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Farms and the Working Landscape

John Piotti

Maine Farmland Trust, jpiotti@mainefarmlandtrust.org

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Farming

Farming can only fulfill its promise in Maine if farmland is preserved and actively worked and food is available to all. After years of losing farms and farmers, Maine is seeing an increase in the number of acres being farmed, due partly to a resurgence of interest in farming and new tools that help preserve working landscapes. As John Piotti explains, these tools include agricultural easements such as those offered by the Land for Maine's Future, the Buy/Protect/Sell program at Maine Farmland Trust, local ordinances, and several federal programs. Russ Libby, in his article, imagines what an abundant food system would look like for Maine and what it would take to get there. His recommendations include expanding the production and financing base, encouraging year-round production systems, building up mid-sized markets, and integrating farms into the ecosystem. Vision and practical steps are not in short supply, but we also operate on a larger political stage both benefiting from and hindered by federal agricultural policy. The reauthorization of the Farm Bill in 2012 means that activity is already heating up to reform U.S. agricultural, nutrition, and energy policy. Mary Ann Hayes provides an overview of the Farm Bill's history, its intended and unintended consequences, and what we can hope for in 2012. Finally we take a brief look at Maine's dairy-relief program, viewed as national model of good public policy that can save jobs, support traditional industry, and keep a critical link in our food system. 

Farms and the Working Landscape

by John Piotti

Farmland may provide Maine's most cherished landscape. Even though over three-quarters of the state is now forested—and much of our state's identity is tied to the dark woods and its image (both real and imagined) as wilderness—there is something special about our connection to farmland. Farmland is different. Farmland is open and inviting. It evokes Grandma picking beans and Gramps cutting hay. It beckons us to roll down grassy hills and lie under apples blossoms. It is how we approach Eden.

Farmland is not wilderness, but the direct product of human toil. Farms are created and then sustained by people, and yet the farms we love best seem completely natural. Indeed, we may cherish farms so because they combine the best of nature with the best of human beings.

Maine now boasts more than 8,000 farms, up from about 7,000 only a decade ago. That's 8,000 farm families who actively steward 1.3 million acres of working landscape. And the numbers are growing. There is a rebirth of farming occurring across the state, as documented in other articles in this issue of *Maine Policy Review*. I often write and speak about the great promise of farming in Maine, but that is not my purpose here.

My aim here is to show how farming and farmland interplay, and more specifically, how farming can only fulfill its promise if more farmland is preserved through agricultural easements. At the same time, I want to show how farmland preservation is only effective if farms are economically viable. And finally, I want to stress how much is at stake.

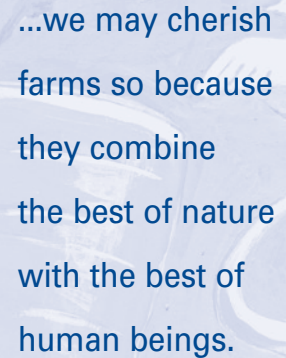
It may sound obvious that a working landscape is dependent on retaining both farmland and viable farm businesses, but my message is more complicated and nuanced than that. For one thing, people are often inept at pursuing dual strategies. (Need I mention “diet and exercise?”) Beyond this, there are economic forces at work here that left to themselves will not lead to smart outcomes.

First, a little background. A generation ago, few farmers knew about preserving land through agricultural easements, and most who were aware of this tool dismissed it as unnecessary or even misguided. Indeed, up until about a decade ago—when Maine Farmland Trust was formed—the focus of both farmers and folks like me who worked with farmers was on keeping farms profitable. Our shared belief was that profitable farms would remain in business, and that if we focused on helping farms prosper, the land would stay working without the need for easements.

There is a certain logic to this approach—up to a point. And that point is when the farm changes hands. Once that happens, the same farm could be growing the same crops and supplying the same markets, but if the new owners incurred an extra high level of debt to purchase the property, the economic equation could be vastly different. A once profitable farm could become unprofitable overnight, simply because the farmer needed to pay as much for that land as someone who intended to subdivide it into house lots.

If land is permanently preserved through an agricultural easement, however, it will change hands—whenever it sells—at its value as farmland, not as future development. Thus, preserving more farmland will allow more new farmers to get started and help existing farmers expand operations or secure land they currently lease. (Maine dairy farmers alone rely on 150,000 acres of leased land, much of which is vulnerable.)

An ever increasing number of Maine farmers now realize that unless more farmland is preserved, much of the land that comes on the market will be unaffordable to farmers, so will transition to non-agricultural use.



