



Chatham County, North Carolina Farmland Preservation Plan

Executive Summary

*~Prepared for the~
Chatham County Commissioners*

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EXECUTIVE SUMMARY

INTRODUCTION

The purpose of this project is to analyze and to understand the foundations of Chatham County's agricultural economy and to create a Farmland Preservation Plan that will address a suite of issues facing farmers and citizens in the County today as well as set the stage for agricultural growth in the future.

The project output encourages long-term policy formation in support of agriculture while providing a specific short-term framework to guide local programs regarding specific agricultural economic development and land use initiatives. Because the Farmland Preservation Plan addresses so many divergent issues ranging from land planning to industrial development, the Plan is broken into two separate, but inter-related sections. These sections are:

1. The Chatham County Agricultural Land Use Plan
2. The Chatham County Agricultural Economic Development Plan

Each component of the Plan is intended to support agriculture as a continuing and economically productive land use. The result of the process is a series of findings relative to agricultural business and land use conditions. Additionally, the study team makes 15 recommendations for action to improve these conditions to advance both the agricultural industry and local communities.

This study uses a broad definition of agriculture to include all aspects of the cultivation and production of plant material and animal products as well as the marketing, processing and distribution of these products, and other secondary on-farm activities (e.g., agricultural tourism, forestry, and aquaculture).

CURRENT CONDITIONS

Chatham County has a large and vibrant agricultural economy ranging from greenhouse and nursery production in eastern Chatham to beef and poultry production in western Chatham. These and other sectors of Chatham's agricultural industry are anchored by a core of family farmers. Forty-five percent of these farms derive their primary income from farming with nearly one-third of farm operators being women. All of these elements belie a strong agricultural community characterized by growth and diversity.

In 2007, approximately 23 percent (104,171 acres) of Chatham County's 452,480 acres were estimated to be in farm ownership or farm use, making agriculture one of the largest land uses in the County. Land in farms in Chatham County includes 32,772 acres of cropland (32%); 32,428 acres of pastureland (31%), and 31,553 acres of woodland (30%). In 2007, only 220 out of 1,089 farms were on rented farmland, indicating that farm operators in the County control much of the land on which they operate.

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Farmland in the County is geographically dispersed and characterized generally by poor soils and steep slopes interspersed with small pockets of Prime and Productive Soils and Soils of Statewide Importance. Generally speaking, much of the farmed acreage is found west of the Town of Pittsboro divided by the US 64 corridor. There are differences between the northern and southern agricultural regions, with the northern area bordering Alamance County supporting a broader range of crop production. The southern region is known to have poorer soils and more challenging topography, leading to its use as a livestock production area and for production of forage and hay.

The foundation of Chatham County's agricultural economy continues to be its livestock sector. Livestock production made up 96 percent of the market value of agricultural products sold in 2007, up one percent from 2002. Cattle farming is the most prominent agricultural activity, with 571 operations in the county in 2007. Poultry farming accounts for the largest share of market value, with sales of \$145 million in 2007.

Small scale and alternative agriculture are also key strengths in Chatham County and represent a significant growth opportunity for both agri-business attraction and agri-business retention. Strong programmatic support provided by Chatham County Cooperative Extension and the Central Carolina Community College is an important element driving this success.

Chatham County's agricultural sector has evidenced weaknesses in several key areas. Among them is the volatility of commodity prices in recent years, particularly in the poultry sector. Recent volatility is responsible for drastic swings in farm cash receipts. For example, total cash receipts dropped 16 percent between 2001 and 2002 but increased 20 percent between 2003 and 2004. The large scale of poultry production in the county and in the state will generally keep output levels intact, but the volatility is expected to affect smaller scale operations and will also have an impact on market entry.

Underlying poultry's significance, if the industry is negatively impacted long term, the influence on all of Chatham County's agricultural sectors would be significant. This is due to three factors. First is the large share of agricultural income represented by poultry (85 percent). Second is the fact that many farms are diversified and rely on poultry to support other production enterprises such as grain and cattle. Third, poultry supplies low cost nutrients to many other agricultural sectors, keeping input costs low for many agricultural enterprises.

Beyond, Chatham County has a vibrant core of economic activity to its north and east, including Chapel Hill, Durham, Raleigh, and Cary. In recent years, there have been economic and demographic shifts that would help preserve the market activity in the County and insulate it from general economic slowdown. The most current unemployment rate is at 3.8 percent, as compared to 5.9 percent for the State.

