



SUMMARY REPORT

Agenda Date: 3/12/2024

To: Board of Directors of the Sonoma County Agricultural Preservation and Open Space District
Department or Agency Name(s): Sonoma County Agricultural Preservation and Open Space District
Staff Name and Phone Number: Misti Arias, 565-7264; Mary Chambers, 565-7263
Vote Requirement: Majority
Supervisorial District(s): Countywide

Title:

Ag + Open Space Farmland for All Buy-Protect-Sell Pilot

Recommended Action:

- A) Authorize implementation of a pilot of the Farmland for All buy-protect-sell program, expected to take place during calendar years 2024 and 2025, with the aim of purchasing and reselling a farm or ranch property.
- B) Adopt a resolution amending the General Manager's authority to enter into real property purchase contracts subject to certain contingencies.

Executive Summary:

In order to forward the goals of the Vital Lands Initiative and in response to the input of our agricultural community stakeholders, the Sonoma County Agricultural Preservation and Open Space District staff is developing a "Farmland for All" program, which in the future will be a toolkit containing multiple tools and strategies focused on conserving agricultural lands while enhancing equitable access to agricultural land for agricultural producers. The first tool that has been developed for the Farmland for All toolkit is a "buy-protect-sell" strategy, whereby the organization will seek out and purchase a farm or ranch property from a willing seller; protect it with a conservation easement, agricultural conservation covenant, and affordability covenant; and sell the conserved land to a qualified buyer. The easement and covenants may reduce the property's appraised value, with the aim to make it more affordable for agricultural producers. Ag + Open Space staff will begin use of the buy-protect-sell approach by piloting this tool with one (1) property in calendar years 2024 and 2025. Based on the insights gained through this pilot, staff may seek direction to continue piloting the use of buy-protect-sell with additional properties or to create an ongoing Farmland for All buy-protect-sell program that would continue to protect additional properties through this process for the foreseeable future.

The Farmland for All Program, including the buy-protect-sell pilot, will add to and enhance the tools that the agency currently uses to conserve agricultural land. While developing these new tools, staff will be continuing, and expanding, its ongoing traditional agricultural land conservation efforts.

Ag + Open Space staff recommends implementing a pilot with one property, expected to occur in calendar years 2024 to 2025; as well as expanding the General Manager's authority to enter into real property purchase contracts.

Discussion:

Background:

The work of the Sonoma County Agricultural Preservation and Open Space District (Ag + Open Space) is guided by the Vital Lands Initiative, which is a long-range comprehensive plan that sets priorities for the land conservation activities of Ag + Open Space through 2031. The plan was developed with the best available science and data, as well as extensive input from Ag + Open Space partners and the community, to ensure the document reflects the knowledge and expertise of stakeholders and the land conservation goals of Sonoma County voters. Ag + Open Space's priorities are also guided by continuing input from our stakeholder communities (see **Attachment 4, List of Stakeholders who Provided Feedback**). Sonoma County farmers and ranchers have identified affordable, stable land access and land tenure as one of the biggest barriers to their success. This is especially true for individuals and communities who have historically faced discrimination and exclusion.

The Farmland for All program:

As part of the implementation of the Vital Lands Initiative, Ag + Open Space is developing a "Farmland for All" program. The Farmland for All program will be a toolkit containing multiple tools and strategies focused on conserving agricultural lands while enhancing equitable access to agricultural land for agricultural producers. This will supplement our long-standing agricultural conservation easement program. The program will help to further the following Vital Lands Initiative goals and objectives:

- *Protect a variety of lands that ensure an equitable distribution of benefits to our diverse communities.*
- *Protect lands that support diverse, sustainable, and productive agriculture.*
- *Create a balanced portfolio of protected lands that represents the diverse types of agriculture in Sonoma County.*
- *Support access to land for farmers and ranchers.*

Ag + Open Space recognizes that ensuring agricultural land is accessible to farmers or ranchers who will keep it in production is an essential part of our agricultural land conservation mission, since continued agricultural use can maintain important conservation values on these properties, such as soil health and agricultural infrastructure. Agricultural use is also necessary for these properties to reach their full potential for providing benefits to the Sonoma County community, such as local food production and employment opportunities.