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It's good to see this growing awareness because time is running short. A demographic crisis is before us. The ownership of as much as one-third of Maine's farmland (up to 400,000 acres) will likely change hands in the next 10 years, simply due to the age of so many of Maine's farmland owners. Much of this land will likely be lost to farming without some kind of intervention.

With this backdrop, it is clear why many of us see preserving the land base as the greatest challenge now facing Maine agriculture. Yet, preserving farmland does little good if that land is not actively worked—and that will only happen if there are strong markets for local farm products and a steady crop of new farmers entering the business. Simply put, preserving the land is not nearly enough; we also need to help farms prosper.



But because these two tracks have seldom been pursued together, let alone synergistically, the tools used by each camp are not what they could be. In fact, in some cases, the tools for farmland preservation and farm viability work at cross purposes.

Consider, for instance, the programs that compensate farmland owners who sell easements on their property. Both the state-run Land for Maine's Future (LMF) program and several federal programs purchase easements from willing landowners. The value of the easement is calculated by a complicated appraisal that first determines the market value of the land without an easement and then subtracts the market value of the land with the easement placed on it.

These easement programs that compensate farmers have great merit. Many farmers have few assets except their land, so selling an easement may be the only way

a farmer approaching retirement age can afford to pass the farm on to a child. Other farmers use these funds to reinvest in their farm's operations, perhaps paying off debt or buying new equipment needed to innovate or diversify. But there is a problem. Programs that purchase easements are designed around the notion that farmland has little value as farmland—that its primary value is for development. They work best when the difference between "farmland value" and "development value" is great—because the incentive for the owner is then great. But increasingly, the difference between farmland value and development value is lessening. That's because the value of farmland as farmland is growing.

On the one hand, that's good news because it means that the agricultural economy is more vibrant—it's a reflection that more people want to farm and more people can make a living off farming. But at the same time, this rise in farmland value reduces the number of landowners who are willing to preserve their land. In 2010, several landowners who were in the midst of the LMF process backed out when the final appraisals came in because farm values had increased significantly since preliminary appraisals were done. These landowners were simply unwilling to sell an easement for so little.

These same factors come into play for easements that are donated, as opposed to purchased. Though the primary reason why a landowner donates an easement is a commitment to seeing the land preserved, the tax benefits of doing so often make the deal possible. (The easement's value is a charitable contribution; if the farmland value goes up, the value of the charitable contribution goes down.)

In both cases, the incentive to preserve land decreases as farmland value increases. How counterproductive that this occurs just when we need to be preserving more land, just as farming is poised to grow—growth that would be supported and sustained by the availability of more preserved land.

Policy solutions do exist to the issues raised above. Compensation for easements could be calculated in different ways, as could the value of charitable contributions. But those changes—though practical and possible—will not come easily. Moreover, those are just two examples where public policy that affects farming is rife with conflicting aims and countervailing

outcomes. Consider how many municipalities have extended sewer lines past farms, driving up values and property taxes, making the loss of farmland a self-fulfilling prophesy. Or how many efforts that were supposed to help farmers have spurred farm expansions that could only be financed by debt secured by the land's development value. Or for that matter, how few bankers and business counselors know anything about farming. (Fortunately, the knowledge level of many business counselors is much higher now than 15 years ago—but we still have far to go.)

Perhaps I need to write another article detailing some of these issues. For now, I'll simply say that we need both policy and programming that flows from an appreciation of how farmland preservation and farm viability are interconnected. This means that we need to modify existing tools and create new ones.

One such new tool has recently been forged by Maine Farmland Trust. Called "Buy/Protect/Sell," the program buys farmland, preserves it through an agricultural easement, and then re-sells it at farmland value. The program realizes two simultaneous goals: preserving vulnerable farmland while making it available to farmers at an affordable price. In this way, it directly brings together farmland preservation and farm viability.

Beyond this, the Buy/Protect/Sell program sidesteps the problem of rising farmland values reducing a landowner's interest in preservation because the owner is not being compensated for an easement, but for the full development value of the property. Of course, this only works for landowners who want to sell, so it is not a replacement for traditional easement programs. But given the demographics noted above, there are plenty of farm properties available for sale. Just launched in 2008, the fast-growing program has now preserved 17 farms totaling more than 3,000 acres.

