

**Rural Non-Farm Development:
Its Impact on the Viability and Sustainability of Agricultural
and Rural Communities**

**Research Proposal by
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Table of Contents

Schedule 1.....	3
Executive Summary.....	4
Rationale / Objectives of Project.....	5
Anticipated Benefits to Agriculture and the Rural Community	5
Literature Review.....	6
Communications Plan	10
Experimental Procedures (Research Methods).....	11
Phase 1.....	11
Phase 2.....	12
References	14
Resume of Principal Researcher- Wayne Caldwell	16
Letters of support	21

Schedule 1

SPECIAL RESEARCH PROJECT PROPOSAL FORMAT

PROJECT TITLE: Rural Non-Farm Development: Its Impact on the Viability and Sustainability of Agricultural and Rural Communities

SPECIFIC PRIORITY ADDRESSES (NO.) 3.4

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Executive Summary

Ontario's agricultural industry is the most intensive and diversified in Canada. At the same time as agriculture has become increasingly intensified, however, there has been a significant increase in rural non-farm lots within the countryside. Unfortunately, however, an accurate count of new rural lots created since the early 1990's does not exist. This makes it difficult to predict or understand related implications for the continued growth and development of Ontario's agricultural industry. For example, between 1983 and 1992 more than 30,000 severance applications were reviewed by the Ministry of Agriculture, Food and Rural Affairs in Southwestern Ontario (Caldwell, 1995). Since that time, however, due to changing legislative requirements, municipalities no longer circulate severance proposals to OMAFRA and as a result there is no clear information on the numbers and distribution of new lots.

The absence of this information is critical from three perspectives.

1. We do not know how many rural non-farm lots were created in Ontario in the 1990's.
2. We need to review provincial policy from an agricultural perspective, but have no clear information concerning rural severance activity upon which we can base this review.
3. Finally, current issues concerning agricultural production (such as concern over intensive livestock facilities) are exacerbated by the amount of rural non-farm development that has occurred within agricultural areas.

Purpose: This research proposes to document non-farm activity in Ontario's agricultural areas. It will create a data base of the numbers of severances granted using existing municipal records. The research will focus on the 1990's (the province has not collected this information since 1992). The research will identify implications for agricultural production. OMAFRA will be consulted to ensure that the research is of provincial value and can be used as part of their GIS system.

This research has two key goals:

Goal 1 (Phase 1): The development of a data base identifying the numbers of rural non-farm lots created within rural Ontario.

Goal 2 (Phase 2): This information will be analyzed to identify impacts on continued agricultural production (including the viability and sustainability of agricultural and rural communities).

These goals will be achieved through the following objectives:

1. Document the numbers and purpose of lots created within rural and agricultural Ontario.
2. Identify the local land use policy that was in effect when these lots were created.
3. Determine the relationship between current provincial policy and the creation of rural non-farm lots.
4. Identify the impact these lots are having on the agricultural industry and review the impact on the viability and sustainability of agriculture in rural communities.

Rationale / Objectives of Project

The continued viability of agriculture in rural Ontario is at least partially dependent upon the ability of the farm operator to identify changing trends in agriculture and to respond accordingly. The ability of the farmer to respond, however, is increasingly affected by the presence of non-farm development. Municipalities, reflecting demands from their ratepayers, are considering the adoption of by-laws which impede the ability of farm operators to respond to changing economic circumstances. The intensification of the livestock industry has led to much debate. Harrowsmith Magazine, for example, in a recent article (February, 2000) advises *“anyone who lives the rural life...to ...Scream bloody murder if some agri-business proposes to build a 200 sow finishing barn within 10 miles of your place.”* As new lots are created in the countryside these issues will become increasingly acrimonious. Similar concerns exist in other areas over greenhouse and mushroom production and concerns are often raised over traditional cropping practices (dust, noise etc.).

Population growth and non-farm development has often occurred in the midst of some of our best farmland. While historically we judged the natural advantages of an area for agricultural production based on climate and soils we must now increasingly consider the impact of indiscriminate rural non-farm development as an impediment to agricultural production.

Anticipated Benefits to Agriculture and the Rural Community

The research will provide a number of benefits for the agricultural industry and rural communities.

1. It will document the numbers of non-farm lots created in rural Ontario during the 1990's.
2. It will identify the problems which agriculture will face where there has been an “open” severance policy.
3. It will identify those areas of the province where there has been a significant creation of non-farm lots.
4. It will provide information that will contribute to a provincial review of existing land use policy as it relates to agriculture.
5. It will allow municipalities to identify how they are doing relative to other areas within the province (allowing them to make appropriate adjustments to their own planning documents).
6. It will identify issues associated with rural non-farm development and the corresponding implications for rural communities.
7. Those municipalities that have successfully managed rural non-farm severance activity (and the policy that they use) will be identified for their “best practices.”

