

## Social and Economic Education for Development

### Commercial Activities in Agricultural Zones: Setting Parameters of Opportunity

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September, 2002

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#### Introduction

Farmers across Kentucky are being urged to diversify their enterprises. "End your dependence on tobacco," they are told. "Use your entrepreneurial talents to develop new enterprises that build on your resources," they are urged. Thousands of farmers have heeded these calls. They are growing new crops (e.g., shitake mushrooms), finding new ways to add value to their agricultural products (e.g., wineries to process their grapes), finding new ways to market their products (e.g., community-supported agriculture), and developing new enterprises that capitalize on unique characteristics of their farm enterprises (e.g., corn mazes) or their farm land (e.g., pay fishing lakes, hunting farms). But in communities with zoning ordinances that manage what happens in designated agricultural areas, some of these innovations challenge our conventional notions of what is an agricultural activity. Consider the following examples.

*Case A:* A farm family wants to open their rambling home for dinner three nights a week. The restaurant will feature the organic fruits, vegetables, and dairy products they raise on their farm. While waiting to be seated, guests can browse through a small gift shop which offers plants and painted gourds from the farm as well as other crafts from Kentucky artisans. Would this be a permitted activity in an agricultural district? Should it be?

*Case B:* A farm family has diversified into producing grapes and obtained a small winery license from the state. But breaking into the shelf space of liquor stores is not easy. The family decides to begin offering tours of their vineyard and winery. Visitors can then buy bottles of their wine and other wine related items (e.g., wine glasses, specialty corks, imported crackers and cheeses). This is successful and many people ask about wine tasting parties and other festive affairs. Willing to try anything that might increase the market demand for their wines, the family sponsors a wine and cheese party. It is a great success and the family decides to hold their next party under a tent in a field next to the winery and to have a band and hors d'oeuvres. Would this be a permitted activity in an agricultural district? Should it be?

*Case C:* A farm family adds 10 acres of Christmas trees to their corn, soybeans and cattle operation. The first harvest of Christmas trees is approaching. The oldest son has two draft horses that he has been showing and he suggests adding a horse-drawn wagon ride as an option for families. The wife and daughter point out that selling hot cocoa, coffee and cider with baked goods and sandwiches would give families something to do and could add profit to the season and several neighbors who do crafts ask if they can set up a little gift shop to sell their crafts. The family thinks this is a good idea and decide to add tree decorations to the little store. Would this be a permitted activity in an agricultural district? Should it be?

*Case D:* A family buys almost 200 wooded acres in an agricultural zone. The timber is not of high commercial grade and once it is harvested, the value is gone. The family knows that a lot of people in the community love to ride ATVs but there is no good place in the area. The family has decided to sell access rights to their 200 acres to off-road vehicle riders. Would this be a permitted activity in an agricultural district? Should it be?

*Case E:* A man inherits 350 acres of prime agricultural land near to a rapidly growing suburb. While he has no interest in farming, he does not want to see the family farm turned into another subdivision. He does some research and decides that a golf course would be a profitable “green” use of the land. He hires a firm to design a development plan that includes the golf course, a club house, and a pro shop. He goes before the local planning to request approval for his development plan. Although he does not have the money necessary to develop the property, he has some friends who have already expressed an interest in investing in the project. Would this be a permitted activity in an agricultural district? Should it be?

In each of these cases, the property owner has developed a commercial enterprise on their land. Sometimes the enterprise is associated with a farm commodity or makes use of particular characteristics of the land. In other cases, the enterprise is completely independent of any agricultural activity associated with the land or involves others who are not owners of the land.

How do we determine whether each of these would be or should be a permitted activity in an agricultural district? How have other communities addressed this issue? What is the purpose of an agricultural district - is it to encourage the viability of farm enterprises, to protect farm enterprises from noncompatible land uses or is it to preserve farm land and open space or, a combination of these? How do we balance sustaining the integrity of an agricultural district with providing profitable opportunities for agricultural land to be maintained? The answers to these questions provide a basis for Kentucky communities to address an issue that will become increasingly significant as our farm families diversify from dependence on tobacco.

### **Commercial Activities in Agricultural Districts in Other Places**

A recent USDA study (Heimlich and Anderson, 2001) notes that in metropolitan areas, many farmers adapt their enterprises to increase their returns to land more than what is possible from traditional farming activities. In these places, farmers become “rural entrepreneurs” whose adaptations capitalize on the market potential of nearby metro populations. The study points out that “expanding populations provide opportunities for farmers to grow new crops and to market them in new ways, such as through farmers’ markets...High value crops, such as fresh fruits and vegetables, can be sold through restaurants and gourmet grocery outlets or directly to consumers in roadside stands or U-pick operations...U-Pick farms may combine produce sales with value added products like dried herbs or flowers, jams and jellies, homemade breads or pastries, or other farm-related products. Recreational aspects of U-pick operations such as hayrides, picnics, farm-pond fishing, and special holiday features such as old-fashioned Halloween or Christmas activities, may also add value to urban customers’ purchases. Horse boarding, breeding, and training facilities, cattle-breeding operations or other speciality livestock operations may replace more extensive dairy farms and cow-calf operations” (Heimlich and Anderson, 2001:39). Nationally, these “adaptive” farms “accounted for 13-14 percent of metro farms and 9-12 percent of metro farm acreage operated, but they controlled more than proportional shares of metro farm sales, assets, and net cash farm income” (Heimlich and Anderson, 2001: 40-41). Heimlich and Anderson argue that as a result, these farms that creatively adapt to the opportunities and challenges of farming on the fringe have the greatest likelihood of survival in the face of continued urbanization.

