

THE NEW FACE OF FARMING

SHAPING POLICIES THAT SUPPORT TODAY'S AGRICULTURAL PRACTICES





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Download more detailed summaries of the meetings
at friends.org/NewFaceofFarming



*Our Mission: Working with Oregonians to enhance
our quality of life by building livable urban and
rural communities, protecting family farms and
forests, and conserving natural and scenic areas.*



Executive Summary

Oregon's economy has long been based on natural resources. Farming has been central to that economy from the beginning, thanks to Oregon's unique climate and unparalleled soils. For decades, our state's leaders have recognized the importance of this irreplaceable land, and so wisely acted to protect it from development to other uses. Today, millions of acres are designated for exclusive farm use in Oregon. These working lands provide the footprint for a multi-billion-dollar industry, supporting a significant percentage of Oregon's jobs and providing food and food security for families throughout the region.

In 2011, 1000 Friends of Oregon undertook the New Face of Farming initiative to ensure that Oregon's land use laws continue to support Oregon's agricultural industry. The land use planning program has been extensively changed since its founding legislation passed in 1973. Similarly, the practice of farming and ranching continues to change. Our goal was to talk with agricultural professionals about whether these changes are working together for their success.

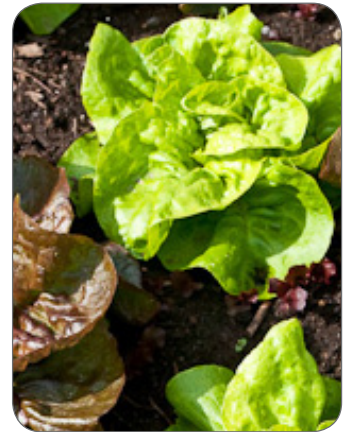
To understand the breadth of the picture, 1000 Friends held meetings with farmers and ranchers across the state. From Phoenix up through Eugene, Corvallis, and Wilsonville, across to Parkdale, and Burns, and back around to Redmond, we asked agricultural producers and professionals to share their opinions about how Oregon's land use program can further support the ability of farmers and ranchers to make a meaningful livelihood and ensure that their farms thrive for future generations.

1000 Friends developed topics to discuss at the meetings that covered the most pertinent issues affecting today's agricultural business models and farmland conservation. At each meeting, we focused discussion around the topics most relevant to that region.

Over 150 people participated in the seven meetings, forming a strong and lively conversation about the topics presented and about other issues within agriculture and land use planning. Although we heard a diversity of perspectives on some topics, participants raised several consistent themes across the state, including the interplay of land, water and housing that make farming viable, using easements to keep agricultural land in agriculture, and how to support both new farms and established farms without eroding land use protections. Our results, while not intended to be a statistically representative sample, provide us with a clear understanding of the concerns and opportunities facing Oregon farmers today.

Oregon farmers and ranchers don't see land use planning as a barrier to their success. Yet their direct experience with Oregon's statewide and local planning practices demonstrates some areas of potential improvement. Based on what we heard around the state, 1000 Friends will commit to several next steps as our New Face of Farming initiative moves forward. We will advocate for agricultural easement programs that effectively protect farmland, and work to develop a broad partnership to help match enterprising farmers with viable farmland and housing options to help their operations get established and thrive. Finally, we will present this report and our findings around the state and keep the conversation going with farmers, policymakers and other advocates. **We urge you to do the same.**

To ensure
Oregon's
farmers and
ranchers are
supported by the
land-use program



Introduction: The New Face of Farming

Meeting Topics

- Commercial activities on EFU
- Lot sizes
- Mis-zoned farmland
- Property line adjustments
- Farm income test
- Farm stewardship

Agricultural land is a trust for Oregon's future. Today more than 16.1 million acres are designated for exclusive farm use in Oregon. Whether small farms or great ranches, these working lands provide the footprint for a \$22 billion industry, supporting 19.4% of Oregon's jobs and growing food served in homes, schools, and businesses throughout the state.

Just as a healthy diet requires eating a wide variety of foods, the practice of agriculture in Oregon is very diverse. From soil types, to enterprise varieties, to farm sizes and crops grown, there is not a single model that best describes the industry.