With our expertise in the use of real estate tools for land protection, Ag + Open Space is well-positioned to help address these challenges. The Farmland for All program is an opportunity to use our land conservation tools to create and support a range of solutions that enhance equitable access to agricultural land in Sonoma County.

In line with Ag + Open Space's mission to permanently protect the diverse agricultural, natural resource, and scenic open space lands of Sonoma County for future generations, the goals of the Farmland for All Program are:

1. Prevent conversion of agricultural land to non-agricultural uses through tools such as conservation easements and covenants on agricultural land which permanently restrict non-agricultural development, protect the land's agricultural values, and in certain cases require agricultural production.

2. Preserve the agricultural conservation values of the land by supporting responsible stewardship of land via stable land tenure and best management practices.
3. Increase access to agricultural land now and in the future by reducing the appraised market value of participating agricultural land via conservation easements which remove non-agricultural development rights, and via easement enhancements such as mandatory agricultural use covenants.
4. Increase access to agricultural land for agricultural producers by proactively connecting producers with access opportunities.
5. Enhance equitable access to agricultural land and expand conservation programs to racially and culturally diverse communities (see **Attachment 6, Racial Equity Analysis**).
6. Support local food security by ensuring that land remains in productive agricultural use.

To ensure the Farmland for All program enhances land access equity, Ag + Open Space has designed the buy-protect-sell pilot with an understanding that some groups in Sonoma County, in particular non-white communities, have historically faced exclusion that has limited their access to agricultural land. Ag + Open Space has consulted, and will continue to consult, with organizations representing diverse communities, especially those facing increased barriers to land access. Ag + Open Space will conduct outreach to these communities to share information on program opportunities and will develop partnerships to provide support for all applicants and participants in Farmland for All programs (see **Attachment 6, Racial Equity Analysis**).

Stakeholder input and review:

Development of the Farmland for All toolkit is based on extensive and ongoing consultation with the Sonoma County agricultural community, including current and former farmers and ranchers, farmers and ranchers seeking secure access to agricultural land, farm and ranch advocacy organizations, and farmworkers (see **Attachment 4, List of Stakeholders who Provided Feedback**). This includes the 2023 Land Access and Land Tenure for Limited Resource Farmers study, which Ag + Open Space developed in collaboration with the University of California Cooperative Extension (UCCE) and Sustainable Agriculture Education (SAGE). This study informs Ag + Open Space and its partners about limited resource farmers' land access and tenure needs and provides recommendations for action. The Land Access and Land Tenure study, along with a range of other stakeholder input, confirms that access to land is one of the biggest barriers to success for farmers and ranchers in Sonoma County. Land access is especially difficult to achieve for individuals and communities who have historically faced discrimination or exclusion.

The Buy-Protect-Sell Pilot:

The first tool that Ag + Open Space has developed for the Farmland for All toolkit is a "buy-protect-sell" program pilot. Ag + Open Space will begin use of the buy-protect-sell transaction model by piloting this tool with one property in 2024-2025.

In a buy-protect-sell transaction, Ag + Open Space will purchase a farm or ranch from a willing seller; protect it with a conservation easement, an agricultural conservation covenant, and an affordability covenant consisting of resale restrictions designed to maintain the property's affordability over time; and sell the land to a qualified buyer. The easement and covenants may reduce the property's appraised value, potentially making it more affordable for agricultural producers. For the buy-protect-sell pilot, qualified buyers will be required to have at

least 5 years of relevant experience enabling them to operate a farm or ranch property (see **Attachment 3, Buyer Selection Criteria and Process**).

