Carroll County Critical Farms Program

Carroll County has established a program called the Critical Farms Program that guarantees a minimum easement value for farms that are being transferred. Applicants must be the contract purchaser or recent purchaser of a farm that qualifies for the State Program. Based on an appraisal of the value of an easement, the County offers the new owner a payment of 75% of easement value for an option for the County to acquire the easement at the end of a five year period.

When the new owners receive the County money for the option, they are obligated to put the farm in a Maryland Agricultural Land Preservation (MALPF) District and offer to sell an easement at each opportunity during a five year period by submitting a bid that is at least equal to the amount paid by the County. If MALPF acquires the easement, the County fund is repaid the exact amount that was provided up-front (no interest payment is required). At the end of the five year period, if the easement has not been acquired by MALPF, the farm owner has two options: repaying the County (with interest) for termination of the option agreement; or, accepting the easement as permanent with no additional payment from the County.

Carroll County's first priority for funding is the State/County Matching Funds Program of MALPF. Funds that the County appropriates in excess of the requirement of the MALPF Matching Program are available to fund the Critical Farms Program. Over a 16 year period, the County has appropriated $8.4 million for Agricultural Land Preservation. Approximately $3.7 million has come from the Agricultural Transfer Tax, and approximately $4.7 million has come from the County's General Fund.

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APPLICATION
CARROLL COUNTY CRITICAL FARMS PROGRAM

Applicant: _____

Owner: _____ *or Contract Purchaser* _____

Mailing Address: _____

_____

_____

Location of Property: _____

_____

Tax Map: _____ *Block:* _____ *Parcel:* _____ *Deed Reference:* _____

Percent of Farm in the Agricultural Zoning District: _____

ELEMENTS OF THE PROGRAM

1. The farm must meet the requirements of the Maryland Agricultural Land Preservation Foundation for District approval and Easement sale and must receive a favorable recommendation for District approval from the Carroll County Agricultural Preservation Advisory Board.

2. No less than 75% of the acreage of the farm must be within the area of the Carroll County Agricultural Zoning District.

3. Farms will receive a score based on the point system in Ordinance No. 93. The applicant will receive a copy of the scoring information and will be asked to concur with the point score.

4. Applicants will be informed of their score, the number of current applicants, and their ranking among the other applicants.

5. The County Commissioners may grant preliminary approval of applications but they are not required to do so. In granting preliminary approval, preference must always be given to the farms with the highest point score. Decisions to grant preliminary approval will be based on the availability of County funds.

6. For farms that have received preliminary approval, the County will have 2 appraisals conducted to determine the value of the development rights easement. Applicants may also submit an appraisal, but are not required to do so. Applicants are reminded that an appraisal submitted by them must provide both the fair market value and the agricultural value of the land as defined in ordinance 93.

7. The applicant and the County must agree on an easement value based on the values provided by the appraisals.

8. The Commissioners will be asked to grant final approval of an option to purchase an easement on the farm at a price of 75% of the agreed upon easement value. The Commissioners are not obligated to grant final approval.

9. If the applicant is the contract purchaser of the farm, the payment and settlement for the County option can occur immediately following the settlement for the property.

10. The applicant should keep all mortgage holders and potential future mortgage holders fully informed regarding the terms of the option for easement sale and the terms of the deed of easement, and the values involved. Mortgage holders will be required to be a party to the option agreement and the deed of easement.

11. The County payment for the option to purchase an easement will obligate the applicant to make all reasonable efforts to have the farm approved by the Maryland Agricultural Land Preservation Foundation as an Agricultural Preservation District. For a period of 5 years the applicant must actively pursue the sale of an easement to the Foundation at a price no lower than the County option payment.

12. If the applicant successfully sells an easement to the State Foundation, the full amount of the County option must be repaid when easement settlement with the State occurs.

13. If the applicant is unable to sell an easement to the State Foundation within 5 years from the recordation of the option agreement the applicant will have a limited time (60 days) to cancel the option agreement by repaying to the County the full amount of the price of the option, plus interest for the entire period of the option, at the legal rate in effect at the time of cancellation.

14. If the applicant does not cancel the option within the 60-day period, the County will exercise the option contained in the agreement and purchase the development rights easement from the applicant with no additional payment being made by the County.

15. The applicant will be obligated to provide a survey description of the property if the survey description contained in the property deed is not accurate enough to obtain the title insurance required by the State for easement acquisition.

16. The deed of easement will be the standard deed of easement used by the Maryland Agricultural Land Preservation Foundation and the easement may be donated by the County to the Maryland Agricultural Land Preservation Foundation.

APPLICANT SIGNATURES

I (we) have received a copy of Carroll County Ordinance No. 93, the Maryland Agricultural Land Preservation Foundation District Agreement and a sample Deed of Easement. I (we) have read the elements of the program outlined above and hereby submit the above described property for consideration under the provisions of Ordinance 93.