When Oregon's current land use program was established in 1973, it was easier to generalize about the types of products that each region was known for: southern Oregon and the Columbia Gorge for their orchards, the Willamette Valley for its vegetables, central Oregon for its carrot and potato seed, the coast for its creameries, and eastern Oregon for its grains and livestock. Today, these generalizations largely remain true, but increased globalization in agriculture coupled with a growing interest in local food has led to greater crop diversity throughout the state. Similarly, Oregon's land use program has changed repeatedly throughout the years, adapting to changing priorities and practices.

As the demand for local food has increased, many innovative models have emerged or resurfaced in Oregon agriculture. Agricultural business models now include innovations like Community Supported Agriculture (CSA), direct-to-market farmstands, food buying clubs, and agri-tourism. As these models become more popular in Oregon and other regions of the country, it is important to understand their role in keeping agriculture viable, as well as the conflicts they can create. This was the goal of our New Face of Farming initiative: to examine how the state's land use program can continue to support changing agricultural practices throughout Oregon.



About the Process

We started by identifying several important land use issues that have been widely discussed in recent years. These issues have significant potential to impact the protection of farmland and economic opportunities for farmers and ranchers, two goals central to the mission of 1000 Friends. We ultimately chose six topics to frame discussion, all of which have been avidly discussed in recent years. Most have also been the subject of recent legislation and are expected to emerge in future legislative sessions as well.

We then identified seven locations that we felt represented the diverse agricultural regions of the state, and traveled around the state to hold meetings in each community. Each meeting focused on three to four of the six topics, those that 1000 Friends believed to be most relevant to that region's agricultural producers. The map below displays our seven listening session locations, along with the communities that participants call home.

