

Executive Summary

All 50 States have enacted farmland protection programs to help slow the conversion of farmland to developed uses. Since the Nation's capacity to produce food and fiber is not at risk given present development patterns, we investigated which benefits, or "rural amenities," the public seeks to preserve when they supported these programs. Information on these amenities is useful in assessing the current state and future direction of farmland protection programs. Based on the idea that public preferences shape the design of government programs, we analyzed the comprehensive, nationwide set of legislation and policies that created and implemented these State programs. We found that farmland preservation programs in general seek to protect an array of rural amenities. We also found that purchase of development rights programs are most attentive to preserving rural amenities associated with actively farmed cropland. Our indepth review of several States' broad array of rural land protection programs suggests that farmland preservation program emphases appear to depend on State-specific circumstances, including the amount of land that remains in agriculture as well as the extent of land already in parks, forests, and other conservation programs.

Ensuring the continued availability of rural amenities may be the most important reason for farmland protection, especially for farmland protection near urban areas. Because "rural amenities" takes on different meanings for different people and different areas, effectively providing rural amenities is not as simple as determining how much farmland to protect. Consequently, information on the variety of rural amenities that can be provided by farmland, and how much they matter, can be useful in assessing the current state and future direction of farmland protection programs.

Following the economics of public choice literature, which suggests that public preferences shape the design of government programs, we examine the design and structure of State and local farmland preservation programs to discern the importance of various rural amenities. We start by examining variations in the enabling legislation for a wide variety of farmland preservation programs in the lower 48 States, focusing on language indicating the importance of preserving different rural amenities. Next, we investigate the design of several Purchase of Development Rights (PDR) programs, which permanently preserve rural land through the voluntary sale of development rights by parcel owners. Using data on 13 very active PDR programs in five Eastern States (Maryland, Massachusetts, New Jersey, Pennsylvania, and Vermont), we consider the implications of variation in the methods government agencies use to choose among parcels whose owners have offered to sell development rights. Lastly, since the kinds of amenities provided by farmland overlap amenities provided by other rural lands, for these five Eastern States, we conducted case studies of how farmland protection programs complement other rural land protection policies. The report also summarizes evidence from the literature regarding the public's preferences for rural amenities, and from original research regarding factors influencing the adoption of PDR programs.

Although the empirical information used in this analysis is not conducive to definitive conclusions on the values of different rural amenities, the study provides a number of insights on how farmland preservation programs operate as a policy instrument for protecting rural amenities. Some of these insights suggest the kind of rural amenities that seem to be most important, while other insights highlight concerns that affect the design and implementation of farmland protection policies.

Historical trends paint a picture of an urbanizing America, with farmland in decline across much of the Nation. Initial efforts to protect non-urban lands focused on the protection of forests and establishment of parks. The heaviest urbanization is occurring in the Northeast and the Lake States, with California, Florida, Texas, and the Appalachian States also undergoing extensive urbanization. By the 1950s, millions of acres of once clear-cut lands had regenerated into natural forests and were preserved through national and State forest and park systems. Programs to preserve farmland (and its amenities) were implemented beginning in the 1960s.

The need for government action to protect farmland and its amenities arises from land market failures. In an ideal world, a land market fully accounts for all the goods and services that may be provided by a plot of land. This includes not only commodities such as corn and developable tracts, but also the land's contribution to providing a multitude of other "non-market" outputs. For example, rural lands also provide food security, scenic landscapes, wildlife habitats, agrarian cultural heritage, and recreational opportunities. The values of these other outputs, although important to people, are often not reflected in the price of land when it is purchased or sold. If such values are not reflected in the price of land, landowners will have no incentive to consider these non-market goods when deciding how to use and manage their land. In these cases, private land markets fail to operate properly or efficiently. The use of government intervention through farmland protection programs is one means of ensuring the continued flow of these non-market goods and services provided by agricultural lands.

Surveys suggest that the public has a variety of reasons for protecting farmland. These reasons include protecting family farms, protecting water and wildlife, and protecting food supplies. In the few published studies in which people were asked directly about reasons for protecting farmland, no single reason appears to dominate. That is, whether people prefer preserving amenities specifically related to actively farmed landscapes, or amenities that could be provided by *any* rural lands (e.g., protected open space, or privately owned but undeveloped land) is not clear.

