

WHATCOM COUNTY PURCHASE OF DEVELOPMENT RIGHTS PARTICIPANT INTERVIEW REPORT

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INTRODUCTION

In August 2010, Kulshan Community Land Trust (KulshanCLT) received a contract with Whatcom County to look into ways to improve enrollment in Whatcom County's Purchase of Development Rights Program (PDR). Since 2004, 12 PDR transactions with 11 different landowners have been completed resulting in over 671 acres under easements and 89 development rights (DVRs) retired. It was believed by those involved in overseeing and administering the PDR program that there was room for improvement in attracting landowners to the program

It was decided between KulshanCLT staff, County PDR administration staff and the PDR Oversight Committee that the best first step of this process was to solicit feedback from past participants in the PDR program. Getting a sense of the experiences of those who have been through the process is an excellent way to learn how to make the program more attractive to more participants. It also highlights areas for improvement and areas of excellence in the program.

RESEARCH OVERVIEW AND METHODS

Interviews were chosen as the research method. This was the best choice because of the relatively few number of potential respondents and because interviews provide an opportunity to get much richer data and feedback than a survey. Interviews were semi-structured with each respondent being asked a standard set of questions but given ample room to explore the uniqueness of each transaction. For the question set used with respondents please see Appendix A.

Interviews with landowners who had completed PDR transactions were conducted between October 13, 2010 and December 15, 2010. Although the total number of interviews (7) is relatively low it represents 58% of the to date completed transactions. Respondents' transactions showed wide diversity in the total amount of money received for their DVRs, (\$115,000-\$710,000), the number of acres put under easement (11-157 acres) and in the number of DVRs purchased (1-31 DVRs). Respondents' PDR transactions were completed between 2004 and 2009

Attempts were made to contact all 11 of the participants who had been through the program. In the end 7 respondents were interviewed. The difficulty in getting respondents was due to a very difficult harvest season that kept many of the farmers on edge, busy, and unavailable. Harvest season was followed by the beginning of the holidays, which also made tracking down respondents difficult.

Interviews were conducted in person (4 respondents) and over the phone (3 respondents) and ranged from 45 minutes to 1 hour and 30 minutes. In person interviews were conducted on the respondents' farm (2 respondents) or at the KulshanCLT office (2 respondents).

The Results section of this report is set up to illustrate overall themes uncovered in the interview process. Quotes are included to provide data points from which the

results were mined. Unless noted otherwise each quote in each section is from a different individual respondent. Pull-out quotes are in *italics* and those within paragraphs are in quotation marks. Some quotes are repeated in different sections because they can be used to illustrate various points.

In many cases respondents provided answers that helped uncover the results reported here but quotes may not be included because they were cumbersome or unwieldy. Detailed interview notes and in some cases audio files act as raw data and provide evidence of respondents' answers and tone.

RESULTS

HOW RESPONDENTS HEARD ABOUT THE PDR PROGRAM

Two respondents indicated that they had been familiar with the PDR program for some time. Three respondents heard about the program from a neighbor and/or friend and two were contacted directly by PDR staff because their property was in a targeted area.

What is of note here is that none of the respondents indicated that they had heard about the PDR program through newspapers which is one of the primary ways of announcing the opening of a new PDR round. As suspected though, word of mouth and direct contact by staff seem to be important avenues for program promotion.

EXPERIENCES WITH COUNTY PDR AND WHATCOM LAND TRUST (WLT) STAFF

All respondents indicated that their interactions with County PDR staff were positive. PDR Staff were seen as professional and as advocates and shepherds through the process:

- *They were professional and kept me well informed.*
- *They were as helpful as virtually anyone I have ever worked with in government. Always available, they really made themselves accessible and that was very important to us.*
- *Samya was new and I thought she did a great job; a very professional job.*
- *Kraig was awesome. I thoroughly enjoyed working with him.*
- *I felt they were on my side and were advocating for me.*

In 2 cases respondents pointed out that even though PDR staff seemed “swamped” they still remained available and professional. In cases where respondents may have had difficulty with a particular part of the appraisal, ranking or application timeline they were still appreciative of staff and recognized the difference between process and people. In fact, one respondent, from above, indicated that the frustrating parts of his process were, “also frustrating for staff.”

