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### **Growing West Michigan’s Agricultural Economy and Promoting Strategic Regional Development: The Need for Preserving Farmland and Open Space**

*“We have people throughout the world who depend on Michigan Agriculture for food, all food production starts with land, no agricultural land equals no food, and you don’t have the jobs that produce food either, in the end you don’t have to buy a new car everyday but you do need to eat, we need to use our land wisely.” - Cliff Meeuwsen, President Zeeland Farm Services, Inc.*

#### **Introduction**

West Michigan’s agribusiness sector produces one-third of Michigan’s total agricultural sales, contributing \$1.5 Billion to the regional economy, and it is one of the most productive and agriculturally diverse areas in the state. It also provides more than 26,000 jobs and \$579 million in labor income, comprises more than 9,000 farms and nearly 1.5 million acres of land<sup>1</sup>. Without question, agribusiness plays a significant role in the economic vitality of our region.

The economic significance of agriculture goes beyond just the farms that produce our food and various commodities to include a diverse variety of agriculture, food related innovation and research organizations. We have a complete supply chain for agricultural products in West Michigan. Growing industries include biological product manufacturing, as well as medicinal and botanical manufacturing. In addition, industry leaders in nutrition, nutraceuticals, food packaging, crop science and research, such as Bayers Crop Science, SPI Pharma, Amway and Oliver Products, are also located here.

West Michigan is also home to one of the strongest urban cores in Michigan. Over the past two decades, Grand Rapids has invested in revitalizing its downtown - restoring the Grand River, opening a new downtown food and farm market, preserving and redeveloping historic buildings, constructing a new transit center, installing new urban parks, and building a new Grand Rapids Art Museum. That investment has led to the city and region being seen as a leader in our state and country. The city is now experiencing a return on that investment in the form of renewed population growth. After losing nearly 5 percent of its population between 2000 and 2010, Grand Rapids grew by more than 2 percent between 2010 and 2013 alone. The city added 4,243 people in three years, which pushed the overall

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<sup>1</sup> The Right Place: <http://www.rightplace.org/Industry-Sectors/Agribusiness.aspx>

population above 190,000.<sup>2</sup> Increased cultural entertainment and nearby outdoor recreation opportunities are well-established pull factors that spur migration into urban cores and promote a high quality of life for area residents.<sup>3</sup> People are now flocking to Grand Rapids in part because they want to live in an urban environment with access to public transportation, a strong sense of community, great restaurants that source local food, arts and culture that is surrounded by scenic open space and plentiful outdoor recreation opportunities.

The future of West Michigan's agricultural economy and the successful growth of our urban core both rely upon smart use of limited resources: farmland and open space. Ensuring that farmland and open space are preserved within Kent County will not only sustain the area's burgeoning agribusiness sector and way of life, but it will also encourage smart urban growth patterns and provide access to outdoor recreation and scenic natural areas.

However, owners of farmland and open spaces surrounding the urban core in Grand Rapids face increasing development pressure and costs that can often make continuing to own and work their land financially unfeasible. A strong farmland and open space preservation program with sustainable funding is essential, therefore, to give farmers a means to stay on their land and to ensure Kent County and West Michigan grow in a strategic manner over the next 20 to 30 years.

### **The Challenge**

Urban and suburban sprawl is a leading contributor to the loss of farmland and open spaces. Currently, in the US we lose nearly 50 acres of farmland every hour<sup>4</sup> and between 2000 and 2025 urban growth in the United States is expected to cover 7 million acres of farmland and another 7 million acres of environmentally sensitive land.<sup>5</sup> Kent County has seen its share of farmland loss. From 1982 to 2012, the total acres in farms in Kent County dropped from 275,909 to 157,493.<sup>6</sup> Nearly 16,000 acres of farmland in the county was lost just in the 10-year period between 2002 and 2012.<sup>7</sup>

The 1992 and 2011 land cover maps below highlight the rapid rate of conversion of farmland and open spaces in Kent County to urban and suburban development. The areas in pink and red reflect areas of suburban growth during the 20 year time frame.

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<sup>2</sup> US Census, Grand Rapids, 2010