_____ _____
Landowner or Contract Purchaser Signature *Date*

_____ _____
Landowner or Contract Purchaser Signature *Date*

_____ _____
Landowner or Contract Purchaser Signature *Date*

MORTGAGE OR LIENS

LANDOWNER APPLICANT: Is there a mortgage or other lien on this property? __*Yes* __*No*. If yes, please secure signatures of such holders.

I (we) acknowledge that the above landowner has informed me (us) of their intention to sell to the Commissioners of Carroll County on option to purchase a development rights easement. I (we) agree to join with the landowner in said option agreement and subsequent deed of easement providing that I (we) approve the amount of the payment offered by the County for the option.

Name of Individual or Company	*Name of Individual or Company*
Street Address	*Street Address*
City *State* *Zip Code*	*City* *State* *Zip Code*
Signature *Date*	*Signature* *Date*

State of Maryland
Department of Agriculture

Maryland Agricultural Land Preservation Foundation

PROPERTY DESCRIPTION

1. Petitioner Name(s): (All Owners of Record)

   _____ Owner's Name (Primary Contact Person)

   _____ Owner's Name _____ Relationship to Primary Contact Person

   _____ Owner's Name _____ Relationship to Primary Contact Person

   _____ Owner's Name _____ Relationship to Primary Contact Person

2. Full Name(s) of Petitioner(s) Children:

   _____ _____

   _____ _____

   _____ _____

   _____ _____

3. Telephone Numbers: (Home) _____ (Work) _____

4. Mailing Address:

   _____ Farm Name (if applicable)

   _____ Street, Post Office Box, Rural Route #

   _____ City State Zip Code

5. Property Address: (If different than mailing address)

   _____ Farm Name (if applicable)

   _____ Street, Post Office Box, Rural Route #

   _____ City State Zip Code

6. County: _____

   Election District Number: _____

   State Assessment: _____ Map _____ Block _____ Parcel _____ Account # _____

   Adjoining Roads: _____

7. Total Acreage: _____

8. Deed References: (liber/folio) ____/____, ____/____, ____/____, ____/____, ____/____, ____/____, ____/____, ____/____

MDA—L—101 (8-85)

9. Land Use:

LAND USE	ACRES	SOILS PRODUCTIVE CAPABILITY CRITERIA (%)					
		U.S.D.A. CAPABILITY CLASS			U.S.D.A. WOODLAND GROUP		
		I	II	III	1	2	
Crop Land							
Pasture							
Woodland							
Floodplain/Wetlands							
Other (Identify): _____					TOTAL I,II,III	MtC2	TOTAL I,II,III & MtC2
TOTAL ACRES							
Dwelling Units (# of Units _____)							

10. Is a current (revised within the last 10 years) Total Resource Conservation Plan in effect?
yes / no (circle) Date of Conservation Plan: _____

11. Is a current Forestry Management Plan in effect? yes / no (circle)

12. Does the property lie within the boundaries of a planned 10-year water and sewerage service district? yes / no (circle)

13. Is there a third party interest in the property for the purpose of mineral extraction?

yes / no (circle) If yes, list the name(s): _____

_____

14. Current Zoning of Property: _____

15. Describe the farming operation: _____

16. Development pressure of the area: (Low) (Moderate) (High)

17. Is the establishment of this property as an agricultural preservration district consistent with county plans? yes / no (Circle) (Master Plan, Comprehensive Land-Use Plan, Growth Management Plan, etc.)

18. Is the owner the operator of the farm? YES/NO

19. Is the farm operation part of a larger operation? YES/NO

A map plotted with property boundaries and copies of all referenced deeds must accompany this property description.

County File Number _____ Foundation File Number _____
(For Foundation Entry Only)

BACKGROUND

Early in the local administration of the Maryland Agricultural Land Preservation Program, the County learned that this program was not particularly effective when farms are at the greatest risk of being developed, that is, when they are being sold. Because agricultural income does not support the purchase price of land in Maryland, farmers cannot compete with developers unless there is another source to help pay for the farm. Unfortunately, the Maryland Agricultural Land Preservation Program is not effective because the owner must commit the farm to no development for at least five (5) years in order to participate in an easement sale program that has no guarantee of funding and a two (2) year time-line at best. After the State's financial crisis of 1991, when there was no easement funding for a two (2) year period, it became apparent that buyers of lending institutions were never again going to depend on the State program to help someone buy a farm. For Carroll County to meet its Master Plan goal of permanently preserving 100,000 acres and retaining a viable agricultural economy, a special program to guarantee preservation funds for new owners was needed. In response, the County developed the Critical Farms Program Ordinance which was adopted by the Board of County Commissioners on April 21, 1992.