Whatcom Land Trust staff was seen as a relatively innocuous presence:

- *Once a year they call me up to schedule a time, come take some pictures and do their thing. They seem nice enough.*

This was representative of the general attitude toward WLT. Many respondents indicated that they had not had any issues come up with their conservation easement since completion of their transaction and that, in general, their interactions with WLT staff were infrequent, “pleasant,” and “professional.”

OVERALL PROCESS

I expect, when dealing with the government that you're going to have a fair amount of paper work.

As illustrated by the above quote, several respondents had expectations that the application and transaction process would be onerous. Four respondents felt the

timeline from application to closing was exceptionally long. However, they seemed to expect difficulties and longer timelines because of the involvement of government. Several respondents accepted the lengthy and complicated process as part of doing business with government:

- *I really don't see a way around the timeline given the number of things they need to have come together. I thought it was reasonable, especially for government.*
- *My greatest frustration was the length of time it took. But we are a patient bunch and we understand the dynamics of what it takes to get something like this done. When government is involved you need patience. When you bring that to the table you're going to have a much better time of it.*
- *There were a lot of waiting for different committees to decide. It was typical government [expletive deleted] but not really frustrating because I knew that there was a process that we would have to go through.*

Overall respondents felt the process from start to finish was smooth and acceptable. While nearly every respondent had unique issues arise in their transaction, they felt those issues were handled well and, for the most part, in their favor. The following quotes are indicative of respondents' overall impressions of the process:

- *I have no bad things to say.*
- *I think it went well. I recommend it, for us it was perfect.*
- *The process and timeline were more than acceptable.*
- *Overall the process was fine.*
- *Once everything was in place it was quite smooth and went pretty quickly.*

AREAS FOR IMPROVEMENT

There were three main areas where respondents consistently mentioned that there was room for improvement: the appraisal process, outreach and education and funding. A few respondents mentioned other areas for improvement, those are also mentioned below.

Appraisal process

In the end the pricing was fair even though we were surprised when the value came back 20% lower than the estimate given.

Respondents consistently identified the appraisal process as the most challenging and at times, "frustrating," part of their PDR transaction. The most common complaint (6 out of seven respondents) about the appraisal process was that the price given for the DVRs was lower than expected.

- *I didn't feel we got in proportion to what they [friends who went through the program] got for their acreage, but then we are in a different location so I guess that has a lot to do with it.*
- *I felt my property was more unique. I probably could have gotten more money.*

Many respondents reported that they felt the price came back low because the comparables used to assess the value of the development rights were not really

comparable to their property. In all of those cases respondents did say county staff told them they could find other properties to use as comparables and that could contribute to a revised appraisal.

One respondent attempted to find his own comparables but he found several comparable properties that were for sale but none that had actually sold. Of the comparable properties in the original appraisal he said, "they weren't farmland at all, they were all forested." His appraisal was re-done and a new value established and in the end he felt the price was, "reasonable" although still "considerably lower," than the range he was given at the beginning of the application process.

All respondents, in the end, felt that the price they received "fair," or "reasonable." Contributing to that may be that many respondents had decided that waiting for a higher value was not worth the "gamble."

- *It is a gamble deciding to sell the rights now versus waiting to see what things will be like down the road.*
- *And yes, maybe it would be worth more down the road but it's something that, at our age, we wanted to do.*
- *Nothing is for sure, you don't know how land prices are going to go.*

Outreach, education and promotion

They [the county PDR staff and leadership] could do more promotion; do targeted mailings and have more personal contact.

When asked ways to improve the PDR program all respondents mentioned a need for more "promotion," "education," and "outreach." As one respondent plainly put it, "educate and advertise more."

Ideas for outreach focused on raising general awareness that the program exists, and on promoting the individuality and flexibility of the program:

- *They need to make people more aware and be really clear about the advantages of doing this. There are a lot of misconceptions in the farming community. If people were more aware they wouldn't get so upset about the use of government money.*
- *Education about the process needs to be improved. Farmers don't like to feel boxed in or micro-managed they need to understand that they will still maintain a lot of control over their property.*

Respondents also stressed that the program was very individual and may not work or be best for everyone:

- *I think it's a good program with good objectives. It's good to be looking at the long range of the county; I support that. But when it gets down to it everybody's situation is different and so it's up to the individual.*
- *It is a unique experience the path depends on the person.*
- *This may not be the best program for everyone; it depends on their motivation.*

This idea of the individual uniqueness of the program is significant because it can be used to inform the messaging and direction of outreach and program marketing. Suggestions for messaging and next steps for outreach efforts are discussed in the Discussion and Next Steps section below.