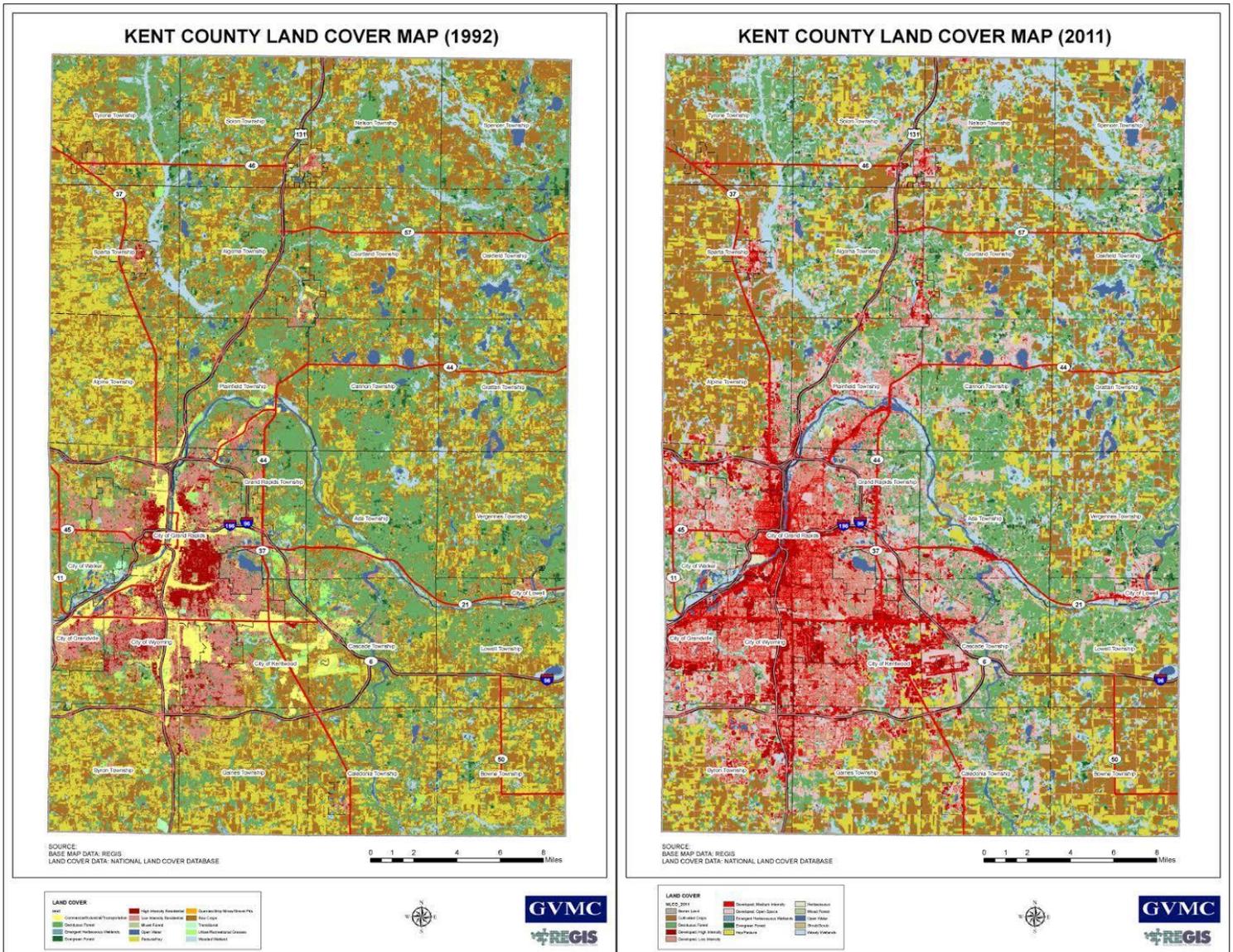
<sup>3</sup> Causes and Consequences of Urban Growth and Sprawl, Analysis of Urban Growth and Sprawl from Remote Sensing Data; Bhatta, B. 2010

<sup>4</sup> American Farmland Trust

<sup>5</sup> Causes and Consequences of Urban Growth and Sprawl, Analysis of Urban Growth and Sprawl from Remote Sensing Data; Bhatta, B. 2010.

<sup>6</sup> US Agriculture Census 1982-2010

<sup>7</sup> US Agriculture Census 2002-2012



Fertile farmland is a valuable and irreplaceable resource. Kent County has some of the most productive farmland in Michigan. However, once farm fields and pasture are paved over the soil fertility is irreparably damaged. By placing productive land out of active farming, farmland loss and conversion endangers the region’s burgeoning agriculture industry and rural character.

Promoting the preservation of farmland and open space, on the other hand, acts as a buffer to sprawling and disconnected development patterns that cost taxpayers money and detract from vibrant urban and suburban environments. Looking to Southeast Michigan we can see the role that sprawl has played in the economic distress that region has felt over the past forty years. Decades of unsustainable development patterns and a lack of strategic preservation of natural resources was a major factor in Detroit’s decline.<sup>8</sup> While the urban core of Detroit emptied, the metro Detroit region grew by more

<sup>8</sup> A Tale of Two Cities, New York Times, July 21, 2013

than 50 percent and the region's planning agency predicts that in the decades to come 390,000 more acres in Southeast Michigan will be converted to sprawl development in metro-Detroit.<sup>9</sup>

Farmland and open space at the edges of growing urban areas are most susceptible to development pressure. The prospect of development drives up the price of land and increases farmers' incentive to sell. Property taxes often rise dramatically, decreasing a farmer's profit and making it more difficult to make a living working the land. As suburbanization spreads and the number of farms decreases the customer base decreases for area businesses that provide the services necessary to maintain viable agriculture communities. Further, large blocks of farmland are needed to create a long-term business environment for agriculture.<sup>10</sup> The investment in acquiring large tracts of land and in capital infrastructure for farming operations requires a long-term business environment to generate a return against which to measure investment. Uncertainty in land use patterns creates an "impermanence syndrome," whereby farmers are not willing to make additional investments because of the likelihood that they will be surrounded by residential or commercial construction.