Because of favorable economic conditions and its rural character, Chatham County's population is expected to continue on a growth path of nearly 25 percent per decade, adding another 78,124 residents between 2009 and 2019. This makes Chatham one of the fastest growing counties in the State, as well as in the 40-mile market area around Chatham.

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High growth is expected to continue over the next ten to twenty years, particularly given the recently announced plans for a large scale development in the Town of Pittsboro. Competitive housing costs and its proximity to the Raleigh-Durham Metropolitan Area, creates demand from a wide range of new residents ranging from first-time home buyers to immigrant groups, retirees, and high income technical and professional employees. These groups tend to own their own homes, mostly single-family, and have much of their equity invested in their residences.

With nearly 248,000 acres of forest land¹ and 34 forest product businesses, Chatham County's forest products industry plays a significant role in the local economy, from the timber harvest and management sector through primary and secondary manufacturing. Despite losses in total forested acres, the resource has exhibited yearly growth in timber inventory and biomass, indicating that timber harvests and forest land loss are removing less biomass than is being naturally replaced.

There are many other factors that influence the direction of agriculture in Chatham County which are summarized in both the land use and economic development elements of the Farmland Preservation Plan. Many of these factors are incorporated within the SWOT Matrix (Strengths, Weaknesses, Opportunities, and Threats). SWOT is a very simple technique that supports strategic decision making by identifying the key trends and leveraging events facing Chatham County agriculture today.

SWOT MATRIX			
STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • strong production sectors • strong private sector/entrepreneurial interests • proximity to consumer markets • strong government interest and support • good soils and climate resources • large timberland holdings 	<ul style="list-style-type: none"> • aging farm population • high land values • parcel fragmentation • high risk for nuisance suits 	<ul style="list-style-type: none"> • growth in “local” food consumption • increased institutional “local” food purchasing • rise of niche markets • development of regional biofuels markets • expansion of use in forest biomass for energy 	<ul style="list-style-type: none"> • volatile commodity prices • supply chain consolidation • globalization • input costs • labor availability • poor economic conditions • offshore forest plantations • Water access

The matrix provides highlights of the opportunities and challenges facing Chatham County. Managing the balance between community growth and the economic viability of agriculture will be one of the greatest challenges facing the County as it seeks to implement this Plan.

¹ United States Department of Agriculture, U.S. Forest Service, 2006 Forest Inventory Assessment.

MOVING FORWARD WITH THE PLAN

Agriculture in Chatham County, North Carolina is undergoing significant structural change as its economy changes from a rural, resource and manufacturing based economy to a more suburban, service driven economy. The challenge faced by Chatham County is to successfully manage this transition for the benefit of the agricultural industry, individual farms, and the community at large. Because of this complexity, the Plan's recommendations are divided into two distinct topic areas, land use and economic development. These sections are defined below.

Agricultural Land Use Recommendations

The Land Use recommendations are offered to improve the integration among agriculture, forestry, and suburban land uses in Chatham County. Given the rapid rate of residential growth in Chatham, these traditionally land-dependent industry sectors suffer from neighbor conflict, land fragmentation, transportation limitations, and impairments to traditional production practices. Many of these limitations are driven by the incompatibility of mixing residential and industrial uses. Because rural zoning typically treats agriculture, forestry, and residential uses as complementary, the conflict has been built into land use regulations. That assumption is generally not accurate since both agriculture and forestry are industrial uses.

Beyond issues of inter-sector conflict, Chatham County's proximity to the Research Triangle, and its robust housing market, have made open land more valuable, often putting its cost beyond its profit-making ability to support commodity agricultural uses. Land use policies such as zoning, infrastructure development, and subdivision regulations can also detract from agricultural and forestry value while enhancing residential and commercial values. The consequences of such policies are currently being debated as part of the proposed major highway corridor overlay zone. Regional, State, and federal policies also impact agricultural use and value. Locally, such programs include Jordan Lake Watershed controls and the implementation of the Ecosystem Enhancement Program (EEP) mitigation requirements,² which will compete for agricultural land.

The twelve recommendations in this document fall within three broad categories or focus areas. The focus areas are largely independent, but have some level of interactivity. The focus areas are briefly described below.

1. ***Working Lands Protection*** – These recommendations target improvements in, or development of, policies and programs with the sole purpose of protecting the land base that supports the industries of agriculture and forestry. The general purpose of these recommendations is to respect the commercial needs of these industries, while providing reasonable protections for all citizens and industry constituents.
2. ***Future County Policy and Planning*** – This focus area distinguishes itself from Working Lands Protection by focusing on meeting the needs of modern agricultural and forestry practices and ensuring that future planning and policy support such needs, as necessary.