On the farm-viability front, one of the best programs is Farms for the Future. For the past 10 years, this state-funded program has provided farms with focused, individualized business planning, coupled with grant funds to help implement the plans. In exchange for this support, farmers agree not to develop their property for non-agricultural purposes for a period of time. Though highly successful at both boosting farm businesses and protecting farmland,

Farms for the Future has been sharply scaled back in the last few years of state budget cuts. To fill some of the void, Maine Farmland Trust and Coastal Enterprises, Inc. (CEI) are now partnering to provide similar services with private funds.

Maine Farmland Trust is in fact emerging as a principal player in farm viability work and is one of the few organizations nationally that integrates such work directly with farmland preservation. The Trust's efforts have ranged from providing business planning to developing the kind of community-scale infrastructure farmers increasingly need. (See article by Gold, this issue, on the Unity Food Hub.) Farmers benefiting from these services sign a non-development agreement or right of first refusal, or perhaps agree to provide farm products to the local food pantry. The goal is to forge broader connections.

Maine Farmland Trust works in these same communities to promote farmland preservation, often with some of the same farmers. Perhaps the best way to get farmers to consider preserving their land is to demonstrate that farming has a future, to show them how their farms can be economically viable. To put it another way, there is great power in combining efforts to support farms as businesses with efforts to preserve farmland. Indeed, it may be the only way to achieve the results we need. Thinking comprehensively and seeking synergies—it's not just a good idea, it has become a necessity.

Maine Farmland Trust has been experimenting with even more holistic approaches. One of our newest projects—supported by Maine's forward-thinking "Environmental Funders Network"—combines provision of services to farmers with provision of services to the communities in which those farmers live. The idea is to work simultaneously to provide farmers with planning assistance, expand markets for local food, develop community-scale infrastructure, enhance local food security, preserve farmland strategically (so that protected farmland becomes a buffer that also protects environmentally sensitive wildlands, multiplying the impact), and strengthen local land use ordinances in ways that both protect farmers and channel new development away from farmland. It's an ambitious project—and yet to be proven. But it builds upon a lot of good work done by many different organizations

over many years, both in Maine and beyond. I believe it is part of what we need.

For many years (up until recently), I have found myself constantly refuting comments that farming in Maine was dead. Now, of course, the statistics clearly show that farming is on the rise. In fact, farming is hot, even hip. The same educated folk who once thought me crazy now think the future of local food is as bright as that glistening eggplant they proudly brought home from last Saturday's farmers market. How I wish it were so.

Sure, the fundamentals are good. Maine has abundant water and better soils that most people think. We retain millions of acres of undeveloped land that could be farmed as it once was. And we are within close proximity of more than 50 million consumers. We know that energy costs will only rise, making it more expensive to ship in food from away. And we know that, over time, the economy will internalize more and more externalities (be it the true costs of long transportation routes or water depletion or topsoil loss). Yes, we read Michael Pollan. Yes, we see that the current food system is unsustainable. We see how in maybe 25 years, Maine's farms might not only provide much of the food for our state, but play a critical role for the entire northeast.

But Maine may never be in that position. It may simply not matter what economic realities exist in 20 or 30 years if Maine loses too many farms and too much farmland before then. Farming in Maine could either boom or bust—it all depends on what we do in the next few years, before wiser economics take hold. (Remember, we are living in a time when current economics reinforce all sorts of short-sighted behaviors, such as placing a new house in the middle of ten acres of prime agricultural soils.)

But more is at stake here than farming. I recently returned to my dog-eared copy of *For the Common Good*, Herman Daly and John Cobb's groundbreaking work that helped launch the field of ecological economics. And there it was in plain English, written more than 20 years ago: "If economics is [to be] reconceived in the service of community, it will begin with a concern for agriculture and specifically for the production of food" (1997: 268). I see the renewed interest in farms and food as the beginning of broader

changes society needs to make. Of course, economics has not yet been re-cast ala Daly and Cobb. There remains much work to do—and not much time.

Our working landscape is more than a cherished icon and certainly far more than a tourist attraction or even a source of thousands of rural jobs—as important as jobs may be. With that working landscape lies something much greater—a chance to do things differently, to get things right. In it lies the only future in which most of us will want to live. 🐾

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John Piotti is executive director of Maine Farmland Trust. He has been at the forefront of agricultural issues in Maine for more than 15 years, has been on a number of task forces and commissions, and served in the Maine legislature, as

both House Majority Leader and chair of the Committee on Agriculture, Conservation and Forestry. Nationally, he has been chair of the Northeast Sustainable Agriculture Working Group and a director of the National Campaign for Sustainable Agriculture. He is author of *From the Land: Maine Farms at Work*, from which portions of this article are drawn.