAL ANALYSIS OF CALIFORNIA COUNTIES

An additional statistical analysis was conducted of: (1) counties with active land trusts operating long-term agricultural protection programs; (2) counties with land trusts in place, but which have not yet demonstrated their success in providing long-term agricultural protection; and (3) counties without agricultural land trusts. The results of this analysis are found in Table 3.

Of California's 58 counties, only six can be classified as having land trusts that have acquired interests in agricultural lands to provide long-term protection. Another 13 counties have land trust organizations in place and a willingness to pursue projects that protect agricultural land, but these organizations have not yet demonstrated their effectiveness by completing projects. Finally, there are 39 counties that do not currently support land trust activities, or which have land trusts that do not consider protection of agricultural land as part of their charitable purposes. For example, Mendocino, San Diego, Orange, Fresno, and Madera all have active land trusts, but they are focused on protecting other types of threatened lands such as lagoons, riparian river corridors, or community open space.

Of the 58 counties listed in Table 3, only the 15 coastal counties and five additional counties around San Francisco Bay are eligible to receive funding from the Coastal Conservancy; 38 counties are ineligible. Even among the counties that are eligible for funding, important agricultural areas such as the Oxnard Plain in Ventura County are outside the coastal zone boundary and therefore cannot take advantage of the Conservancy's funding for agricultural programs.

Table 3

COMPARISON OF CHARACTERISTICS OF COUNTIES WITH AND WITHOUT ACTIVE LAND TRUSTS

County	1987 value of ag. products ($million)	1984 farm earnings as % of total earnings	# farms with sales great. than $100,000	% of land area in farms	% of popula-tion that is urban	% of net pop. change 1980-86	OPR index of agri-cultural policies*
California	**13,922**	**2**	**15,665**	**32**	**91**	**14**	**--**
Counties with land trusts available & active in agricultural projects							
Marin	42	1	77	50	93	1	5
Napa	73	6	119	49	80	6	4
San Mateo	88	1	68	25	98	5	7
Santa Barbara	288	5	306	48	91	14	8
Solano	96	2	387	67	94	16	7
Sonoma	209	3	369	57	66	15	8
Counties with land trusts available							
Contra Costa	52	0	97	57	97	11	7
Humboldt	54	4	119	28	56	5	2
Lassen	31	4	49	19	30	15	4
Monterey	731	17	526	64	77	17	5
Placer	35	1	49	20	50	22	4
Riverside	727	8	566	11	82	30	3
San Bernardino	489	3	445	17	90	27	10
San Luis Obispo	160	9	196	72	76	27	6
Santa Clara	132	0	227	40	98	8	8
Santa Cruz	162	8	161	20	81	16	9
Sutter	189	9	374	91	67	14	2
Ventura	538	4	387	25	94	16	5
Yolo	178	5	257	84	82	11	7
Counties without land trusts							
Alameda	54	0	82	63	98	9	5
Alpine	0	0	1	2	0	17	1
Amador	25	2	11	53	0	23	7
Butte	176	4	311	44	70	16	5
Calavaras	18	3	12	33	0	37	4
Colusa	133	22	255	60	32	17	6
Del Norte	14	6	14	3	32	6	7
El Dorado	9	1	14	13	42	26	8
Fresno	1682	11	1793	54	78	14	10
Glenn	148	26	285	62	41	8	6
Imperial	716	31	405	21	70	16	3
Inyo	5	3	14	5	18	2	2

(Table continues next page)

Table 3 (Continued)

