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Opportunities with Growth

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While the following article deals with Placer County, any high growth area would be seeing similar issues. The following is my interpretation of events happening in my area. The opinions expressed are solely my own. Take them for what that is worth - Roger

Population growth continues at an ever dizzying rate. The combined population for Placer and Nevada Counties stands at 401,000 – an increase of 7.8% from 2002. The California Department of Conservation reported a conversion of 4,000 acres of land in both counties to non-agricultural uses between 2000 and 2002.

Population growth continues to drive land prices even higher. If you can find rangeland in western Placer County for \$15,000 an acre, you jump on it because you feel it is a bargain. Some areas with intense development pressure would see prices much higher. According to the Sacramento Regional Research Institute's December 2004 report, the number of new and re-sale home transactions in Placer County more than doubled between 2002 and 2003. According to the report, Lincoln's home transactions increased almost 514% in the same time period. The median price of a home in Placer County is well over \$400,000.

The rapid pace of growth affects agriculture in several ways:

1. Increasing land values severely limits expansion possibilities of agricultural enterprises through the purchase of land.
2. Population growth creates more encroachment of urban development next to agricultural areas. The adoption of Right to Farm ordinances in both counties does not preclude nuisance law suits and neighbor complaints.
3. Growth requires infrastructure in the form of water, sewer, roads, fire, police, shopping areas, etc which impact agricultural lands and the ability to conduct your operation.
4. The changing demographics from a rural to an urban population means there is less of an agricultural community. Perhaps twenty years ago you could head to town and see several people that you know who were involved in agriculture. Today, you head to town and rarely see anyone you know or the people you do know have no familiarity with ag.
5. Given all of the above, it becomes hard for an aging agricultural population (average age 57) to ignore the ever increasing opportunity cost of selling out.

Concurrent with the rapid growth of population is the development of the Placer County Conservation Plan (PCCP). The plan, if adopted by the Board of Supervisors, will be in effect until 2050. The plan provides for the maintenance of habitat for a variety of plants and animals that converted urban lands impact. The plan provides increased local control and a more streamlined permitting process for development. Prior to the PCCP, development had to seek permits from several different federal and state agencies. Plan adoption would allow Placer County to be a one-stop shop for development permits.

The PCCP anticipates land conversion totaling 54,300 acres in western Placer County through 2050. This is needed to meet a projected demand of an additional 90,000 homes (population grows to 569,000). Developing those acres will reduce the habitat acreage of vernal pools, streams, and oak woodland. This habitat is needed to support various species on the federal and state endangered and threatened species including: fairy shrimp, valley elderberry longhorn beetle, Swainson's Hawk, and many others.

Developers must use mitigation measures in order to replace habitat they impact. The acres needed for development must be mitigated through permanent conservation of habitat on 57,000 acres, and an additional 13,458 acres for restoring vernal pools, streams, and oak woodlands.

Mitigation means developers pay a fee which is used to buy and restore habitat. These fees would be used to provide the estimated \$1.3 Billion dollars needed for the one-time acquisition cost of the 70,458 total acres. These costs assume that 28% of these acres would be protected through conservation easements.

State and Federal contributions of an anticipated 27% would reduce the financial cost from \$1.3 billion to \$976 million. These are projections and several factors could reduce the amount even more. Bottom line - acquiring and protecting habitat is an expensive proposition. That's just the onetime acquisition cost. On-going management and monitoring of the program is to grow to over \$6 million by 2025 and over \$9 million by 2050.

Expanding Sphere of Influence

The city of Lincoln is currently updating its general plan. Population projections are showing that Lincoln would grow to 126,000 people by 2050. The increase in population will mean an expansion of Lincoln's existing sphere of influence, although nothing will be finalized until the general plan update is completed. One scenario has the sphere of influence expanding to one mile west of Dowd Road which impacts acres of agricultural land. The expansion will greatly increase urban development which is adjacent to agriculture.

So What?

The need for habitat has two potential impacts for agriculture.

1. Agricultural land in western Placer may or may not have development value depending in location. Those lands which do not have development value may possess habitat value. The greater the demand for habitat, the higher the value.
2. Lands purchased for habitat will need adaptive management maintain habitat for regulatory obligations.

The Opportunity

Land purchased for habitat will most likely be owned by an entity such as a land trust or other organization which will not have the resources or interest to actively manage the property. They will be looking for individuals who can maintain habitat. Management will be needed to reduce fuel loads and prevent noxious weed infestations.

Individuals who can show they can manage habitat will have a marketing advantage in being able to lease fairly large land areas. Grazing, for example, can be very compatible with vernal pools. In my opinion, people who can develop a portfolio which documents the results of their management will have a significant advantage in being able to expand their land base to conduct agricultural operations.

Keys to Success

In order to be successful, a person would need to understand that maintaining habitat is the number one priority. This means planning your agricultural enterprise to have the needed flexibility to provide little or no impact on habitat during critical periods.

A person would need to possess understanding of the habitat on the property in order to effectively communicate with entities that own the land or the consultants hired to make sure habitat is being maintained.

Photos will be an important marketing tool that communicates your competence in managing for habitat. You could start now by taking photos of riparian areas, vernal pools, seasonal wetlands, etc that might exist on property you own or lease. If these areas are in good shape, it would show you can provide needed management expertise

You will need to change your thinking to being a service provider – maintaining and providing habitat, reducing fuel loads, reduction of noxious weeds, and any other management objectives that may be desirable. It won't be easy, but you will be able to generate revenue from an agricultural enterprise at lease rates that should be lower than current market values.

How Would Something Like This Work?

The next article in this newsletter is written by Greg Judy. He has written an excellent book called *No Risk Ranching* which is available for purchase from the Stockman Grass Farmer. To order the book, you can contact them at 800-748-9808.

Greg's approach has been to market his grazing skills to landowners who are not using their land. He has used stocker cattle and cows to custom graze. You would need to modify Greg's ideas to include more understanding of habitat maintenance as a marketing tool.