Funding

Nearly all respondents had the perception that the PDR program needed to be better funded:

- *Be aggressive in the way you look for grants and other sources of revenue for the program. Find compensation for landowners to make them look at the program. Funding the program needs to happen, in terms of education, because it's a win-win for everyone.*
- *Fund it; promote it.*
- *I think they [county leadership] need to fund it [PDR program] more than they do. I could see the PDR program, if funded appropriately used to limit the space that an urban area can grow, specifically with an eye toward protecting arable land.*

One respondent indicated that he felt the preliminary appraisal process was, “very expensive,” and that if the county was looking into ways to save money on the program they may want to review that process.

One respondent mentioned that he felt the county could generate revenue by “policing” the Open Space Tax designation:

- *People are getting all the benefits without putting anything into the system. You are supposed to get the tax break because you are getting income off of the property and then paying those taxes in other ways.*

This respondent felt that there were many landowners who were getting a break on their property taxes but were not actively farming their land.

Other areas for improvement

Two additional areas for improvement that deserve mentioning, but were only mentioned minimally by respondents, involved water rights and the initial conservation easement set-up process.

Two respondents wondered if the County could provide more assistance to farmers and other landowners in acquiring and maintaining legal water rights. One respondent simply worried about her ability to sell her property:

- *The one thing that bothers me about the property is not having the water rights settled on it. That prevented us from leasing it for berries, it might affect whether we can sell it too.*

Another respondent felt that providing assistance with water rights would increase enrollment in the PDR program. He felt that creating a “water rights bank,” so that valid water rights could be offered in exchanged for DVRs would “off set the economics for many folks.” He felt that many farmers who may not have valid water

rights worry about losing water and would then want to fall back on their DVRs for income. Developing a water rights bank, he felt, would make the program “explode,” with applicants.

Two respondents indicated that they felt there needed to be more flexibility in the initial set-up of the conservation easement. One respondent felt that the “blanket easement,” had him putting additional structures on his “best soil,” because they needed to be “within the designated area.” He challenged this idea and as he says, “I had to go back and forth on the easement stuff. I don’t think they were used to people challenging that.” In the end all of the issues were worked out in a satisfactory manner. It should be stressed that he felt PDR staff were helpful in the process.

A second respondent felt that the blanket conservation easement was, “too restrictive.” Again he was able to work with staff and in the end felt staff was “flexible enough with the conservation easement.”

BIGGER PICTURE OF WHAT THE COUNTY CAN DO TO PROTECT FARMLAND

When asked what other roles the respondents felt the county could play in supporting and promoting the ag industry by protecting land for farming respondents’ main concerns were growth management and the need to empower and support farmers.

All respondents indicated that they did not want to see ag land consumed by growth:

- *It is important to have a base of farmland in the county. They [County leadership] made some bad decisions in the 80’s and now they’re trying to do too much too late. They could downzone but that would be a huge thing.*
- *One of the most practical economic applications we have here is the ability to grow food efficiently. And if we keep eliminating the ground that is good for growing food we not only put ourselves at risk but we also eliminate one of the high potential economic areas that we can lead in.*
- *I don’t know if anyone is paying attention to the right things as far as growth management is. My vision of the way this county is going is that Lynden and Bellingham will soon be one city.*
- *I think the conflict for a lot of people is on the one hand I don’t see how you are going to keep a large ag base without fairly heavy zoning and that includes keeping towns like Lynden from jumping across roads into beautiful agricultural land. A great many of us don’t like to see government get heavy handed but on the other hand you can just look at the other valleys, look at the Kent valley and look at the Puyallup valley and look at what’s happened to them. I don’t think the Nooksack valley is going to be any different with us between Vancouver and Seattle it isn’t going to happen if there isn’t some strict zoning of that beautiful flat fertile land that follows the river all the way from Deming to Ferndale. But I see every Mayor of the small towns endorse candidates that are not in favor of zoning and restricting those towns in any way.*

- *We still own the land and that's an asset; we're getting rent off of it too. And it's still ag land and open space and I don't want this whole county covered in cement; once it's covered it's gone. I can see this county being just like the Kent/Puyallup area.*

It can be seen here that respondents clearly felt conflicted as to how to protect farmland and prevent development but still provide farmers with the potential income that is tied up in their land. This is discussed further in the Discussion and Next Steps section of this report.