² More information on EEP requirements can be found at <http://www.nceep.net/pages/mitigate.htm>.

Therefore, it examines a wider array of policies than just land use and includes taxation, health, transportation, and labor. The inclusion of these additional policies is intended to bring local conditions in line with regional competitors.

3. ***State and Federal Advocacy*** – This category’s recommendations are influenced more heavily by people and groups outside of Chatham County, its local municipalities, agencies, and other entities. Effecting changes within this Focus Area will require advocacy and education.

Agricultural Economic Development Recommendations

Agriculture in Chatham County, North Carolina is undergoing significant structural change as the County’s economy changes from a rural, resource-based economy to a suburban, service-driven economy. All of this is occurring at a time when Chatham County is undergoing historically high population growth. The agricultural economy faces both opportunity and challenge and must actively plan for its economic future during this transitional period.

The challenge faced by Chatham County is to successfully manage this transition for the benefit of the agricultural industry, individual farms, and the community at large. In order to support agricultural industry cluster development that fits the current state of the industry, the County should consider a combination of structural economic development programs, such as business retention, expansion, and attraction programming related to primary production sectors; recruitment or internal development of secondary market opportunities; broad based work force development; and infrastructure planning, as well as business development programming that specifically addresses the needs of individual agricultural enterprises.

The eleven recommendations incorporated in this document fall within three broad categories or focus areas. The focus areas are largely independent with some level of interactivity. The focus areas are briefly described below.

1. ***Agribusiness Attraction, Retention, and Expansion*** – This focus area concentrates on pre-staging assets to re-establish the County as the center of agricultural processing activity. Given the County’s large livestock sector, the focus of these efforts is in the area of improving livestock marketing and processing capacity. A clear focus in new market development is on providing a processing environment geared toward the highest levels of food safety and security with a ready and skilled workforce.
2. ***Agricultural Market Expansion*** – Within this focus area, recommendations target improvements in access to local and regional markets at both the wholesale and retail levels. Market development activities look to expand the capability of individual farms to improve market position and access higher value supply chains. The business development support elements of this focus area include counseling, concept development, land access, and financing support with the intent to support growth and transition in the agricultural economy. Beyond individual farm businesses, additional programming is recommended to enhance the agribusiness policy climate and encourage infrastructure development to support industry sector growth.

3. ***Public Policy and Regulation*** – Activities in this focus area are dedicated to land use, environmental, health, human resource development, and transportation policy support needs that are intended to bring local conditions in line with regional competitors. By example, this may include modifying or extending nuisance suit protections to farmers who operate under good management practices or expanding the allowed distribution and value-added uses on a farm so that Chatham County producers can compete more effectively in the marketplace. Recommendations under this focus area also highlight the need to create a reliable source of skilled and unskilled labor which can meet the needs of modern agricultural practices for the range of industries already present in the County.

Successful implementation of these recommendations will involve a multidisciplinary effort supported by the public sector, private industry and agricultural operations as well as state and local agencies. The necessary partnerships will be driven by the specific implementation needs of each recommendation. Funding support for each respective recommendation must also be built independently on the merits of the recommendation and evidenced needs. Key elements of recommendations are presented on the following pages.

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Figure E-1 summarizes the recommendations and highlights required agency involvement and partnerships. Full recommendations can be found respectively in the Agricultural Land Use Plan and Agricultural Economic Development Plan.

Figure E-1: Agricultural and Farmland Preservation Plan Recommendations								
Recommendation	Number of Major Action Items	Implementation Partnerships						
		County Agencies			External Entities			
		VADB	Planning	Other¹	Federal	State	Municipal	Private²
<i>Agricultural Land Use Recommendations</i>								
Coordinate Farmland Protection Outreach, Education, and Policy Development	6	√		√		√		√
Strengthen the Chatham County Voluntary Agricultural District Program	5	√	√	√		√	√	√
Develop a Strategic Farmland Map	13	√	√	√				√
Build Support for a County Working Lands Protection Program	9	√	√	√	√	√	√	√
Formally Adopt the Agricultural and Farmland Preservation Plan as a County Policy Guidance Instrument	4	√		√			√	√
Update Subdivision Regulations and Zoning to Meet the Needs of Agriculture and the Community	7	√	√	√			√	√
Explore Means to Ensure that Agriculture Has Long-Term Access to Water Supplies	7	√	√	√	√	√	√	
Advocate for Farm- and Forestry-Friendly State Agricultural Policies	10	√		√		√		
Seek Innovative Means to Integrate Working Lands Protection into the Jordan Lake Rulemaking Process	6	√	√	√		√	√	√
Advocate for Integration of Regional Agricultural and Land Development Policies	5	√	√	√			√	√

