Criteria and Process Guidelines for Urgent Farmland Transfer Projects

Overview
The VHCB statute contains a finding that the state’s agricultural land should be preserved “for the benefit of future generations.” The statute also lists one eligible activity of VHCB as “the retention of agricultural land for agricultural use.” These have been the fundamental principles of VHCB’s farmland protection program.

In addition, the VHCB statute speaks of the need for the Board to consider “the need for a timely response to unpredictable circumstances or special opportunities,” and the adopted rule governing VHCB’s project evaluation system states that the Board will consider “the need for swift action to preserve a significant resource.”

In fulfillment of this statutory framework, it is important that VHCB has a process to move quickly to protect high quality farmland that is threatened with conversion to nonfarm use, especially when productive farmland that is for sale cannot be bought by a farmer at an affordable price.

These Guidelines were developed to encourage VHCB’s grantees in their efforts to help farmers of all types—dairy and non-dairy, organic and conventional—to acquire land at affordable prices. Sometimes, in order to facilitate a farm transfer, a grantee must step in and sign a contract or an option, or buy a property outright, then find a farm buyer who will take ownership subject to a conservation easement. This process can require timely action by the grantee, cash equity or borrowed capital, and the expense and headaches of interim ownership. VHCB’s twice-a-year Agricultural Advisory Committee meetings, at which farm preapplications are screened, may not always accommodate the accelerated schedule of urgent transfer projects—therefore the need for these Criteria and Process Guidelines.

The Guidelines are intended to be used only in the following cases: (1) where following VHCB’s normal process of preapplication submissions, Ag. Advisory meetings, and appraisal orders would inhibit a grantee’s ability to act quickly to remove a good parcel of land from the open real estate market and transfer it to a qualified farmer in a timely manner, and/or (2) where a farmer wishing to acquire farmland is required by a seller to act especially quickly, and the land is only affordable through the sale of development rights. Projects of these types that are submitted within a month prior to a regular Ag. Advisory Committee meeting may not require an accelerated process and should simply be included with other preapplications for consideration through the normal process.

Criteria
Any VHCB-eligible applicant organization may submit an urgent farmland transfer project for VHCB consideration. These submissions must meet the VHCB minimum eligibility criteria for
farm projects that are spelled out in VHCB’s Policy Position—Funding Conservation of Agricultural Land. In addition, the following criteria are meant to guide VHCB and grantee staff in determining which preapplications qualify as urgent farmland transfer projects. An urgent farmland transfer project generally has the following attributes:

1. A piece of farm real estate that could immediately support a viable farm operation and that has been in active agricultural use in the recent past. Fallow properties or properties with no history of recent viable agricultural use are ineligible unless a prospective buyer has a credible written business plan to get the farm into viable production within one year after acquisition.
2. The property should have a land base of adequate size and quality of soils that are appropriate for the type of farm operation envisioned.
3. The real estate is currently on the open market, is about to be marketed by the owner, or is owned by a VHCB eligible applicant organization.
4. The owner (either an individual or the applicant organization) demonstrates an urgency to sell that indicates the project cannot reasonably wait the normal time required for a project to proceed from preapplication to final funding.
5. If placed on the open market, the property would have a high likelihood of conversion to nonfarm use or would attract buyers who would convert the property to noncommercial (hobby or recreational) agriculture.
6. There is good evidence of interest in buying the property (conserved) by a pool of qualified prospective farm buyers who are likely able to obtain financing, if a grantee intends to purchase the property and then sell to a farmer.

Process

1. Applicant must submit a farm preapplication on the VHCB preapplication form. Applications will be accepted any time of year. Preapplications that are submitted within 60 days prior to a scheduled VHCB Agricultural Advisory Committee meeting will be treated as a normal preapplication for consideration by the Committee provided that VHCB staff has enough time to review the complete preapplication and conduct a site visit prior to the Committee meeting.
2. Applicants must include with the preapplication all available information about the property’s asking price, purchase price, contract or option status, and appraisal information. Applicants must also explain the urgency of the project and what the consequences would be if the project waited for the next regular preapplication round.
3. The landowner or landowner’s authorized representative must sign the preapplication form indicating an interest in selling development rights. A buyer may sign the preapplication in lieu of the owner only if the buyer has a fully executed contract to purchase.
4. VHCB staff will do a site visit—either a drive-by or a visit accompanied by applicant staff.
5. VHCB will write a brief summary and recommendation for the Ag. Advisory Committee, including an explanation about how approving the preapplication will affect the VHCB farm pipeline.
6. VHCB will send the preapplication and summary/recommendation to the entire Ag. Advisory Committee and will then schedule a conference call, during which the
Committee will discuss and vote on the preapplication. Members who cannot participate by phone are welcome to send comments in via email.

7. Following a phone meeting and affirmative vote on the preapplication, it will become immediately available for VHCB cost share on appraisal, provided that:
   a. if the property is for sale on the open market, the grantee organization obtains site control in addition to signature on the preapplication. Site control could be a purchase option, or an agreement from the landowner not to accept outside offers until a development rights appraisal is complete and negotiations have taken place.

8. The project may be submitted to the next VHCB Board meeting at which applications are accepted, provided that:
   a. A before and after appraisal that meets VHCB and NRCS standards is complete.
   b. The property is under contract with the applicant organization either for development rights or fee simple acquisition.
   c. By the time of the Board meeting, the property will be under contract to a farmer who will meet NRCS eligibility standards.