



Rich Pedroncelli / The Associated Press

The state aims to save agricultural land, like this rice field near Dunnigan, by paying farmers fees from cap-and-trade money.

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Cap-and-trade could aid preservation of California farmland

By Jeremy B. White

jwhite@sacbee.com

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Abandoning the farm that he had worked for three decades, and that his wife's family had owned for over a century, was never an option for Dan Port.

Port and his family had continued to squeeze a profit out of their 180 acres near the small town of Lone, raising grass-fed beef to sell through farmers markets. Determined as he was to keep the farm running, Port said he recognized the constant pressure on farmers to give their land over to developers.

"It's always an issue – the land is worth much more than what you can earn off of it from farming," Port said. "That places pressure on farm families to convert it over."

So Port embraced a novel approach: in exchange for a payment from state bond money worth about half the value of his land, he agreed to an easement requiring the property to remain farmland. He has since reinvested the money in improvements like fixing up an ancient barn.

“If you’re looking for money, the easement isn’t the way to go,” Port said. “But it enables you to keep your farm or ranch intact and still get some resources out of it for whatever purpose.”

More money of the type Port tapped into will soon be available, per an obscure section of this year’s budget agreement that will offer millions to protect California farmland from the forces of urbanization.

In signing this year’s budget, Gov. Jerry Brown dedicated \$832 million from California’s burgeoning cap-and-trade program to affordable housing and mass transit, including his embattled high-speed rail project.

Also tucked into the legislation are directions to set aside agricultural land on the periphery of cities. It is meant to shield farmland from urban development, allocating a new source of money for a decades-old concept. Proponents believe the idea meshes with a broader vision for urban planning: a California where more people live in compact urban centers, commuting without relying on cars that percolate greenhouse gases into the air.

“Farmland and open space is often the antidote to sprawling development,” said Senate President Pro Tem Darrell Steinberg, D-Sacramento. “The amount of money for the other pieces of the strategy are more prominent, but all of these, including ag land preservation, are part of a more comprehensive strategy.”

Tens of thousands of acres of prime farmland in California is disappearing each year, according to the Department of Conservation. Department statistics, advocates and land-use experts say much of it has been transformed into housing developments or solar farms or other projects deemed more lucrative than farming. The incoming cap-and-trade money could offer a tool to blunt that trend.

Compared to transit and housing, farmland preservation will draw a small amount of funding . It will account for only a sliver of the available pot of money – perhaps 5 or 10 percent of an initial bounty expected to be worth about \$130 million in the coming year.

But if the overall revenue from auctions of carbon permits grows, so too could that annual outlay. And the effort to preserve farmland fits into an overarching strategy of spending millions of dollars encouraging Californians to cluster in cities.

Containing sprawl helps the environment, proponents say. In addition to reducing commuting hours, it preserves natural land that acts as a sponge soaking up harmful emissions.

“If you protect that land from development, you can promote smart growth, infill development and prevent transportation-related emissions related to sprawl,” said Jeanne Merrill, policy director at the California Climate and Agriculture Network. “Agricultural land can sequester atmospheric carbon in soils and trees and shrubs, and if you pave over that ag land, you’re going to lose that carbon sink.”

Few people dispute that there is value in protecting farmland. In addition to its role as an environmental buffer, it bolsters California’s economy by sustaining the state’s multibillion-dollar agricultural industry. But development interests remain skeptical about a state mandate that could stall new projects.

Given the relatively small amount of money likely to be available, California Building Industry Association President David Cogdill said, there hasn't yet been much pushback from developers. But Cogdill said he is closely watching how officials craft the regulations, with an eye to ensuring what emerges isn't a "a no-growth, no-how, no-way kind of proposition."

"Just to take every piece of open land and designate it as having a higher and better use as agriculture is not the way to go," Cogdill said.

Because land-use decisions play out at the city and county level, the cap-and-trade money goals present a potential clash between state and local visions, particularly for cities that had been expanding outward before the housing market's collapse arrested their growth.

"The critical piece for me is that local control when it comes to the programs," said Assemblywoman Kristin Olsen, R-Riverbank. "Land use historically belongs to the local decision making, and the state too often has tried to exert influence."

California has sought to protect agricultural land for decades. The state's main policy tool, the Williamson Act, offers property tax breaks to farmers who agree not to develop their land. But budget cuts have imperiled the program. The state no longer reimburses counties for the revenue loss, and lawmakers have failed in subsequent attempts to restore funding.

The cutback, enacted in the teeth of a gaping budget shortfall in 2009, has left some counties skittish about the long-term viability of the program. Some have sought to reduce their enrollment. Others have cut budgets elsewhere to offset the missing revenue.

"It's another case where it puts local government in a financial bind on an issue the state should be paying for," said Nate Beason, a Nevada County supervisor who is chair of the Rural County Representatives of California. "In my county, we've agreed to maintain the contracts we have but not to open any new ones. Some of the counties are thinking about canceling the contracts."

At a recent meeting on allocating the cap-and-trade revenue, California Natural Resources Agency Secretary John Laird referred to the Williamson Act as "hanging by a thread" and said policymakers must find a new tool to protect agricultural land.

"We got a reprieve from pressures on ag land during the economic downturn, and the economy has come back now and those pressures have come back. But the state program to try and protect ag land from conversion to urban uses has not been in the budget in a major way since 2009," Laird said in an interview. "It's trying to look at what's next and what works."

Proposals for what's next will surface in the coming months as the state decides who will qualify for funding. Preservation advocates point to the potential of conservation easements. In those agreements, farmers essentially sell their development rights in perpetuity. It is a longer-term tool than Williamson Act agreements, which come with expiration dates.

"The problem is there isn't any state money available to actually do farmland conservation," said Michele Clark, executive director of Yolo Land Trust. "This would give us a ready source of funds to do those deals."

Call Jeremy B. White, Bee Capitol Bureau, (916) 326-5543.

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