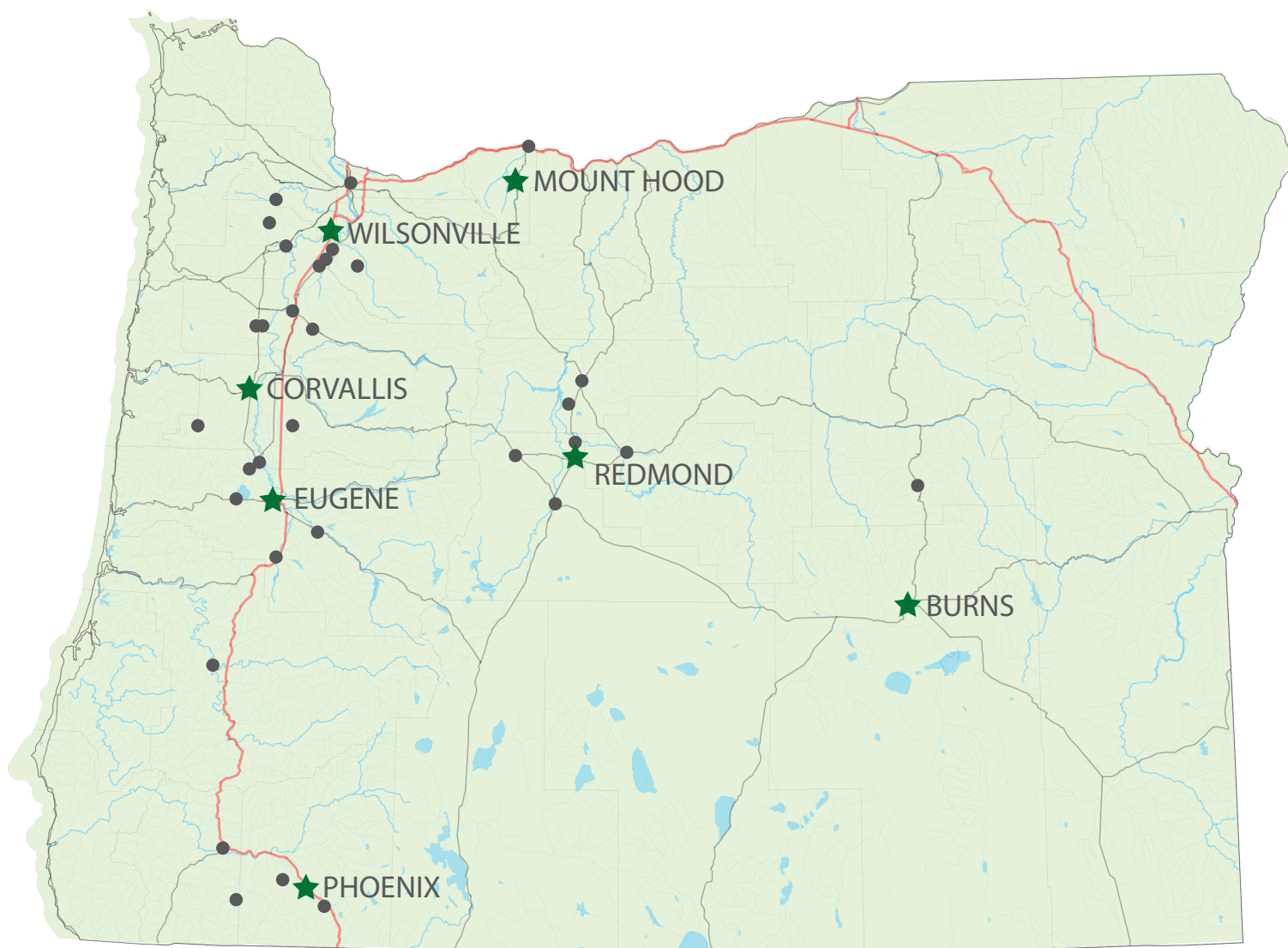
We heard from over

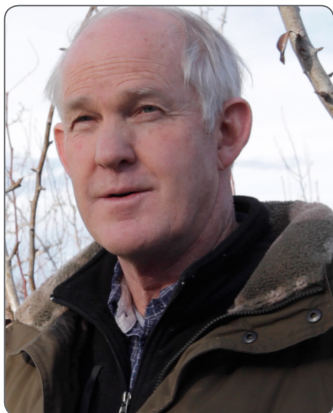
150
people

who derive their

livelihood from

agriculture





Mike McCarthy

The only thing that has really protected long-term farmland in the Hood River Valley is statewide land use planning. Without it, we probably would have many, many destination resorts and much of the farmland would've been lost in the valley over the last 30 years.

I'm very concerned that we keep eroding away at our agricultural land base. **It's more critical than ever that we protect that farmland base for future generations for food production.** It's more critical than it's ever been.

Mike McCarthy
Trout Creek Orchard
Parkdale, Oregon

Meeting with People who Farm and Ranch

The success of this initiative hinged on hearing from people directly engaged in agriculture. We sought representation from different sized farms, different types of producers, those who have been in the business for decades and those who are just starting out. By including all of these groups, we were able to obtain a broad perspective to represent the diversity of Oregon agriculture.

In order to reach all these groups, we called on a broad network throughout the state. For this effort, our partners included county Farm Bureaus, Oregon State Extension offices, DLCD staff, Famers Market managers, fruit growers collectives, ranching consortiums, and farm advocacy groups.

Through this collaboration, we were able to hear from voices representative of the many types of agriculture in the state. In total, we heard from over 150 Oregonians who derive their livelihood from agriculture.

Discussion Topics and Associated Questions

Each meeting focused on three of the topics listed in the next section of the report. After receiving feedback

on the chosen topics, the discussion turned to an open forum for additional suggestions about how Oregon's land use program can further support farmers and ranchers today.

Next Steps and Ways You Can Stay Involved

As you will see below, throughout the New Face of Farming process we heard many opinions on a wide range of topics, and we will take these opinions into account as we develop future priorities in the Legislature and in communities around the state.

In the near term, 1000 Friends will focus on these next steps for the New Face of Farming project, and we invite you to join us:

- **Present report and findings at farm, ranch, and agriculture events to share the results of the conversation.**
- **Get involved with your county to advocate for a balanced approach to commercial activities on farm land.**
- **Advocate for agricultural easement programs.**
- **Work with a broad agricultural partnership to match housing and viable farmland with enterprising farmers.**



Discussion: Topics and Statewide Themes

Below is the combined list of reoccurring themes shared at more than one meeting. For synopses of each meeting summarizing responses to these topics in greater detail, which may vary from the statewide summaries presented here, please see the Appendix.

