

Farmland Preservation in Indiana, July 29, 2023, Sheridan, IN
Event wrap-up report
by Cindy Salo



Key points

- Indiana is at high risk of losing productive farmland, while its response to this threat is low.
- Farmland owners can preserve land with agricultural conservation easements (ACEs).
- A lack of funding to pay Indiana landowners for the value of development rights contained in ACEs currently limits their use.
- The Indiana Department of Agriculture is inventorying where, why, and how much farmland has been lost, and a Land Use Task Force is exploring how Indiana can grow economically while protecting farmland.
- Other ways to protect farmland could include: mitigation for farmland lost to business development, Regional Economic Acceleration and Development Initiative (READI) grants, agricultural tax increment finance (TIF) districts, and connections between industries wanting to become carbon neutral and farmers.

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Dozens of residents, government officials, and business owners gathered at the [Sheridan Historical Society Museum](#) on Saturday, July 29, 2023, to explore farmland preservation. Speakers shared their knowledge and experience with land trusts, agricultural conservation easements (ACEs), farmland loss, land use planning, and county and state government. Time and technology prevented our watching the video about farmland loss from the [American Farmland Trust](#) (AFT). Watch it [here](#).

How fast are we losing farmland?

AFT's recent study, [Farms Under Threat 2040: Choosing an Abundant Future](#), found that 11 million acres of agricultural land were converted to other uses between 2001 and 2016. This is equal to all the land used to grow fruits, nuts, and vegetables—the things we love to eat right off the farm—in 2017.

Most of the farmland lost, 7 million acres, was converted to low-density residential (LDR) use. This change is subtler than conversion to urban high-density (UHD) use, as we still see green space between houses on large LDR lots. However, as more farmland is converted to LDR, farms become increasingly isolated. This makes farming more difficult, and agricultural businesses begin to struggle. When these businesses are forced to move, or to close, farmers have to travel farther to buy inputs and sell their products.

During the 2001 to 2016 period of AFT's study, [Indiana lost more than 265,000 acres](#) of farmland, of which 61% was converted to LDR. This was enough land to produce \$180 million in annual farm revenue. AFT projected that, if current trends continue, Indiana will lose another 450,000 acres by 2040. This would mean the loss of 2,200 farms and 4,400 jobs. Hamilton, Lake, and Hendricks Counties are expected to lose the most farmland.

Even more alarming, 71% of the future Indiana farmland loss is projected to be the most productive lands. Indiana is one of three states (plus Iowa and Illinois) with more than half its farmlands classified as those best-suited to long term cultivation. When these lands are lost to farming, farmers cultivate more marginal lands, which are at greater risk of degradation.

AFT found that Indiana's risk of farmland loss is high, while its response to this loss is low. Indiana ranks 9th among states in projected loss of the most productive farmland, and 44th for its response to farmland loss.

The nonprofit AFT was founded in 1980 to protect farmland, promote sound farming practices, and keep farmers on the land. Their No Farms No Food[®] message reminds us what is at stake.

What can farmland owners do?

Farmland owners can preserve land with [agricultural conservation easements](#) (ACEs). These legal documents permanently remove development rights from land. Land with ACEs cannot be used for commercial or residential development, but owners can exercise all other rights to the land. This approach works best when landowners can sell the development rights removed in ACEs. A lack of funding to buy these currently limits farmland preservation in Indiana.

ACEs are held by an entity, such as a [land trust](#) or government agency, which ensures that the guidelines in the easement are followed in perpetuity. Currently, only two land trusts in Indiana focus on farmland (others focus on uncultivated land). The [Wood-Land-Lakes](#) (WLL) Land Trust, in Middlebury, works throughout the state, and the [George Rogers Clark](#) (GRC) Land Trust works in the southern half of the state. Jon Zirkle, Executive Director of WLL, which began in 1994, has seen a sharp increase in interest from landowners over the past year.

Removing the development rights reduces the value of land; the amount of the reduction is calculated by an appraiser. This reduces the cost of the land, which makes it easier for other farmers to buy.

Landowners can sell ACEs, and the development rights they contain, if they can find a buyer. Some government agencies and nonprofits buy development rights to protect farmland. Landowners with large tax bills can reduce some kinds of taxes by donating an ACE, which is recognized as a charitable donation.

Landowners who can neither sell an ACE, nor take advantage of the tax benefit, can simply donate one. They might do this to preserve farmland and its history for their descendants, protect green space to improve their community's quality of life, or ensure that land continues to provide ecosystem services such as wildlife and pollinator habitat, carbon storage, and aquifer recharge.

All the landowners who have [protected land with WLL](#) have donated ACEs. Mike Yoder, President of WLL, said, "Everyone talks about preserving farmland, but nobody wants to pay farmers to do that. They just want farmers to reduce their retirement income by donating the value of an easement. That's not fair and that's not right."

He continued, "We need to figure out a way to connect preserving farmland with the desire to create and sustain vibrant communities. Farmers donating conservation easements are contributing significant value to their community, which enhances the quality of place and life. I am not aware of a single community in Indiana that recognizes this charitable contribution."

