

# Agricultural Land Protection in Indiana

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## The Challenges of Land Use

Planners, community leaders, and citizens of local communities face many challenges today. One challenge is developing a land use policy that allows for economic growth while maintaining public safety, welfare, and quality of life.

This publication focuses on agricultural land protection, but only as one of the many issues in the land use arena. As you read it, understand that Purdue Extension is advocating neither the protection nor the development of agricultural land. Rather, Purdue Extension offers information and education on many aspects of land use to Indiana citizens in order to strengthen decision making at the local level.

## Why Is Land Converted?

This section discusses the five most common reasons agricultural land is converted to other uses.

## Increased Demand on Land

The demand for land is a national issue. During the 1990s, population and economic growth in the U.S. stimulated competition for land. This demand has caused increased development pressure on lands previously used for production of agricultural crops, commodities, livestock, or forests.

Communities respond to these challenges in different ways. Some local governments mandate the protection of certain agricultural lands. In other communities, private landowners are able to subdivide and sell their land as they deem appropriate. In some communities, these two perspectives are fiercely debated. Often the debates result in emotionally charged battles.

## Agricultural Business Realities

Farming is a risky business subject to the fluctuations of nature and government policies, and further aggravated by the farmers' inability to set prices for their products. Over time the land owned by farmers becomes their insurance against unplanned events. Land is often used as a hedge against future economic demands, such as those caused by poor health, retirement, or economic recession. This is also one reason many farmers want to retain control over the fate of their private property.

## Local Zoning Policies

In an attempt to discourage sprawl, many local communities in Indiana have required large lot minimums for residential development. These minimums usually range from five to 40 acres. The intention of these minimums is to discourage homebuilders in rural areas by requiring the purchase of large lots (5-10 acres in most cases). However, the result is usually the opposite of what is intended. People's desires to build homes in the country outweigh the cost of large tracts of land. So persons who really want only a small tract of land for a home feel forced to purchase a larger tract. The result is often a loss of agricultural land and continuation of sprawl in agricultural areas.

## Other Government Policies

*Tax policies* such as tax abatements for industry, capital gains taxes, and income tax deductions for homeowners contribute to the conversion of farmland to non-farm uses. These policies provide financial encouragement for non-farm businesses and new homebuilders to invest in new construction.

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## Communities on Course Land Use

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*Highway construction policies* can contribute to farmland depletion. The construction of new highways contributes to the loss of much prime farmland. It is more desirable to build roads on flat, productive land than on rocky hills with little topsoil. Highways and interstates also make it more convenient for workers to live farther away from their places of work. Most people want better, more convenient highways, but easy commutes from rural residences to urban centers give homeowners the incentive to live farther away from work.

*The building permit and development approval process* is often more expensive and lengthy in urban areas than in the rural community. Consequently, land developers are attracted to the plentiful land and fewer regulations in rural counties.

## **The Desire for a Rural Setting**

The rural character of agricultural areas can be attractive to families wanting to escape urban centers. Persons fleeing cities often cite noise, pollution, crime, and weak educational systems as problems that plague urban areas. The rural life is often characterized as slower, more peaceful, and having less pollution and crime. However, as more people move to the country, an increased demand for public services, retail businesses, and more subdivisions often result, thus creating some of the same problems from which people were retreating when they left the cities.

## **Reasons to Protect Agricultural Lands**

This section discusses some of the most frequently cited arguments for protecting agricultural land.

### **Sustain Quality of Life**

Some reasons to conserve agricultural lands are difficult to quantify. This is true for the role agricultural land plays in contributing to a sense of place and quality of life. Farm and ranch lands maintain scenic, cultural, and historic landscapes. They offer beautiful views and managed open space, which can provide oppor-

tunities for hunting, horseback riding, fishing, and other recreational activities.

### **Protect Prime U.S. Farmland**

Indiana is among the states with a significant amount of prime farmland. Illinois ranks first, with 59% of its land being prime farmland; followed by Indiana, 58%; Iowa, 52%; and Ohio and Kansas, 45% prime farmland. Indiana, 38th in size, is sometimes overlooked in terms of production agriculture. However, Indiana ranks 14th nationally in production of all agricultural commodities. The soils that have made Indiana such a strong agricultural producer took millions of years to form. Many people fear that, once these soils are built upon, they can never again be used for food production.