State and local governments use farmland preservation programs to protect a large number of rural amenities. Analysis of the enabling legislation of farmland protection programs suggests that preserving open space, scenic beauty, and cultural heritage are primary concerns for the majority of States that have farmland preservation programs. However, the more densely populated regions are often concerned with protecting the widest variety of rural amenities, while sparsely populated States and regions indicate less concern about preserving rural amenities. For example, the greatest interest in preserving rural amenities appears in the farmland protection legislation of States in the Northeast, Lake, and Pacific regions, while there is no mention of rural amenities in farmland protection legislation in North Dakota, Alabama, Mississippi, Oklahoma, Idaho, New Mexico, and Wyoming. In sparsely populated States, the continued relative abundance of rural amenities may make protective legislation seem unnecessary, whereas the more densely populated States often have less remaining farmland, leading them to enact a broad portfolio of programs to protect many types of rural amenities.

Most farmland protection programs focus on maintaining agricultural viability. Most programs favor protecting actively farmed agricultural landscapes rather than merely preserving open space. For example, the ranking criteria of

State- and county-level PDR programs in several Northeastern States place high priority on maintaining active agricultural operations, rather than passive or open space uses. The strong emphasis within PDR programs on active agriculture suggests that in the Northeast, public preferences are strongest for amenities that are uniquely provided by agriculture. But although active agriculture is the prime concern, it is not the sole concern. For example, many PDR programs require conservation plans, which help increase the quality of freshwater habitats by reducing soil erosion impacts.

The scope of other rural land protection policies may influence the extent to which farmland preservation programs concentrate on protecting rural amenities that are not dependent on active agriculture. Given the broad array of rural land conservation programs in many States, the observed priority that farmland protection programs give to agriculturally related amenities may be efficient. After all, other programs often focus on lands that do a good job of providing rural amenities that are not dependent on active agriculture (amenities like publicly accessible open space). The case studies highlight this potential, with farmland protection programs coexisting with a variety of other land-use policy instruments.

A tradeoff may exist between the long-term provision of some rural amenities from farmland and achieving a more desired mix of rural amenities in the near term. Many PDR programs give priority to farms that are considered most likely to continue to be actively farmed. In practice, this usually means favoring high-quality soils and row-crop farming. However, the public may be interested in preserving a broader mix of farmlands, one that includes pastures, orchards, and other less productive or unique land types. Should this be the case, then this focus on cropland suggests a tradeoff between providing the most desired mix of amenities today, and maximizing the long-term production of agricultural-related rural amenities. Given the evidence from the enabling legislation, and evidence from survey data, the proper balance between “choosing lands most likely to continue to be farmed” and “obtaining the best mix of preserved farmlands” is an open question.

The design of preservation programs has implications for the spatial pattern of permanently preserved lands, and hence the location of preserved rural amenities. The preservation programs reviewed generally incorporate criteria that target the preservation of farms that face development pressure, suggesting rural lands closer to population concentrations are preferred. Many programs also include criteria that favor preservation of larger farms and blocks of farms, which suggests a preference for preserving parcels in clusters. This latter strategy may be favored as a means of fostering long-term agricultural viability by helping to create a critical mass of agricultural businesses, and by reducing borders (and potential conflicts) with non-farm neighbors. Taken together, these priorities have impacts on the distribution of rural amenities—favoring those amenities that are best produced by larger blocks of farmland and which are accessible to urban populations (e.g., expansive scenic farm views within driving distance of cities).

However, other concerns are likely to lead to a distribution of preserved lands spread over a wide area. Some programs are specifically designed so that preservation funds are distributed across the jurisdiction. In others, the desire to preserve as much farmland as possible at least cost leads to prioritizing applications based on the lowest per-acre cost or on the largest discount at which landowners offer to sell

development rights. This can result in a more scattered pattern of preserved farms, or in preservation of lands distant from urban centers.

The Federal Government can play a role in the preservation of rural amenities in several ways. To the extent that the appreciation of “local” rural amenities is not limited to residents of a single State (or county), and to the extent that the American population moves across State lines, the Federal Government has a role in representing the Nation’s interests in rural amenities. These include funding local programs, helping to coordinate State and local preservation activities, and considering how Federal actions may affect the provision of rural amenities.