Commercial Activities on Farm Lands

For many years the Oregon legislature has wrestled with commercial uses on farm lands, such as concerts, facility rentals and events like weddings and banquets. Commercial activities on farmland can have benefits. For example, commercial activities can create new revenue streams for farmers and keep marginal agricultural businesses going. They can also increase profit margins by helping farmers market products directly to consumers. Also, when people visit farming areas and see where their food comes from, they may take home an increased awareness of the importance of agricultural lands and the families who depend on them, potentially building a broader base of support for farmland protection.

However, commercial activities in farming areas often create conflict. Farming is inherently an industrial endeavor. Farmers kick up dust, spray fertilizer and chemicals, and move heavy equipment on roads, which can disrupt or anger the operators and customers of commercial operations. Commercial activities can also disrupt agricultural operations, by generating traffic on narrow rural roads and placing extra pressure on community resources like water and emergency services.

Also, commercial uses in the farm zone can drain customers from businesses in urban areas, where higher taxes help support a greater density of infrastructure like roads, water and sewer facilities and emergency services. County residents who live in incorporated cities and towns essentially subsidize commercial uses outside these areas by financing the construction of infrastructure necessary for commercial uses in the farm zone. Additionally, commercial uses in farm zones require more driving and increased use of gasoline.

We asked the following questions about this topic:

- How would you balance commercial activities versus agricultural uses on farm lands?
- Are commercial activities on EFU a problem in your area?
- Are you concerned about additional commercial uses?

Responses: Commercial Activities on Agricultural Land

This topic drew divided opinions at nearly every meeting where it was discussed. Many producers expressed that there are currently too many activities allowed, that commercial activities should remain secondary to farming, that large commercial activities should be limited in number, and that the right-to-farm law should be strengthened to ensure that farmers genuinely practicing agriculture do not face lawsuits from non-farming neighbors.

On the other hand, some supported the allowance of more small commercial activities that they said build community and educate consumers about the importance of supporting local farms. Many activities these participants mentioned are already allowed under state law.

Nearly everyone agreed that permit costs should reflect the size of the event and that commercial activities must have strict traffic, sound, parking, and neighbor consent requirements.

Lot Sizes

Minimum lot sizes ensure an adequate inventory of land suitable for farm use in counties across the state. If the land is broken into pieces that are too small or fragmented, it is difficult to pull together enough land to create an economically viable farm. This is especially true as mechanized farming has increased the importance of economies of scale. Each county sets its own minimum lot sizes, to reflect different crops, productivity of soils, and farming practices in their jurisdiction. This is intended to prevent parcelization of farmlands to such a degree that the viability of commercial agriculture is hampered. It is also intended to prevent the proliferation of “ranchettes” and hobby farms more akin to residential uses than commercial agriculture. Among other problems, residential uses in farm zones inflate local land values, significantly driving up the costs of acquiring and utilizing land for agriculture.

There is anecdotal evidence that a shortage of small-acreage parcels in some parts of the state hinders certain modern farming practices. Some farming methods, like community supported agriculture and certain organic crops, may be commercially sustainable even with small parcels. However, there was already a proliferation of small lot parcels in farm zones, predating the establishment and enforcement of Oregon’s land use program. Additionally, Measure 37 claims created thousands of small lots throughout the state.

Another piece of the mix is that most new farmers begin by leasing, rather than purchasing land. They can lease a portion of a larger parcel and then purchase a parcel that is the appropriate size for their operation once they are established. This means that, in general, there are fewer small lots required than there are small lot farmers.

We asked the following question about this topic:

- Are more small lots needed to accommodate modern farming practices?

Responses: Lot Sizes and Farming

The most common response to this question was that more small lots are not needed to accommodate modern farming practices. However, it was expressed that while there are ample small farm parcels, it is harder to find parcels that have good soil, irrigation and a house. On the other hand, many meeting participants expressed concern that more small parcels would lead to more rural residential development, especially small parcels near urban areas, as they are most susceptible to development pressures.