Ag + Open Space selected the buy-protect-sell model as the first tool to be developed for the Farmland for All program based on a range of stakeholder input, which showed that while there is no one-size-fits-all approach to agricultural land access, a path toward permanent land ownership is a high priority for many farmers and ranchers. Land ownership provides long-term stability and decision-making control, allowing producers to invest in soil health, infrastructure, and other features of a property. Supporting land ownership by agricultural producers is also aligned with Ag + Open Space's preferred path to protecting land, which is to hold and steward conservation easements over properties, without incurring the costs associated with owning and managing land.

Buy-protect-sell pilot program process:

The buy-protect-sell pilot process will consist of the steps below. These steps could be combined and ordered in multiple ways and may also happen concurrently. For example, Ag + Open Space might purchase a property before identifying a specific buyer for that property. Or Ag + Open Space might work with a landowner who is open to maintaining ownership of the property until Ag + Open Space has selected a new buyer, allowing for a simultaneous transaction. The steps are:

- **Identify pool of qualified buyers:** Via a simple initial application process, Ag + Open Space will develop a pool of buyers who meet a minimum level of experience and qualifications. Eligible applicants may be any type of legal entity qualified to hold land. A Buyer Assessment Committee made up of Ag + Open Space staff and relevant experts will assess the applications. Ag + Open Space staff will offer support to applicants in English and Spanish, as well as other languages as possible.
- **Identify high-priority property:** Ag + Open Space will find and select a property whose conservation will forward Ag + Open Space's mission and the Farmland for All program goals, and which will fulfill the needs of farmers and ranchers seeking land.
- **Purchase property:** Ag + Open Space will purchase the property at fair market value as determined by an independent appraisal.
- **Design permanent protections for property:** Ag + Open Space will develop a conservation easement, agricultural conservation covenant, and affordability covenant for the property.
- **Select buyer for specific property:** Ag + Open Space will invite all members of the qualified buyer pool to participate in a proposal assessment process. The goal will be to identify a long-term owner with the potential to operate or support successful farm business(es) on the property, whose vision for land management and community engagement aligns with program goals. Applicants will submit a proposal describing their vision for operating the property, including a farm business proposal. Applicants with strong proposals will be further assessed through interviews. The Buyer Assessment Committee will assess each applicant's qualifications, vision, readiness to purchase and operate the property, and other criteria. If multiple highly qualified and competitive applicants are identified, final selection will be made via a fair and transparent lottery. As the pilot progresses, Ag + Open Space will investigate the needs of applicants and will identify resources and support that are responsive to these needs.

- **Sell property, subject to conservation easement and appropriate enhancements:** Ag + Open Space will sell the property to the selected buyer, subject to the conservation easement and covenants. The sale price will be the appraised value of the property, taking into account the reduction in value resulting from the easement and covenants.
- **Monitor property in perpetuity:** Ag + Open Space will monitor compliance with the conservation easement and covenants in perpetuity.

The proposed process is described in more detail in **Attachment 1, Buy-Protect-Sell Pilot Guidelines**; **Attachment 2, Property Selection Criteria**; and **Attachment 3, Buyer Selection Criteria and Process**.

Post-pilot learning and future implementation:

After piloting the buy-protect-sell strategy, Ag + Open Space will evaluate the process and identify the benefits and challenges of this approach. Ag + Open Space will also incorporate insights from other related transaction experiences. Based on the learning gained through this pilot, Ag + Open Space may seek direction to continue piloting the use of buy-protect-sell with additional properties or to create an ongoing Farmland for All buy-protect-sell program that would continue to protect additional properties through this process for the foreseeable future.