COMPARISON OF CHARACTERISTICS OF COUNTIES WITH AND WITHOUT ACTIVE LAND TRUSTS

County	1987 value of ag. products ($million)	1984 farm earnings as % of total earnings	# farms with sales great. than $100,000	% of land area in farms	% of population that is urban	% of net pop. change 1980-86	OPR index of agricultural policies*
Counties without land trusts (continued)							
Kern	1100	8	808	60	82	23	4
Kings	487	15	434	91	66	17	6
Lake	24	4	42	19	24	35	2
Los Angeles	194	0	244	12	99	11	4
Madera	346	23	475	49	47	23	5
Mariposa	15	2	21	50	0	24	7
Mendocino	38	5	81	35	32	12	4
Merced	792	18	791	94	62	22	4
Modoc	46	23	123	29	35	9	1
Mono	5	4	16	4	46	7	1
Nevada	3	1	8	13	13	38	6
Orange	188	0	127	32	99	12	4
Plumas	6	2	7	6	26	13	5
Sacramento	196	1	278	68	96	17	5
San Benito	84	19	97	70	46	27	6
San Diego	444	1	530	23	93	18	8
San Francisco	2	0	3	0	100	10	0
San Joaquin	634	6	996	98	82	25	5
Shasta	27	2	42	17	54	15	5
Sierra	2	3	9	9	0	12	5
Siskiyou	51	10	142	18	29	7	5
Stanislaus	786	10	901	67	81	19	4
Tehema	82	10	148	62	37	15	2
Trinity	2	2	2	6	23	14	4
Tulare	1030	20	1471	43	62	17	6
Tuolumne	9	2	10	8	9	25	8
Yuba	78	4	111	52	71	10	4

Sources: U.S. Dept. of Commerce, Bureau of the Census, *County and City Data Book,* 1988; U.S. Dept. of Commerce, Bureau of the Census, *Census of Agriculture, 1987: Volume 1, Geographic Area Series, Part 5: California, State and County Data,* 1989; and State of California Office of Planning and Research, *Room to Grow: Issues in Agricultural Land Conservation and Conversion,* 1983.

* This index is based on the 1983 OPR report, *Room to Grow.* OPR found that there are eleven techniques used by counties to support agricultural production, including the ability to monitor agricultural land conversions, recent elements in the general plan dealing with conservation and open space, completed spheres of influence for all cities, effective large-lot zoning, and participation in the Williamson Act. OPR found that the number of techniques employed gauges the county's support for agriculture. This table reports the number of techniques, from 0 to 11, adopted by each county as of 1983.

This table also reveals that land trusts have not yet been successful in protecting agricultural land in California's largest agricultural counties—Fresno, Kern, Tulare, Imperial, and Monterey. There are a large number of counties where agriculture is very important to the local economy and where a large proportion of the county's land base is devoted to farming, but which do not support land trusts. With the rate of growth of land trusts in the Central Valley and with the passage of time, this situation may soon change. A number of the counties that do have significant agricultural production are also rapidly growing in terms of population—Riverside, San Bernardino, San Joaquin, and San Benito—which could make them likely candidates for successful agricultural protection efforts.

The columns in Table 3 attempt to measure the degree of local support for retaining land in agricultural use. The number of farms with sales greater than $100,000 is important because the commercial agricultural sector must be large enough to be viable in the long run and to include agriculturalists who are receptive to the permanent protection of agricultural land. The proportion of a county's population residing in urban areas may be important to provide political and financial support for conservation efforts in rural parts of the county. (Recall that several of the representatives from the land trusts indicated that most of their support came from the urban population.) Based on these two factors, there are a number of counties where long-term agricultural protection is less likely because the the farming community is small and there is not a corresponding urban population in the county—Alpine, Amador, Calavaras, Inyo, Mariposa, Nevada, Plumas, Sierra, Tuolumne, Mono, and Trinity counties are in this category.

The final column of Table 3 is the "OPR Index of Agricultural Policies," derived from the 1983 report, *Room to Grow.* Although this analysis is dated, OPR's comprehensive survey of agricultural policies in 57 counties remains the best source of data currently

available. (The Department of Conservation has produced a draft report that updates these figures and also discusses the role of land trusts, but as of this date the report is not available for general distribution.[34]) In the original 1983 report, OPR cautioned that few patterns existed in the counties' responses. This conclusion holds true when presented in the format of Table 3. Generally, land trusts have been formed in those counties that did not have many supportive policies, as well as those that had many supportive policies. However, land trusts that have been successful tend to operate in an environment that includes at least some level of local government policy support for continued agricultural production.

CONCLUSIONS

Based on this analysis, the following conclusions can be drawn:

1. The historic rate of expansion of agriculturally related land trusts into California counties has been approximately two new trusts a year.