Those who supported allowing additional housing on small farm parcels expressed that it is a hardship for small farmers to live away from their farms, while others felt that more work force housing is needed. Others supported the creation of small farm enterprise zones for farms near urban centers, and better opportunities for new farmers to access loans to fix up existing farm housing.

Throughout the state, participants nearly unanimously agreed that further parceling of Class 1 and 2 soils should not be allowed.

Mis-Zoned Farmland

There is anecdotal evidence that some areas in Oregon are erroneously zoned as Exclusive Farm Use when they are not actually suitable for farm use due to soil conditions. This would involve entire lots that are not useful as farms at all, due to rocky areas or otherwise unworkable areas within lots that otherwise contain productive soils.

We asked the following questions about this topic:

- Do such areas exist?
- If so, where?
- What do you think about these ideas?

Results: Mis-Zoned Farmland

At meetings in Redmond and Burns, where these questions were discussed, participants expressed concern about the amount of land zoned for Exclusive Farm Use that is not useful for farming. Some suggested that the criteria to determine what qualifies as farm land should include lot size, slope of terrain, and number of frost-free days in addition to current criteria.

Many participants at these meetings also felt that properties with irrigation rights should remain as Exclusive Farm Use no matter the criteria.



Ramsey McPhillips

Prime soil is sacrosanct. It needs to be preserved at all costs....

My family has been on this property for 150 years, and we hope to continue being on it. It would be easy if one generation just wanted to make a quick buck, they could sell out, but that would end the agriculture on this property forever. As you incrementally do that across the state, the land is just lost and there's no agricultural base for the core economy of the state.

Ramsey McPhillips
McPhillips Farms,
McMinnville, OR



The reason we grow pears in the Hood River Valley...it's a little like Goldilocks: it's a little too dry east of here, a little too wet west of here. It really is a microclimate to grow pears. **To me, it's an example of why we save all these different kinds of land.**

We're trying to protect the land.

We're not trying to protect people who want a certain lifestyle or who say, 'I can't afford the lifestyle I thought would be fun up here unless I get to build this or rent that.' We talk a lot about property rights; we don't talk a lot about property responsibilities. **To me, the opportunity to grow fruit on this land is a privilege.**

Jennifer Euwer
Valley Crest Orchard
Parkdale, Oregon



Jennifer Euwer

Property Line Adjustments

Landowners can combine or rearrange parcels through property line adjustments (PLAs). It is relatively easy to create property line adjustments in Oregon as long as certain criteria are met. These criteria are meant to ensure that applicants do not change the size of a lot simply to add an additional dwelling that would not typically be allowed under the area's zoning. However, many argue that PLAs are still being used throughout the state to allow more residences in the farm zone. For example, if two lots are next to each other in a county with an 80 acre minimum lot size, and Lot A is 79 acres and has a dwelling while Lot B is 80 acres and has no dwelling, a PLA can be executed to make Lot A 5 acres and Lot B 154 acres. This may seem like a good thing – farmland is apparently aggregated. However, this also makes it easier for a subsequent owner who wants to place a dwelling on the land to meet the \$80,000 farm income test. (For more on this test, see the next topic.) Now there are two lots in the farm zone with dwellings while neither lot is in agriculture after the \$80,000 test is met.

There are approximately 3,000 PLAs throughout the state each year.

We asked the following questions about this topic:

- Is the law followed in your area?
- Have you seen abuses of PLAs in your area?
- What can be done to prevent conflicts between uses?

Results: Property Line Adjustments

At each meeting, participants shared examples of people taking advantage of the current property line adjustment law in their region. Often, participants said that property owners use this law to reorder lots and allow for new dwellings that would not be allowed previously.

Many meeting participants felt that the current PLA law is too nebulous and hard to enforce, and that when property owners take advantage of PLAs to create non-farm housing in farming areas, conflicts can be created between neighbors.

Farm Income Test

In 1994 the Land Conservation and Development Commission (LCDC) developed the farm income test to determine when a rural dwelling will support farming, rather than interfere with it. Prior to this rule, counties had a hard time distinguishing between dwellings being built for farmers and dwellings for what the Tax Court once called “the professional man’s fine residence in a filbert orchard.”