### **Invest in Community Infrastructure**

According to studies analyzing revenues and expenditures on a municipal land use basis, privately owned and managed farmland generates more in local tax revenues than it costs a community in services such as schools, fire and police departments, and other government services. These same studies show that taxes on residential uses consistently fail to cover costs of community infrastructure. Agriculture can also contribute to local economies through sales, job creation, support services, and businesses, while distinctive agricultural landscapes may be magnets for tourism.

### **Protect Natural Resources**

Prime farmland soils are a natural resource worth protecting. Well-managed farmland protects soil and water resources and can prevent flooding. It absorbs and filters wastewater and provides groundwater recharge. From wetland management to on-farm composting for municipalities, farmers are finding ways to improve environmental quality. New uses for corn and soybeans as energy crops have the potential to replace fossil fuels. And farmland provides the bulk of habitat for wildlife such as deer, fox, beaver, squirrels, and rabbits.

As land is lost to development, so is wildlife habitat.

Indiana's land non-prime farmland is also productive. It supports livestock systems for cattle, sheep, horses, and also forests where some of the best hardwood veneer in the world is produced.

### **Maintain Adequate Food Supply**

Another reason to protect agricultural lands is the maintenance of our national and international food supply. American agriculture plays an important role in feeding our nation and the world, and supports our balance of trade. While it takes much more than land to produce food, land provides both the literal and figurative foundation for our food production system. No one is sure what might be possible with future food-production technology, but for now, farmers depend on productive soils to bring food to the world's table.

In addition, the 1996 World Food Summit of the United Nations reported that to adequately feed the world, global food production would have to quadruple in the next 50 years. U.S. agriculture has a comparative advantage over the rest of the world in that much of the world's best agricultural lands and climates exist here.

## **Tools for Protecting Agricultural Lands**

This section discusses implementation policies being used throughout the U.S. to protect agricultural lands. It is important to have a basic understanding of each as the agricultural land protection issue heats up here. Indiana may soon recognize some of these policies and enable local communities to legally implement them.

### **Purchase of Development Rights**

A Purchase of Development Rights (PDR) program is a voluntary and compensatory farmland protection technique. PDR programs pay farmland owners to permanently restrict development on their land, offering liquid assets to farmers who are often land rich and cash poor.

PDR programs are sometimes known also as "Purchase of Agricultural Conservation Easements" (PACE).

In 1997, 20 states had some sort of PDR program, either at the state or local level. Most are located in the East and Northeast, with Washington, California, and Colorado at the forefront. Typically, states fund these programs through bonds, sales taxes, grants, property taxes, budget reserves, cigarette taxes, and lottery proceeds.

Of course, conservation easements can be placed on property by land owners at any time, regardless of a PDR program. PDR programs offer a more planned approach to protecting agricultural lands while giving landowners incentives to keep property in agricultural uses. Providing long-term or permanent protection of agricultural land is the greatest advantage of PDR programs. However, they are costly, and the programs must be established and the funding must be authorized at the state level.

### **Transfer of Development Rights**

In 1997, 14 states had legislation that allowed the use of Transfer of Development Rights (TDR) programs for land preservation. TDR programs allow the transfer of development rights from one parcel of land (sending parcel) to another (receiving parcel). The sending parcel is then permanently protected by a conservation easement. This shift in land uses allows locally designated growth areas to receive the growth while protecting agricultural lands.

TDR programs are generally complicated and require professional planning staff and resources. They also require public education for their acceptance, and they depend on a vigorous market for development of land. However, TDR programs do permanently protect agricultural land while promoting orderly growth.

Communities can benefit from TDR programs because they are paid for by the private marketplace and promote commercial and residential growth close to public services. The greatest advantages of TDR

programs include permanent protection, voluntary participation, channeling development to preferred locations, and monetary benefits to farmers. However, these programs can be quite complicated, and the availability of suitable parcels of land to receive the development is a prerequisite.

### **Agricultural Land Zoning**

The courts have validated zoning since the 1920s. In 1997, 24 states were using local ordinances to protect agricultural lands through zoning laws. Agricultural zoning refers to local zoning ordinances that designate and protect areas or zones. Other land uses in these areas are discouraged. Zoning is widely used by towns, cities, and counties throughout most of Indiana. However, there are problems associated with this method of agricultural land protection.