The U.S. Department of Agriculture's [Natural Resource Conservation Service](#) (NRCS) works with land trusts, or state or local agencies, to help landowners place ACEs on productive farmland. Their [Agricultural Land Easement](#) (ALE) program pays up to half the value of easements on qualified land. Some states will pay the other half of an easement's value, and other states have their own [programs for buying ACEs](#). Indiana has neither of these.

Beth Clarizia, manager of Indiana's ALE program, pointed out that the state is missing out on a large pot of federal money that could be tapped by providing matching funds. She described a "vast opportunity" to protect farmland in the state through the ALE program. Only one farm is currently protected this way, with one more in progress. Clarizia cited the lack of funding for the other half of an easement's value, plus the associated costs (appraiser, attorney, surveyor, etc.), as the reason for the low participation.

The NRCS works with private landowners to improve their agricultural operations by protecting, restoring, and conserving natural resources, such as soils, wetlands, and water. Most of the agency's programs include funding.

What is the State of Indiana doing?

In the last session of the General Assembly, Representative Kendell Culp (District 16) sponsored two laws that address farmland preservation. (Culp is currently the only full-time farmer in the General Assembly.) The first directed the Indiana Department of Agriculture to inventory the amount, location, and cause of farmland loss between 2010 and 2022. The second created a Land Use Task Force to explore how Indiana can continue economic growth while also protecting farmland.

Although he doesn't have specifics yet, Culp wants to focus on preservation in counties where farmland faces the greatest threat over the next 25 years, and where the state's money can be used most effectively.

Zirkle would like to see landowners who have donated ACEs to WLL publicly recognized by the State of Indiana. He's proud of what the farmers have done and knows Hoosiers would enjoy learning about the people who have voluntarily protected their farmland forever.

Indiana already recognizes centennial farms, owned by the same family for 100 years, plus sesquicentennial and bicentennial farms, with its [Hoosier Homestead awards](#). A nonprofit group, the [Indiana Barn Foundation](#), works to preserve the state's historical wood barns.

What else could be done?

Several people had questions about the recent purchase of thousands of acres of farmland for the [LEAP business park](#) near Lebanon, in rural Boone County. Culp said that he also had questions, but had gotten few answers. He was concerned about how water and power will be supplied to the business park, and how that might affect area utilities and communities. He also noted that the purchase of the land had driven up farmland prices in the area.

The discussion of the LEAP project led Yoder to suggest mitigation for lost farmland. He has worn many hats during his career, which has included 16 years as an Elkhart County commissioner, 18 years with the county Economic Development Corp., and close to 40 years' experience in land use. He has also been a dairy and a crop farmer, and was instrumental in starting WLL.

Yoder wondered if businesses given financial incentives to build or expand on farmland in Indiana could be required to preserve land in another area. His experience has taught him that "we need to put business where it makes sense and protect farmland where it makes sense." He hasn't found that zoning works well for this purpose, and said we need a different tool.

Yoder also suggested that some communities might use the state's [Regional Economic Acceleration and Development Initiative](#) (READI) grants to protect farmland as green space. This program encourages public-private partnerships funds projects that "improve quality of life, and attract and retain workers." Funded projects include parks and trails.

One of the most creative approaches to farmland preservation came from Yoder. While a dairy farmer, he created the first agricultural tax increment finance (TIF) district in Indiana. TIFs are used by local governments as part of economic development incentive packages. This approach uses new property tax dollars to offset the cost of infrastructure for development. Elkhart County now uses these instruments for new developments.

Yoder said an ag TIF "worked beautifully, as long as you had a livestock operation and were expanding." He built larger facilities and expanded his dairy operation. The Redevelopment Commission leased his development rights and sent Yoder sizeable property tax rebate checks

every two years, for 30 years. He saw it as a no-lose opportunity. “You could even get out of it. If you wanted to develop the land, you just had to repay the money, plus 6% interest.”

Yoder is currently pondering a way to connect industries wanting to become carbon neutral with farmers. He said, “WLL has protected 11,000 acres across Indiana and every one of those acres is capturing carbon. Why not pay farmers for the carbon they’re sequestering?” Although he can’t get the numbers to work yet, Yoder points out that annual checks from industry could provide an incentive for farmers to resist selling to a developer and help keep them on the land.

What’s the bottom line?

At the farmland event, someone mourned the fate of small towns that “lose the pharmacy, and then the grocery store, and then people are forced to leave the community.” But this has the process backwards.

Small town businesses don’t want to close. Businesses are forced to close because people leave the community to shop. Some people drive to a larger city for work and shop on their way home. Others drive to the big box store in the next county.

Farmland owners don’t want to sell to developers. Landowners are forced to sell to them because developers can pay the full cost of land.

Grocery stores and farmland both enhance the quality of life in communities. Many towns have already lost their grocery store, but many still have abundant farmland. We can protect our remaining farmland by providing ways for landowners to sell the development rights and preserve the land.

Speakers’ contact information

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