Farmland preservation programs counterbalance this conversion trend and provide farmers with the support they need to stay on their land. By ensuring that a critical mass of farmland is maintained, preservation programs help promote sustainable development patterns with scenic, productive rural communities surrounding attractive urban centers. For Kent County, and West Michigan, to continue having the economic success that has been driven by Agribusiness, we must focus on preserving farmland and open space.

## **THE SOLUTIONS**

Recognizing the risk to farmland and open space in Kent County from sprawl, regional leaders took action in the early 2000s by creating a Purchase of Development Rights (PDR) program and establishing the Agricultural Preservation Board, which exists to oversee the PDR program and make recommendations to the County Commission on which farms to preserve. The initial goal of the program was to preserve 25,000 acres of farmland in Kent County, thus ensuring agricultural sensitive areas were able to stay in production, while still leaving more than 80 percent of the county free for development.

The goal of the Agricultural Preservation Board was to reverse the trend of loss of farmland and ensure an environment in Kent County that would provide the long-term certainty farmers need. Since the board's creation, more than 3,000 acres have been permanently protected. The PDR program and the Board have helped slow the loss of farmland, but not to the full extent needed to make a difference in the long-term development patterns of the County.

The Agricultural Preservation Board has fallen short of its 25,000 acre goal due in large part to possessing a limited toolkit, with the PDR program as its only option. Further, the PDR tool has not been fully functional as there has not been a sustainable funding source. To date, the Kent County PDR program has been largely sustained through grant funding from foundations and private donors, as well as federal matching grants via the USDA's Natural Resource Conservation Service. Smaller amounts of funding have come from Kent County, the State of Michigan, local township government, and

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<sup>9</sup> Natural Resources Defense Council, June 9<sup>th</sup>, 2011

<sup>10</sup> Natural Resources Defense Council, Montgomery County Agricultural Reserve,

landowner contributions. Of these current sources of funding only the federal matching grant can be seen as a significant source of long-term, sustainable funding for the PDR program.

The success of farmland and open space preservation hinges, therefore, on finding a long-term, sustainable funding for farmland and open space preservation. That will, in turn, ensure that farmland and open space are preserved in a strategic manner that promotes economic development, smart use of West Michigan's land base and encourages the continued growth of our agricultural economy. In 2010 Kent County put forward a report that pointed to a variety of options for sustainable funding sources for farmland preservation.<sup>11</sup> Those options are profiled below:

- Voters could approve a tax levy for farmland preservation. If approved, the total generated from a millage would depend on property values and the amount of the levy. This strategy would require significant voter education on the importance of farmland preservation, but if successful would provide a long-term sustainable funding source for the farmland preservation and enable the Agricultural Preservation Board to seek matching grants from federal, state, and local programs and private foundations.
- Kent County Board of Commissioners could designate the amount of funding equal to the County's General Property Tax revenue received from the agricultural class to the farmland preservation program.
- The Agricultural Preservation Board, with the help of the County Board of Commissioners, could grow its endowment fund through a challenge campaign. If the County increased the principal balance then a portion or all of the interest generated annually could be put towards funding the farmland preservation program.
- Kent County could appropriate a portion of General Fund revenue generated from the County Real Estate Transfer Tax to the farmland preservation program. This would be a continuous designated source of farmland preservation funding, however the exact amount of funding provided annually would fluctuate depending on the real estate market.

There are a host of other possible options, outside of the recommendations made by the 2010 report, that Michigan League of Conservation Voters Education Fund staff would be happy to discuss with the Agri Business Community Workgroup as it prepares its final report.

## **Conclusion**

Farmland and open space are essential elements for Kent County's economic growth and vitality, quality of life, and environment. A vibrant farming community and ample natural areas within close proximity to an urban center boosts the agriculture and local food industries and promotes growth patterns that establish attractive, healthy, and livable urban, suburban, and rural neighborhoods. Kent County farmland and open spaces are rapidly being converted to urban development. If this trend continues, we are at risk of losing this important economic driver and the quality and way of life that it sustains. A successful county preservation program will mitigate the loss of area farmland and open spaces and send a message that Kent County values its natural resources and land-based economy. There are numerous options on the table that Kent County could pursue to provide a source of sustainable funding for sound land

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<sup>11</sup> Purchase of Development Rights Funding Sustainability, Subcommittee Report, Kent County, December 2010

management. We look forward to working with the Agri Business Community Workgroup on a proactive solution.