ELEMENTS OF THE PROGRAM

The Carroll County Critical Farms Program accepts applications from contract purchasers and new owners of farms that qualify for easement sale under the regulations of the Maryland Agricultural Land Preservation Program.

A scoring system that evaluates productivity, proximity to other preserved farms, and development potential is used by the Agricultural Preservation Advisory Board and the County Commissioners to determine preliminary approval.

If preliminary approval is given, the County appraises the value of the easement and offers the applicant 75% of the easement value for an option to acquire the easement at the end of five (5) years. No additional County payment is made if the applicant has not been successful in selling the easement in the State Program during the five (5) year period and the County is then reimbursed for the option payment.

If the applicant accepts the County's offer for the easement option, the County approves the farm as a Maryland Agricultural Preservation District and settles for the easement option when the applicant buys the farm. The option agreement requires the new owner to participate in the State easement acquisition program at every opportunity during the next five (5) years with an asking price that is at least the amount of the County payment. If the easement is acquired by the State, the County is reimbursed and the new owner retains anything above that amount.

Each year, a portion of the County's Farmland Preservation Fund is allocated for Critical Farms applicants. This allocation has nearly matched the interest in the program with total funds available and number of applicants growing to as many as eight (8) farms in a single year. The reimbursed funds go back into the County Farmland Preservation Fund and become available for reuse by the program.

When the Critical Farms Program was adopted, the County had over 30 regular applicants for easement sale in the State Program, and it was considered unfair for the County to offer new owners the full value of an easement while so many regular applicants were being forced to bid competitively for limited funds. In effect, the Critical Farms Program provides a minimum guaranteed easement payment that helps someone buy a farm while being on a level playing field with all other applicants in the State Program. If the new owner is unsuccessful in the State Program after five (5) years, the County option becomes permanent with no additional payment provided the new owner had interest-free County funds for five (5) years while regular applicants receive no County benefit for their five (5) year District commitment.

PROGRAM SUCCESSES AND ACCOMPLISHMENTS

From 1993 through 1998, the County Critical Farms Program assisted 22 applicants in acquiring farms that cover 2,647 acres. In most cases, these preservation buyers could not have or would not have acquired the farms without this program.

The primary goal of preserving farms critical to the County's Farmland Preservation Program that are at risk of being developed has been met. While the status of the applicant is not officially part of the program criteria, it is interesting to categorize the applicants (1993 - 1998) when evaluating the program:

- Nine (9) of the acquisitions have been by young farmers who were acquiring their first farm.
- Ten (10) of the acquisitions have been by farmers who needed additional land to keep their operations viable.
- Three (3) of the acquisitions have been by a child of the seller who plans to keep the farm in the family although the farm is currently being farmed by someone else.

All 15 of the 22 participants during that period who had been through at least one cycle of the Maryland Agricultural Land Preservation Foundation Easement Acquisition Program have received a State offer for their easement, and the County funds have been reimbursed or settlement is pending.

When a highly respected young tenant farm family relocated from Frederick County, after using the Carroll County Critical Farms Program to acquire a Carroll County farm, Frederick County studies the Critical Farms Program and adopted its own Ordinance very similar to Carroll County's Ordinance.

The County obtained a $100,000 matching grant from the USDA Farmland Protection Program in 1996 to use for acquisitions under the Critical Farms Program, and these funds were used for the preservation of

Appendix G

a 100 acre farm that is contiguous to large farms that are preserved by the Maryland Environmental Trust.

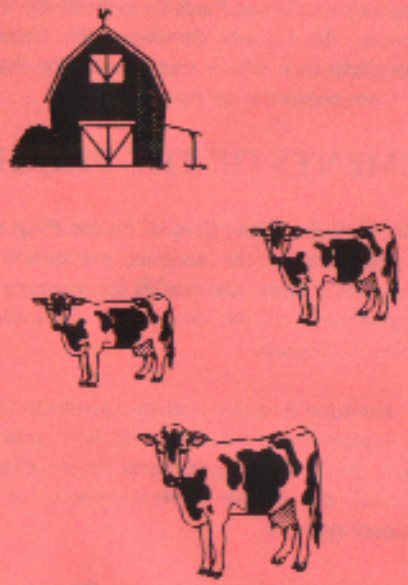
PROGRAM ASSISTANCE:

Thank you for your interest in Carroll County's Critical Farm Program. If you have questions or wish to receive an application form, please contact:

Mr. Bill Powel, Administrator
Carroll County Agricultural Land Preservation Program
225 North Center Street, Room 204
Westminster, Maryland 21157-5194
(410) 386-2145

Critical Farms Program

Carroll County, Maryland



225 North Center Street, Westminster, MD
21157-5194