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Figure E-1 (Continued): Agricultural and Farmland Preservation Plan Recommendations								
Recommendation	Number of Major Action Items	Implementation Partnerships						
		County Agencies			External Entities			
		VADB	Planning	Other ¹	Federal	State	Municipal	Private ²
<i>Agricultural Economic Development Recommendations</i>								
Develop a Forestry and Agribusiness Retention, Expansion, and Attraction Plan	9	√		√		√	√	√
Explore Feasibility of Dedicated Agribusiness Park	6	√		√	√		√	√
Enhance Integration of Forestry and Agribusiness in Business and Economic Development Programs	6	√		√		√	√	√
Develop an Integrated Marketing System that Expands Opportunity to Direct Market and Wholesale Level Trade	4	√		√	√	√		√
Create an Alternative Energy Development Program	5	√		√	√			√
Support Public-Private Development of an Agritourism, Retail, and Culinary Arts Center	6	√		√		√		√
Create an Outreach and Public Relations Program	6	√		√		√		√
Expand Education and Training Programs	4			√		√		√
Develop a Farmer Recruitment Program	7			√	√	√		√
Support Regional Agricultural Leadership Development	4			√				√
Enhance Labor Force Conditions	3			√		√		√

Notes:

1. *Other* includes Chatham County Commissioners, Cooperative Extension, the Soil and Water Conservation District, Public Works, and other County departments.
2. *Private* includes the Chamber of Commerce, Foundations, Farm Bureau, The Triangle Land Conservancy, private businesses, citizen groups, and other private/quasi-governmental entities.

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Figure E-2 prioritizes the Plan’s recommendations and provides a rough timeline for implementation based on the needs and concerns of the industry as expressed during the interview process. This is meant to be an estimate of priorities and a toolbox, not a firm sequence. It is expected that priorities will change as a consequence of unforeseen circumstances, economic conditions, funding opportunities and other factors.

Figure E-2: Agricultural and Farmland Preservation Plan Implementation				
Recommendation	Priority (1 is highest priority and 3 is lowest)	Implementation Timeline		
		Immediate	Medium Term	Long-Term
<i>Agricultural Land Use Recommendations</i>				
Coordinate Farmland Protection Outreach, Education, and Policy Development	1	√	Ongoing	
Strengthen the Chatham County Voluntary Agricultural District Program	1	√	√	
Develop a Strategic Farmland Map	2		√	
Build Support for a County Working Lands Protection Program	1	√	Ongoing	
Formally Adopt the Agricultural and Farmland Preservation Plan as a County Policy Guidance Instrument	1	√		
Update Subdivision Regulations to Meet the Needs of Agriculture and the Community	1	√	Ongoing	
Explore Means to Ensure that Agriculture Has Long-Term Access to Water Supplies	1	√	Ongoing	
Advocate for Farm- and Forestry-Friendly State Agricultural Policies	2			√
Seek Innovative Means to Integrate Working Lands Protection into the Jordan Lake Rulemaking Process	1	√	Ongoing	
Advocate for Integration of Regional Agricultural and Land Development Policies	1	√	Ongoing	
<i>Agricultural Economic Development Recommendations</i>				
Develop a Forestry and Agribusiness Retention, Expansion, and Attraction Plan	2		√	
Explore Feasibility of Dedicated Agribusiness Park	1	√		
Enhance Integration of Forestry and Agribusiness in Business and Economic Development Programs	2		√	√
Develop an Integrated Marketing System that Expands Opportunity to Direct Market and Wholesale Level Trade	3			√
Create an Alternative Energy Development Program	1	√	Ongoing	
Support Public-Private Development of an Agritourism, Retail, and Culinary Arts Center	2		√	
Create an Outreach and Public Relations Program	1	√	Ongoing	
Expand Education and Training Programs	1		√	
Develop a Farmer Recruitment Program	1	√	Ongoing	
Support Regional Agricultural Leadership Development	1	√	Ongoing	
Enhance Labor Force Conditions	3			√