The farm income test states that farm dwellings are allowed on high-value farmland that has generated \$80,000 in gross farm sales (which equals about \$14,500 in net income) during each of the last two years or three out of the last five years. This type of farmland represents about 25% of Oregon’s total farmland.

For non-high value farmland, farm dwellings are allowed on: farm parcels of at least 160 acres; rangeland parcels of at least 320 acres; farm tracts producing at least \$40,000 in gross farm sales or the median income of commercial farms in their county; and tracts at least as large as, and capable of producing at least the median income of, commercial farm or ranch tracts in their county.

Some believe the farm income test is a blunt instrument to prevent the proliferation of non-farm related residences in the farm zone. However, other methods have been tried without success.

We asked the following question about this topic:

- Do you have any other ideas for a tool that will ensure that new dwellings are for necessary farm use and not unnecessary or for residential use?

Responses: Farm Income Test

Many small and newer farmers shared that they felt the \$80,000 gross income criteria is too high and suggested that it be reduced to allow more small farmers to qualify. On the other hand, many large and more experienced farmers felt that the rule is fair and keeps farming areas from becoming overrun with rural residential housing.

Farm Income Test

The Farm Income Test is also known as the 80/ 80 rule because it requires that a farm must show it has generated \$80,000 in gross sales on 80 acres for a farm dwelling on high value farmland.





We're performing the highest and best use of the land that we're on. What we do is more important than building a bowling alley on it. Don't pave the good stuff.

I see that we're threatened here [by development]. Whether those threats can be held off and managed is a big question. **I really think that we need to have input from all different directions on this issue, and not just what political entity has the power to make the decisions.**

Mike Iverson
Aurora Farms, Aurora

Farm Stewardship

One way to protect farmland would be to enact a land stewardship program that funds the purchase of easements on farm, forest, and range lands. The easements would ensure that the lands would remain in resource use rather than being developed or set aside for non-resource uses. This would complement our land use laws, and could be funded by an assessment on properties whose value increases by being brought into the urban growth boundary.

A similar program could allow farmers to transfer development privileges off of their lands into urbanized areas. Such programs are often called transfer of development rights or TDRs. For example, if a city expands its urban growth boundary (UGB) onto farmland and the target density of the land within the expansion is 10 units per acre, the landowners whose land is moving into the UGB would need to acquire the rights to develop such units from farmers outside the UGB, whose property would then be protected from development. Where such programs exist, TDRs are usually priced much lower than one would expect and the increase in the developable land's value more than offsets the cost, while other agricultural land in the area is permanently protected from development.

We asked the following questions about this topic:

- What do you think about these ideas?
- Are there other models that you would suggest?

Responses: Farm Stewardship

Participants liked the idea of TDRs but suggested several tools that could make them more successful, including that money to fund the program should not come from taxes; that TDRs must be written into a property's deed to keep track of them; that they must be kept in good hands; and that if development rights are stripped from a property, water rights must remain with the parcel.

Another TDR model suggested by some participants involves allowing cluster development on one portion of a large farm in exchange for stripping the development rights off of other parts of the farm. Through this method, families or farm cooperatives could live closer together than the current 80 or 160 acre divisions between homes, advocates of this tool said.

There was strong support for any easement model that permanently protects farmland and pays the farmer rather than requiring payment for an easement, as well as tax benefits for putting farmland into conservation easement to keep future generations from having to sell farmland to pay back taxes. We also heard support from some farmers for adjusting the inheritance tax to help farmland from being broken up between generations.

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About 1000 Friends of Oregon

1000 Friends of Oregon is a non-profit public service organization formed in 1975 to protect Oregon's quality of life through the conservation of farm and forestlands, protection of natural and historic resources, and promotion of more livable cities. For more information about 1000 Friends, see www.friends.org.

Acknowledgments

1000 Friends of Oregon is deeply indebted to the many farmers, ranchers, and other professionals who made sacrifices and took the time to speak with us throughout Oregon. Thank you very much.

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