Many respondents indicated that they felt farmers in Whatcom County had little power or voice:

- *There is going to be a lot of money and power that's going to over-ride any goodwill of people or organizations that want to help protect farmland and look at the long term affects of what developing in rural lands will do.*
- *When farmers are only less than 2% of the population we don't have much of a leg to stand on. And when we're busy farming it's hard to fight. The ag industry has to be supported by those outside of it and they've got to realize what goes into producing food and clothing.*
- *I appreciate farmer's concerns about people from the outside trying to save us, but we need more power or voice.*
- *The County listens to who they think the leaders are. A lot of times that's the developers and others with financial interests in property. The County should seek a broader opinion.*

VALUES/FINANCIAL BENEFITS BALANCE

I had no desire to build out. This was a good business move and it fit with the ideals that I had for my farm.

As the above quote indicates respondents pointed out that the decision to participate in the PDR program involved balancing financial and “philosophical” benefits:

- *I could do this [the PDR program] and invest in my business or I could sell off to a developer and watch them have their way with it. I knew that I didn't want my area developed.*
- *I am a 3rd generation farmer, I hope one of my kids will be the 4th. This is not just my family's land we are in care of this resource for the future. This is beyond economics, I want to see this resource protected for the long, long term.*
- *What we wanted to do with that land was to keep it in ag. We put it together to keep it in ag.*

All respondents indicated that if money were their only motivation then they likely would not have participated in the program:

- *There is a philosophical or value side of it which is sort of where I was coming from. I wanted fair value, of course, but obviously if I didn't want to do it I would not have done it. If I wanted to divide it up then I would have done that.*

The money wasn't that great. It was a balance between the economic benefit and the philosophical benefit.

- *I was surprised when the values came back lower but in the end: Do I want to see this land developed? The answer is no.*
- *This is a way to protect it and get some cash but money was not my only motivation.*

At the same time, as shown above, respondents felt the decision to participate was a very individual one and that the balance point between economics and a strong desire to not see their property developed would be different for each person.

WHAT RESPONDENTS DID WITH THE MONEY THEY RECEIVED

- *We'd been borrowing money since we got married over 40 years ago and all of a sudden everything was debt free.*
- *I invested it back into the farm.*
- *We used it [money from DVRs] to service debt and pay expenses. We had expanded the farm and bought a lot of land and had a lot of expenses.*

Three respondents indicated that they put the money they received for the DVRs back into their farm either by paying down farm business debts or buying equipment or paying business taxes. One respondent used the money to pay off debts and invest for retirement. Another respondent sold their property once the PDR process was complete and the money was split as part of an inheritance. Other uses included savings/other investments and an investment in an unrelated business.

WILLINGNESS TO PARTICIPATE IN OUTREACH ACTIVITIES

All seven respondents indicated that they would be willing to be involved in outreach activities of some kind at various levels. All said they would be willing to talk to friends and neighbors (many already had). Six respondents said they would be willing to speak at community meetings in targeted areas about their experience with the PDR Program. Nearly all 6 said that it would be acceptable to have those meetings video taped. The sentiment expressed by this respondent sums up what the other 5 respondents felt they could speak to at a community meeting, "I can only give my own point of view, each one will be different."

Four respondents indicated that they would be willing to be quoted and photographed for brochures and target mailings. Two of the most supportive respondents said that they would consider serving on the PDR Oversight Committee depending on the required time commitments.