Zoning is rarely permanent. Variances and rezoning occur on a regular basis, thus zoning offers little hope of a lasting solution.

Zoning is a regulatory measure that can reduce (or raise) property values. Wherever lines are drawn on a map, disputes arise over fairness. This creates conflict between property rights and public benefit.

Most towns and cities have planning and zoning boards that are separate from county boards, and this separation often causes lack of coordination. Cities and towns routinely annex land zoned agricultural by the county. This practice creates frustration for local leaders and confusion for citizens.

### **Agricultural Districts**

Not to be confused with agricultural zoning, Agricultural Districts are voluntary programs designating special areas for agricultural use only. In exchange for enrollment in the program, farmers receive benefits that vary from state to state. By 1997, 16 states had enacted Agricultural District laws. Agricultural District programs offer a way for community and agriculture to cooperate in the protection of agricultural lands. Farmers can take advantage of a package of benefits

that may include tax incentives, cost sharing for approved agricultural practices, etc. The community benefits through a relatively low-cost program that is completely voluntary, thus raising fewer fairness issues.

On the downside, these programs are often very easy to withdraw from and so do little to permanently protect agricultural land. The process can also be lengthy and unappealing to persons unwilling to go through the paperwork necessary to participate. Finally, these programs most often appeal to landowners whose land is probably not threatened by development anyway. Landowners normally will keep their land in an Agricultural District until it becomes so valuable that the economic advantages of withdrawing outweigh the economic advantages of continuing in the program.

### **Agricultural Tax Incentives**

Tax breaks are widely used throughout the U.S. to provide financial incentives to farmers and owners of agricultural lands. Every state except Michigan allows differential assessment of agricultural property. Taxes paid on agricultural lands are assessed at a lower rate than the market value assessed on other land. Circuit breaker programs allow relief of property taxes that exceed a certain percentage of a farmer's income. Other tax incentive programs for agricultural landowners allow farmers to take credits against state income taxes for investment in approved agricultural production practices. Property tax exemptions for newly constructed or reconstructed farm structures and buildings are allowed in some states.

These solutions for protecting agricultural lands usually lack enough incentive for farmers to initiate, or they are short lived. Land speculators could easily use these programs to benefit until land becomes more valuable.

### **Right-to-Farm Laws**

Every state in the U.S. has enacted right-to-farm laws. These laws strengthen the legal position of farmers who are sued for private nuisance and protect farmers from

anti-nuisance ordinances and unreasonable controls on farm operations. Such laws provide farm families with a sense of security and reassurance that farming is a valued and accepted activity in their community. The disadvantage is that they do not offer many incentives by themselves to keep agricultural lands from conversion to residential or commercial development.

## What Can I Do Locally?

This section discusses three steps for getting involved in land use planning. Although they take time and require patience, they will repay your effort.

### Step 1-Review Your Community's Comprehensive Plan

States create opportunities for local government to act. With the wide variation among counties, it would be difficult to develop an effective land use plan at the state level. Communities need comprehensive plans and the ability to implement them.

Many counties already have comprehensive plans in place, but they may be out of date. They should probably be reviewed and updated every five to 10 years, based on the growth of the community. Communities that are growing quickly should review closer to the five-year interval, while slow-growing communities might easily go 10 years without needing to update their plans. Review of a comprehensive plan may reveal that an update is not needed. Thus, a review can end with a recommendation for further action or inaction.

### Step 2-Involve All Stakeholders

If a decision is made to proceed with the update of a comprehensive plan, it is critical to involve all interested parties from the very beginning. In fact, it is best to have broad-based involvement in the review of the old plan.

Stakeholders will appear at some point in time to further their points of view. Trying to avoid specific

people or groups or trying to hide information will not work for long. Involving all interested parties early and gaining their acceptance is far preferable to having them wage emotionally charged battles in a public hearing later in the planning process.

### Step 3-Create Community Vision/Plan

Once the stakeholders are involved and it has been determined to proceed with a new plan, it's time to create a community vision. This will take time and patience. It often takes a community two years or more to finalize a new comprehensive plan. It is tough for local politicians to vote on a subject so volatile, but if the decision has been made collaboratively, the final vote should go much more smoothly.

### The Challenge & Opportunities of Land Use

This publication began by describing land use as a "challenge." With the proper attitude and determination, the challenge of balancing economic growth and protecting agricultural land can also create opportunities for community participation and collaboration.

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