2. Land trusts have recently begun forming in California's major agricultural counties in the Central Valley, although more time will have to pass before these new groups can establish a track record of successful projects that provide long-term protection for agricultural land.

3. Counties that have land trusts involved in agricultural land protection are not clearly and measurably different than counties that do not have land trusts. This implies that land trusts can be established in new counties and may be effective in providing long-term protection for agricultural land. The impediments to the establishment of land trusts—lack of funding and mistrustful and unresponsive landowners—can be overcome with new state and local funding sources and with community education. It is likely that land trusts will be most productive in those counties with important agricultural resources and a perceived threat of conversion and where the other background factors discussed in Part 1 are present.

4. Proposition 70 has provided state funding for a number of local programs to provide long-term protection of agricultural lands outside the jurisdiction of the Coastal Conservancy. For future efforts to make the benefits of these programs available to more California counties, consideration should be given to administration by an organization with a legislative mandate to protect the agricultural land base and promote long-term agricultural use, and general powers similar to those of the Coastal Conservancy.

5. Access to knowledge of potential long-term protection techniques will remain a crucial factor in the formation of new land trusts. The land trust community in California has matured to the point that it can provide technical assistance to its own new members. Local land trusts must in turn take this information and make it available in their communities in order to generate successful projects.

6. Techniques such as assessment districts and conversion fees have promise as ways of generating local funds to carry out agriculture projects. These sources could be used to supplement funds currently available from the state through Proposition 70 or other future state funding for local agriculture programs.

7. There are advantages to organizing agricultural land trusts on a countywide and county-by-county basis. Within each county there are common agricultural institutions such as farm bureaus, extension agents, and agricultural commissioners and a common set of public policies. Land trusts that are organized on a smaller scale run the risk of finding no responsive landowners and not having a large enough basis of community support.

NOTES

1 Based on *California Almanac, 3rd Edition*, James S. Fay, Sr. Editor, published by Pacific Data Resources, 1987, and on *Eroding Choices, Emerging Issues: The Condition of California's Agricultural Land Resources*, published by the American Farmland Trust, 1986.

2 AFT, 1986.

3 Based on interview with Jim Hope, AFT Western Office, September 1989 and published in *Risks, Challenges and Opportunities: Agricultural, Resources and Growth in a Changing Central Valley*, American Farmland Trust, 1989, p. 18.

4 Based on data from nine Bay Area counties. Compiled by the Farmlands Conservation Project of People for Open Space and published as *Endangered Harvest: The Future of Bay Area Farmland*, 1980. pp. 49-51.

5 AFT, 1986.

6 *California Coastal Plan*, published by the California Coastal Zone Conservation Commission, December 1975.

7 Division 20 of the Public Resources Code, Sections 30000 *et seq.*

8 Chapter 803, Statutes of 1984.

9 Government Code Section 51296.

10 Public Resources Code Section 5900 *et seq.*

11 Drawn from *The Nonprofit Primer*, published by the State Coastal Conservancy, 2nd edition, 1989.

12 Public Resources Code Section 9151 *et seq.*

13 For previous analysis of short-term protection techniques see, *Room to Grow: Issues in Agricultural Land Conservation and Conversion*, Office of Planning and Research, 1983.

14 For more information on conservation easements, see *The Conservation Easement in California*, by Thomas S. Barrett and Putnam Livemore for the Trust for Public Land, Covelo, California: Island Press, 1983; *Land Saving Action*, Sarah M. Bates and Russell L. Brennanan, eds., Covelo, California: Island Press, 1984; and *The Conservation Easement Handbook*, by Janet Diehl and Thomas S. Barrett, for Land Trust Exchange and Trust for Public Land, 1988.

15 For more information on politics surrounding agriculture in Marin County see *The Search for Permanence: Farmland Conservation in Marin County, California*, published by People for Open Space, 1982.

16 Information in this section is based on a November 1988 interview with Bob Berner, MALT's Executive Director.

17 California Wildlife, Coastal and Park Land Conservation Act of 1988, approved by statewide initiative in June 1988. The initiative authorized $776 million of general obligation bond sales and added Division 5.8 (commencing with Section 5900) to the Public Resources Code to allocate funding to specific programs and projects.