INFORMATION SOURCES

Respondents listed a variety of sources for where they get their information on local agricultural issues (sources in bold indicate they were mentioned by more than two respondents):

- Bertrand Creek Board
- **Radio, internet, and newspapers**

- **Whatcom Land Trust Newsletter**
- Whatcom Farm Friends
- **Whatcom Conservation District/NRCS office**
- **Farm Bureau**
- **Friends and neighbors**
- WSU Extension office

One respondent did not have an info source: "I don't really keep up on that stuff."

DISCUSSION

Although it is difficult to make specific suggestions for major changes to the PDR program from a small sample size of 7 it is clear that some general suggestions for improvement can be made. The overall impression from these interviews indicates that in order to develop a consistent application flow (with a waiting list) there is a need for a stronger outreach and education effort that tells the positive stories of past participants, in their words wherever possible, and stresses the flexibility and universal applicability of the PDR program.

Respondents clearly identified the staff of the PDR program as one of its greatest assets. Respondents seemed to feel that even though the process was at times onerous they had good guidance and advocates and received a relatively acceptable price for their DVRs. This is a good sign as at times rural landowners see the county government as an obstacle to their plans and desires for their property.

Part of the profile of the respondents in this study is that they accepted that the PDR program is a multi-layered government process that requires a certain amount of understanding of time lines, paper work and the general arduous nature of government process. In addition, respondents indicated that in the end they found the process to be smooth and the outcomes acceptable. This profile combined with seeing the staff as advocates through the process could be used to develop a positive message that although it can not be denied that this has potential to be an intense bureaucratic process the staff are there to help shepherd applicants through it successfully and advocate for their specific concerns.

Respondents recognized that there is an inherent conflict between farmers' need to access the potential income that is tied up in their land and the desire to keep that land available for future farmers. This is known commonly as the conundrum of being land rich and cash poor. In fact, it is the basis of this conundrum that drew respondents to the program. They saw it as a way to balance that need for financial security with the desire to protect their land from development. Although taking the leap to sell their DVRs was not without compromise or perceived risk. In many cases respondents felt that a time might come when they could receive more for their DVRs but waiting, for them, did not outweigh the desire to move forward with the PDR transaction process.

Respondents also expressed a broader concern for loss of farmland throughout the county. They communicated an inescapable prophecy that Whatcom County is likely on the path to becoming highly developed with commercial and residential structures similar to the Puyallup valley. Many associated and familiar with the PDR program in Whatcom County admit that the PDR program is just one tool in an overall effort to protect local farming and farmland.

Therefore, while the PDR program may not be a silver bullet for farmland protection it appears, with proper messaging, it could be used to address the so-called, farmer conundrum of being land rich and cash poor. This researcher believes that addressing and solving that conflict, among farmers and farmland owners could go a

long way in garnering the sort of political support needed to make more sweeping changes to protect farmland county-wide.

Respondents also perceived that the farming community in Whatcom County had a need for a stronger voice and more power. This may be connected to the lack of clear communication about or creation of a clear county-wide outline on how farmland and farm livelihoods can both be protected. This could also be connected to the independent nature of farmers and their reluctance to engage, as one respondent puts it, “people from the outside trying to save us.” Stressing the voluntary nature of the PDR program combined with clear messaging (see suggestions below) about the program’s benefits and flexibility could help address some of this tension.

SUGGESTIONS FOR DEVELOPING MESSAGING

These suggestions for message developing come from this research and from past conversations with potential applicants as well as PDR staff and members of the Oversight Committee:

- Focus on the benefits and flexibility of the program, including flexibility with the restrictions and conditions in the conservation easement. Be honest about the potential onerousness of the process but focus on how PDR administrative staff are easy to work with and very helpful through the process.
- Speak to the long-term farmland preservation benefits in addition to the financial incentives but stress that the program provides an outlet to achieve farmland protection while appropriately compensating landowners for their DVRs.
- Focus on the individual landowners' ability to be involved through out the process and inform the appraisal, the conservation easement set-up and other areas where they have influence.
- Use the stories, whenever possible in their own words, of how participants used the money they received from selling their DVRs to invest back into their farms. This may help address some of the concerns of potential applicants who are more weighted toward the economic benefit side of the balance.
- Tell more stories and use those participants who are willing to tell their own stories to get out the word.
- Explore using some of the information sources listed by respondents to promote the PDR program and it's stories of success. Relationships with those sources may need cultivation in order for them to get out the word and help with applicant recruitment. These sources could be invited to community meetings to speak or sit in and observe.