Amendment of General Manager's authority to enter into real property purchase contracts:

Public Resources Code Section 5549(b)(2) allows the Board to delegate purchasing authority up to \$50,000 to the General Manager. This authority was granted to the General Manager via Resolution 16-0102, dated March 15, 2016. However, antiquated procedural limits still apply to the General Manager's authority to enter into real property purchase contracts by virtue of Resolution 01-0087, dated January 23, 2001. The proposed resolution rescinds and replaces Resolution 01-0087 to update the delegation to the General Manager to execute real property purchase contracts, when the General Manager deems it expedient, for purchases of open space interests in real property. The authorization requires that all such real property purchase contracts are made subject to the following contingencies and limitations:

1. The approval of the proposed purchase by the Board;
2. A determination by the Board that the proposed purchase is consistent with the 2020 Sonoma County General Plan, or the then-current General Plan, as the case may be;
3. A determination by the Board that the proposed purchase is consistent with the Ag + Open Space voter-approved Expenditure Plan;
4. A determination by the Ag + Open Space Fiscal Oversight Commission that the proposed purchase price is not more than fair market value for the open space interest being acquired and is supported by the opinion of a qualified real estate appraiser in a manner that meets the agency's appraisal standards;
5. That the deposit not exceed \$50,000; and
6. Such other contingencies as the agency's Counsel deems prudent.

Next Steps:

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Following Board approval, staff will finalize the pilot guidelines. Staff will then implement the pilot, beginning by opening the initial application pool (expected to occur in Spring of 2024), conducting outreach to potential applicants, and seeking a specific property to protect through the pilot program.

Racial Equity Analysis:

Supported by the Office of Equity, staff used the Government Alliance on Race and Equity’s (GARE) Equity Toolkit to craft an analysis of the Farmland for All buy-protect-sell pilot. Please see **Attachment 6, Racial Equity Analysis**, for more information.

Strategic Plan:

This item directly supports the County’s Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

Pillar: Climate Action and Resiliency

Goal: Goal 5: Maximize opportunities for mitigation of climate change and adaptation through land conservation work and land use policies

Objective: Objective 2: Develop policies to maximize carbon sequestration and minimize loss of natural carbon sinks including old growth forests, the Laguna de Santa Rosa, and rangelands. Encourage agricultural and open space land management to maximize sequestration.

Prior Board Actions:

January 26, 2021: Summary Report 1 -- The Board of Directors approved the Vital Lands Initiative as the long-term conservation plan for Ag + Open Space.

November 8, 2022: Summary Report 44 -- The Board of Directors heard an update on the Vital Lands Initiative and provided input on the Farmland for All program.

FISCAL SUMMARY

Expenditures	FY 23-24 Adopted	FY 24-25 Projected	FY 25-26 Projected
Budgeted Expenses	0	0	0
Additional Appropriation Requested	0	0	0
Total Expenditures	0	0	0
Funding Sources			
General Fund/WA GF	0	0	0
State/Federal	0	0	0
Fees/Other	0	0	0
Use of Fund Balance	0	0	0
Contingencies	0	0	0
Total Sources	0	0	0

Narrative Explanation of Fiscal Impacts:

Funding will come from the Ag + Open Space Measure F funds and will be incorporated into future year's budgets. There is no associated request to approve funding for this item because a property to be purchased

for the pilot has not yet been identified. When a property is identified, Ag + Open Space staff will return to the Board of Directors to request allocation of funds.

Narrative Explanation of Staffing Impacts (If Required):

There are no staffing impacts at this time. If staff seek and receive direction from the Board to create an ongoing Farmland for All buy-protect-sell program, staff may return to the Board to request additional staff allocations.

Attachments:

1. Buy-protect-sell pilot program process
2. Property selection criteria
3. Buyer selection criteria and process
4. Proposed Resolution Of The Board Of Directors Of The Sonoma County Agricultural Preservation and Open Space District Amending Prior Resolutions Authorizing The General Manager To Enter Into Real Property Purchase Contracts Subject To Certain Contingencies
5. Racial Equity Analysis of the Farmland for All Buy-Protect-Sell Pilot
6. List of stakeholders who have provided input and feedback
7. Resolution 01-0087
8. Resolution 16-0102

Related Items "On File" with the Clerk of the Board:

1. One page summary of *Land Access and Land Tenure for Limited Resource Farmers in Sonoma County Study*
2. *Land Access and Land Tenure for Limited Resource Farmers in Sonoma County Study*
3. *The Vital Lands Initiative: A Vision for Land Conservation In Sonoma County*