18 Based on an interview with Joan Vilms, Acquisition Consultant to the Sonoma Land Trust, November 1988.

19 *Ibid.*

20 *Sonoma County Agricultural Crop Report 1988,* Sonoma County Agricultural Commissioner.

21 Interview with Carol Witmore, County Planner, January 1989.

22 Interview with Joan Vilms, *op. cit.*

23 MCAHLC's directors took a principled stand that the purpose of farmland protection, by itself, should qualify the organization for nonprofit tax exempt status. The IRS initially rejected the organization's application, but later reconsidered and approved the tax-exempt status based on a showing that farmland protection was a clearly stated local public policy.

24 *Monterey County Agricultural Crop Report 1988,* Monterey County Agricultural Commissioner, and *The Monterey Agricultural Incentive Program: Recommendations for Program Design, Acquisition and Project Selection, and Program Administration*, report of the American Farmland Trust to Monterey County, 1988.

25 Interview with Ed DeMars of MCAHLC, November 1988.

26 Chapter 1246, Statutes of 1985.

27 Interview with Kim Vogel, San Mateo County Planner, January 1989.

28 The Cowell Ranch project was called a "true example of cooperation" in the July 24, 1989, letter from Ray Chiesa, President of the San Mateo County Farm Bureau, to Peter Grenell, Executive Officer of the Coastal Conservancy, which provided the Farm Bureau's comments on the Cowell Ranch transaction.

29 This included both the Cascade Ranch property, where TPL acquired title to the entire 4,088-acre ranch through a bargain sale, and Cowell Ranch, where POST acquired title to the entire 1,297-acre ranch through a bargain sale.

30 See note 29 above. This total included the resale of both the Cascade Ranch and Cowell Ranch properties from the nonprofit that originally took title to the property to the Coastal Conservancy, plus the Muzzi/Silvestri transaction.

31 The Coastal Conservancy's enabling legislation provides a mechanism to deal with this concern that is especially significant with regard to agricultural operations. Public Resources Code 31154 requires the Conservancy to return 24 percent of all annual lease revenues derived from Conservancy properties to the county in which the property is located. For the Muzzi/Silvestri acquisition, the amount of funds returned to the county under this formula exceeded the amount of property taxes that the county had assessed.

32 The seven land trusts that participated in these interviews were Monterey County Agricultural and Historic Land Conservancy, Napa County Land Trust, Land Trust for Santa Barbara County, San Luis Obispo County Land Conservancy, Solano County Farmland and Open Space Foundation, Peninsula Open Space Trust, and Southern California Agricultural Land Foundation.

33 The term "Mello-Roos Assessment District" refers to the authors of the enabling legislation that established this type of funding mechanism. It is officially known as the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 of Division 2 (Sections 53311 through 53365) of the Government Code. The legislation allows local governments to establish special districts within which property owners are assessed to pay for services or facilities from which they derive direct benefits. The purposes of the districts can be broad enough to include agricultural land protection, and local bonds can be sold to pay for this effort. In both Solano and San Joaquin Counties, the assessments are or will be paid by the developers of agricultural lands that are being converted to urban uses.

34 Department of Conservation, unpublished and untitled draft report concerning agricultural policies in California counties, prepared in 1988 under contract by the American Farmland Trust.

APPENDICES

APPENDIX I

GOVERNMENT CODE SECTIONS 51296-51298

ARTICLE 7. DEMONSTRATION LAND PRESERVATION PROJECT

Section 51296.

The Legislature finds and declares that agricultural land trusts represent a promising method of preserving productive agricultural lands without the direct intervention of state or local land use regulations. The Legislature further finds and declares that the County of Marin has adopted local policies, including its general plan and local coastal plan, which promote the preservation of productive agricultural lands and has encouraged the development and operation of agricultural land trusts capable of undertaking a demonstration project to preserve productive agricultural lands. The Legislature further finds and declares that it is in the public interest to enhance these efforts to preserve productive agricultural lands in Marin County by supporting the efforts of agricultural land trusts.