SUGGESTED NEXT STEPS

Respondents stressed the need for additional, and consistent, funding for the PDR program. Some of the below suggestions have been made previously by the PPDR Oversight Committee. The means to these ends include some familiar strategies but have had few resources, to-date, to make them happen.

- Continue to try to contact the last 4 past participants to get their experiences and add that data to the responses described in this report.
- Perhaps contact applicants who did not complete transactions or those who were denied to get a sense of what their experience with the program was.
- Update and develop outreach materials using some of the messaging suggestions above. Develop a brochure with quotes and stories from respondents.
- Encourage and whenever possible assist and support past PDR participants to talk to their friends and neighbors about how the program worked for them.
- Continue to identify and directly contact potential applicants in targeted areas and encourage them to apply and talk to past participants about their experiences with the program.
- Conduct community meetings and discussion panels with past participants to help rural farmland owners understand the program, be able to ask questions, vent concerns and potentially build trust and confidence in the PDR program.
- Launch a concerted media outreach effort to highlight successfully completed transactions.
- Reach out to Estate Planners and others who work with farmers and farmland owners on land and business succession planning. These folks have direct contact with potential applicants and will be able to convey the various long-term financial benefits of participating in the PDR Program.
- Continue steps already under way to address potential inefficiencies and discrepancies in the appraisal process and in the overall timeline of the transaction process.
- Explore ways in which to more robustly fund the PDR program in order to create a program that appears solid and available and ready to provide clear economic incentives to those considering selling the DVRs. It may even be possible that farmers and farmland owners may consider further restrictions (resale restrictions or the sale of Options to Purchase at Agricultural Value) on their property if the upfront financial benefits are greater. These restrictions would not only protect the land from development but take concrete steps to ensure the land stays in farming.

APPENDIX A

PDR Participant Interview Questions

Hello. I'm Ann Russell with Kulshan Community Land Trust. We have a small grant with Whatcom County and are working with the PDR Oversight Committee to look into enrollment for the Agriculture Purchase of Development Program – known as PDR.

I am hoping to get a sense of people's experiences with the PDR program.

While we do have a contract with Whatcom County I want the feedback I give them to be as honest and useful as possible. If you would like your comments to be anonymous please let me know.

1. How did you find out about PDR? (Potential prompters: who was your initial point of contact, were there folks who tried to steer you away from the program?)
2. Tell me about your experience with the application process. (Potential prompters: when did you decide to apply, what made you decide, how did you find the length of the process, were there any hurdles and how were they overcome, what was the most difficult part of the process, was there anything that surprised you?)
3. How would you describe your experiences working with County planning staff that work in the PDR program?
4. What did you do with the money you received from the sale of your DVRs, if you don't mind me asking?
5. What suggestions do you have for the county leadership that would help them improve the process? (could be planning dept related, council-related, or executive-related, depending on scope of suggestions)
6. What other roles do you think the county could play in support of a strong ag industry with the critical mass of land needed for farming? (might need prompting here)
7. How has your experience been since the completion of your transaction? (Potential prompters: Have you had to contact the County staff with questions if so how did that go, how about dealing with WLT concerning the conservation easement, did you feel you were left with resources to turn to if you had questions or concerns, were you given an opportunity to voice concern?)

APPENDIX A - continued

- a. This is also a good place to get more information from folks who were involved in transactions where properties have changed hands. How did they find the transaction, what role, if any, the conservation easement play in the change-of-hands?
 - b. Another good follow-up here would be to ask them if they have had any trouble getting loans or accessing capital.
8. Would you/have you recommended to your friends or neighbors who own land that they participate in this program? Why/why not?
9. Who or what sources, do you turn to for information on issues and updates concerning agriculture and farmland related issues in Whatcom County?
10. Would you be interested in assisting Whatcom County with outreach for the PDR program? Such as:
 - a. Telling neighbors and friends about the program and/or helping recruit new applicants
 - b. Being photographed and/or quoted in outreach materials and media pieces
 - c. Being involved in community meetings and speaking in front of people about your experiences
 - d. Helping organize and bring people to meetings and events
 - e. Being involved in an audio and/or video project