The American Planning Association acknowledges this reality in their policy guidelines on agricultural land preservation. The APA argues that:

- T        Agricultural productivity must be allowed to be a viable economic activity,
- T        Farming is a business,
- T        The nature of agricultural production is changing and appropriate growth management techniques must recognize, and be proactive to these changes, and
- T        Agricultural land preservation must be distinguished from open space preservation and must be viewed as protecting commercially viable farms and productive agricultural land which *incidentally* provides open space amenities.

The APA then recommends “affirmative supports for the business of agriculture” and also supports “farm policies that maintain the economic viability of agriculture through value-added products or industries which use materials from agriculture, as a means of protecting agricultural land usage.” (American Planning Association, 1999).

Hence, both the USDA and the APA recognize that fundamental changes in the agricultural sector combined with urban/rural sprawl have altered forever the potential returns to land from traditional agricultural enterprises. As implied in both of these, you can't have farm land without the business of farming. The challenge for local communities is to determine what creative adaptations of farm enterprises "fit" their interests and concerns.

Fortunately, your community is not the first to struggle with these questions. It is possible to look to other places to see how they have dealt with these questions. A review of zoning ordinances in communities across the U.S. (Stanislaus, CA; Madison, WI; McCracken County, KY; Columbia County, NY; Emmet County, MI) indicates that commercial activities are permitted in agricultural districts given the following circumstances:

- < A percentage (generally ranging from 50-60%) of the item sold or processed at a commercial facility in an agricultural district is produced on the premises or on property in the same ownership;
- < Any "accessory" use (e.g., zoos, tours, concerts) or processing facility is secondary to the dominate agricultural production activity;
- < It is operated in conjunction with, or as part of, a bona fide agricultural production enterprise;
- < The enterprise or activity that is proposed will not be "substantially detrimental to or in conflict with" agricultural uses on neighboring properties;
- < The proposed enterprise or activity will not create a "concentration" of commercial and industrial uses in the area;
- < It is both necessary and desirable for the proposed enterprise or activity to be located in an agricultural district rather than an existing commercial or industrial district;
- < The size of the lot for the enterprise or activity meets the minimum requirements of local ordinances;
- < Concerns such as the interests of the surrounding community, environmental protection, or infrastructure requirements are satisfied; and,
- < The number of employees (both full and part-time) is at or below any legislatively mandated levels.

Sometimes, communities require that someone proposing a commercial enterprise or activity obtain a Special Use Permit (SUP) so as to assure thoughtful evaluation of local requirements. But this is not always so.

Given these basic requirements for commercial enterprises or activities in an agricultural district, what types of specific commercial enterprises or activities have been mentioned in these ordinances?

- < Stationary installations such as alfalfa and feed dehydrators; commercial viners; fuel alcohol stills designed to serve a localized area; nut hulling and drying; weighing, loading and grading station; wholesale nurseries and landscape contractors when conducted in conjunction with a wholesale nursery; agricultural backhoe services; sale of firewood; and similar agricultural facilities.
- < Farm labor camps and agricultural service airports.
- < Permanent housing for persons employed on a full-time basis in connection with the agricultural use of the property or other property owned or leased by the same owner.
- < Produce markets.
- < Agricultural processing plants and facilities, such as wineries, dehydrators, canneries, and similar agriculture-related industrial uses.
- < Public stables, including boarding and training, and kennels.
- < Bridle paths, riding academies, roping arenas and similar facilities for the training, exercising or exhibiting of horses, dogs, or other animals.
- < Recreational camps without housing for permanent residents and due or guest ranches.

- < Cemeteries.
- < Schools offering general academic instruction equivalent to the standards prescribed by the State Board of Education.
- < Churches.
- < The raising or keeping for commercial or noncommercial purposes of fur-bearing animals, zoo-type animals, exotic birds, fish or wildlife.
- < Off-road vehicle parks, motorcycles, bicycle, go-cart, and automobile race tracks; rifle ranges; trap and skeet ranges.
- < Public buildings, parks or other facilities operated by political subdivisions.
- < Facilities for public utilities and communication towers.
- < Sanitary landfills.
- < Circuses, carnivals, outdoor festivals, rallies, revivals, concerts, open-air churches, and similar uses provided that they do not last for more than seven days.
- < Day care centers when accessory to a school offering general academic instruction equivalent to the standards prescribed by the State Board of Education
- < Gun clubs and hunting clubs
- < Golf courses (excluding miniature golf), golf driving ranges and practice putting greens, athletic fields and facilities (when operated by a nonprofit organization or club) and related facilities (including, but not limited to, clubhouse, pro shop and food and drink facilities).
- < Commercial excavation of earth, minerals, building materials or removal of oil or gas, together with the necessary apparatus and appurtenances incidental thereto.

### **The Challenge**

What this review of ordinances related to permitted activities in agricultural areas provides is a statement of what is, but this does not answer the question of what ought to be permitted in your community. This is because the questions of the purpose of an agricultural district or, how to help farm families stay in farming or, how to preserve farm land can not be answered with facts. These are questions about what is important to us - our values - our definitions of who we are as a community - our identity - and our vision of what we want to be as a community.

These questions also challenge us to think about the common good, or what is in the public interest. As a community, have we decided that a core component of our identity is rooted in our agricultural heritage? As a community, have we decided that maintenance of family farms with active production is important to our local economy? As a community, have we decided that the tourism segment of our economy relies on the open landscape, scenic by-ways that visitors see as they come to our town? If the answer to any of these questions is yes, then local policies that encourage the viability of agricultural enterprises or the maintenance of open space reflect the public interest.

There are no easy answers to what commercial activities ought to be permitted in agricultural zones. Any decision will involve trade-offs among equally important values and valued ends. What is required is a careful weighing of the consequences of the alternatives so property owners are fairly treated, property rights are respected, and both public and private interests are maximized.

## References and Other Sources

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