Section 51296.5

The State Coastal Conservancy may enter into an agreement with the County of Marin to operate a demonstration project for the purpose of determining the feasibility of preserving productive agricultural lands through the acquisition of nonpossessory interests in those lands by an agricultural land trust. The agreement between the county and the conservancy shall specify the methods of carrying out the demonstration project, selecting the lands to be preserved, and establishing standards for the operation of the project.

Section 51297

The County of Marin may enter into agreements and make payments to a properly constituted agricultural land trust from any grant made to the county by the conservancy to carry out the purposes of this article. Before entering into an agreement, the board of supervisors shall conduct a public hearing on the issue after giving appropriate public notice to landowners, taxpayers, local agencies, and other interested parties.

Section 51297.5

Commencing July 1, 1985, and annually thereafter, the State Coastal Conservancy shall report annually to the Legislature concerning the progress of the demonstration project created pursuant to this article. The conservancy shall issue a final comprehensive report to the Legislature on July 1, 1989, which evaluates the prospects for using agricultural land trusts to preserve productive agricultural lands in other counties.

Section 51298.

This article shall remain in effect only until January 1, 1990, and as of such date is repealed, unless a later enacted statute, which is chaptered before January 1, 1990, deletes or extends such date. The County of Marin shall retain the authority, however, to enforce the provisions of any agreement entered into pursuant to Section 51297.

APPENDIX II

AGRICULTURAL PROTECTION TECHNIQUES

The following techniques are the main methods employed by local governments, the state, and nonprofit land trusts to conserve agricultural land. The agencies involved in agricultural conservation employ different techniques depending on whether the goal is for short-term or long-term conservation. Most local governments use short-term strategies designed to maintain current agricultural land use practices, yet to be flexible enough to incorporate future changes into the overall development plan for the community. Local nonprofits and the State Coastal Conservancy utilize strategies that acquire a long-term interest in agricultural lands. Use of these strategies represents a policy decision to commit these lands permanently to agricultural production.

SHORT- TERM METHODS

In California, the **General Plan** is the central feature of each local government's land use planning and regulation program. The General Plan establishes long-term goals and policies to guide land use and development and identifies specific measures to carry out the goals and policies. Once adopted, the plan serves as a skeleton that supports future development and resource conservation because of state requirements that zoning, subdivisions, public works projects, and other local actions must conform to it. Government Code Sections 65300 *et seq.* requires the governing body of each city and county to adopt a General Plan and requires each General Plan to have nine mandatory elements, including land use, conservation, and open space elements. Some jurisdictions that are concerned about maintaining their agricultural land base have prepared and adopted agricultural elements for their General Plan, but this is by no means a standard prac-

tice. Updating a General Plan is an elaborate process, and consequently many California jurisdictions have General Plans that are out of date.

Zoning uses the guidelines established in the General Plan to specify what uses can occur on specific parcels of land within the planning area of the local government. The zoning map divides the jurisdiction into a number of districts, and the zoning ordinance lists the uses that are permitted in each district. The ordinance also lays out the procedures for changing the designation of parcels of land through rezoning, and for granting variances or exceptions to provisions of the ordinance. Applications for rezoning generally require a hearing before an advisory Planning Commission, with the final decision made by the City Council or the Board of Supervisors. If the rezoning involves a major change in land use, a simultaneous application for a General Plan amendment may be required.

Some jurisdictions (and the entire State of Oregon) have adopted "Exclusive Farm Use" zones where only agriculture and ancillary uses are permitted, and uses that would conflict with agriculture are prohibited. However, it is common practice in California for the zoning ordinance to treat its agricultural zone as a transitional designation for lands awaiting conversion to more intensive uses.

Minimum parcel sizes set a threshold in terms of acres and prohibit subdivisions that would create new parcels of less than that size. Minimum parcel sizes for each zone are normally set out in the local zoning ordinance. If the minimum parcel sizes are set high enough in an agricultural zone, it can help prevent conversion to higher density uses. For example, Sonoma County has set 360-acre minimums for much of its coastal rangeland. On the other hand, the minimum parcel sizes can be set without regard to the requirements for viable commercial agriculture; San Diego County's A-1 Agriculture District allows for one dwelling unit per acre.

Urban limit lines are designed to stem land speculation by establishing firm urban/rural boundaries. Urban limit lines, when used effectively, can channel new development and public services to specific areas to prevent disruption of the local agricultural economy. In California, Local Agency Formation Commissions are required to employ this technique as they set spheres of influence for each municipality.

The **Williamson Act** (also known as the California Land Conservation Act of 1965, Government Code Sections 51200 *et seq.*) is a combination of preferential assessment and deferred taxation. Preferential assessment is the assessment of eligible land on the basis of farm use value rather than on the possible "highest and best use" or market value. Preferential assessment lowers the real property tax cost to the landowner. If owners of these lands convert their land to a noneligible use such as a housing development, they are required to pay back some or all taxes from which they have been exempted in prior years. The contract specifies the number of years during which the landowner must keep his land in agriculture (generally 10 years, but sometimes longer) and a schedule of tax penalties which must be paid if conversion precedes the time established in the restrictive agreement.

The Williamson Act cannot offer complete assurance that land will remain in agricultural use permanently. A speculator or farmer can petition the local government to cancel the contract, pay back taxes as a penalty, and then convert. The higher the economic return from alternative developments the more inconsequential the penalties become. Alternatively, landowners can wait for the expiration of the contract and then develop. The Williamson Act has not been effective in targeting prime agricultural lands or lands that are most threatened by conversion to other uses.

In spite of the drawbacks mentioned above, the tax benefits realized by landowners through Williamson Act contracts continue to offer a major incentive for farmers to

keep their land in agricultural production. Land under contract is even increasing in many agricultural counties.

LONG- TERM METHODS

Fee Simple Acquisition provides the buyer with complete control and responsibility for management of the property. Once acquired, the property can either be retained, leased, or sold. In any case, the lease or deed of sale should contain restrictions limiting the use of the land to agriculture (and perhaps other open space uses) and prohibiting development and major subdivision.

This technique is limited because of the scarcity of public funds to acquire land in fee, *i.e.,* at its development value. In addition, land management responsibilities may be beyond the capabilities of the acquiring agency.

Bargain Sale Acquisition is similar to the above method except the land is purchased below market value. The landowner is partially compensated for the development value of the property and the uncompensated value can be deducted from the seller's taxes if there is a charitable conservation purpose and a qualified public or nonprofit organization is the buyer. The same drawbacks of cost and management responsibilities apply to this method as to the fee simple purchase method. A bargain sale acquisition has cost advantages when compared to a fee simple acquisition, but it is also harder to obtain.

Conservation Easements are deed restrictions that convey certain land use rights to another party and result in the land being retained in its current agricultural, historical, scenic, or natural use. Easements are either sold or donated by a landowner. The second party who holds the easement is responsible for periodically monitoring the condition of the land and undertaking enforcement actions if the landowner has violated any terms of the easement. The landowner retains title to the underlying fee property

and the right to use the property within the limits of the easement. The restrictions are binding upon successive owners. Under the terms of the Internal Revenue Code, conservation easements must be "in perpetuity" in order to qualify the seller for any available tax deductions.

Purchase of Development Rights results in an agreement with the landowner to place a restriction preventing development on his or her land. The purchasing entity compensates the landowner for the difference between the agricultural value and the development value of the land, and the development rights on the land are permanently retired. This is usually accomplished through the mechanism of recording a conservation easement. The landowner giving up the easement retains all other rights of ownership and may receive a reduction in property taxes. Purchase of development rights and conservation easements limiting how the property can be used are often combined and considered the same thing.

The purchase of conservation easements or of development rights can be a less expensive technique of agricultural land protection than a full fee or bargain purchase of the property. However, conservation easements require monitoring to insure compliance, and this obligation binds the owner of the easement in perpetuity.

Transfer of Development Rights is similar to the purchase of development rights with two exceptions:

(1) The right to develop is transferred to another parcel that can accommodate additional development instead of being retired, and

(2) The private market pays for the development right rather than the public.

As with the purchase of development rights, the landowner is compensated for the fair market value assigned to the interest in land that he or she is giving up. Drawbacks are

that it is difficult to determine the transfer value of development rights, and there must also be enough development pressure in the area receiving the development credits to make transfer of development rights worthwhile. Questions remain on how to protect the resources of the site to which the development rights are transferred.