Literature Review

The long-term welfare of many rural communities is dependent upon the preservation of the agricultural land resource. Not only is the physical loss of farmland a threat to an active agricultural industry, but so too are the restrictions that tend to accompany the gradual introduction of non-farm uses in agricultural areas.

There are a variety of perspectives on the importance of protecting high quality farmland. Some argue that because of low commodity prices, agricultural surpluses, inexpensive food imports and the overall pessimism that exists in certain agricultural sectors that there is no point in preserving farmland. Conversely, others argue that the protection of farmland should be a national and local priority based on the need to protect both food production potential and the role of agriculture in the local and national economy.

Likewise there is a variety of public sector approaches to the protection of farmland. Within Canada and the United States these approaches tend to vary by province or state. A review of these approaches identifies, among others, the use of legislation, the purchase or transfer of development rights, tax incentives, comprehensive planning, ordinances and zoning as basic tools to preserve farmland (Pfeffer and Lapping (1995); Furuseth (1982); Daniels and Bowers (1997) Daniels (1986, 1991, 1999); and Peters (1990). There are, however, some basic differences between the approaches used in Canada compared to the United States. To a certain extent these differences reflect the absence of property rights within the Canadian constitution. Although legislation has been used in British Columbia and Quebec, the Canadian approach to agricultural land preservation can generally be described as policy and process based. In both Canada and the United States, however, it can be argued that ultimately the success of provincial or state initiatives will largely depend upon local acceptance of the initiative. Moreover, local jurisdictions may implement their own programs to protect the agricultural resource. In some instances these local approaches may exceed provincial or state requirements and in many instances the local municipality is the main advocate for the protection of farmland.

Ontario possesses the most intensive and diversified agriculture industry in Canada. It leads all provinces in total farm cash receipts with approximately 25% of the national total. Between 1981 and 1991 there was a 9.8% reduction in total farmland and a 16.8% reduction in the total number of Ontario farmers (Caldwell, 1995). Although many changes within the agricultural industry contributed to these statistics there can be no doubt that the rapid expansion of major urban centres and increasing rural non-farm development contributed significantly. The Ontario Ministry of Agriculture and Food (1992) for example, notes that 51,870 acres of rural land were converted from rural uses around Ontario's 26 major urban centres between 1981 and 1986¹.

¹ Although this information is somewhat dated – it reflects the relative absence of new research in this area during the 1990's.

This relatively rapid urbanization of southern Ontario represents the continuation of an ongoing trend that has contributed to significant losses of Ontario's farmland. A study by Krueger (1959) on the loss of tender fruit lands in the Niagara Peninsula was one of the first in Canada to focus attention on the issue of agricultural land loss. Continued research in the Niagara Peninsula and elsewhere gradually lead to provincial action in the early 1970's (Krueger, 1982). In 1973 the provincial government created the Food Land Development Branch, later renamed the Food Land Preservation Branch of the Ministry of Agriculture and Food. The provincial election that followed in 1975 further highlighted the significance of the loss of agricultural lands and contributed to the 1976 release of the *Strategy for Ontario Farmland*. At the same time the Ministry of Housing, in conjunction with the County of Huron, released a study entitled *Countryside Planning* that developed a planning methodology for use in rural areas. Also in 1976, the Ministries of Agriculture & Food, Environment, and Housing released the *Agricultural Code of Practice* that included formulae to assist with the calculation of separation distances between livestock barns, residences and other non-farm uses in the countryside. This document was a guideline intended to help minimize the risk of nuisance conflict between farm and non-farm uses. Each of the above documents contributed to the *Food Land Guidelines* released in 1978 as a policy statement of the Government of Ontario on planning for agriculture. Much of the thrust of the *Food Land Guidelines* is reflected in the current position of the Government of Ontario on planning for agriculture - the *Provincial Policy Statement* (1996).

The provincial approach to planning for agriculture reflects a concern related to the loss of farmland and a broader set of issues related to the impact of non-farm development in an agricultural community. The problems associated with non-farm development are summarized as follows:

- The Minimum Distance Separation Formula establishes separation distances between residences and livestock buildings. For every new residential lot created in the agricultural area there is a corresponding buffer limiting the establishment or expansion of livestock operations.
- Each additional residence established in the agricultural area changes the farm/non-farm composition of the community. Over time the non-farm population may become dominant with a corresponding impact on local politics and decision making.
- The development of non-farm lots may also reduce a farmer's options by fragmenting the land base. This may complicate the assembly of large contiguous farm holdings; add a speculative value to farmland and reduce the flexibility of the farmer to respond to changing economics and farming practices. Over time this may contribute to the under utilization of the productive capacity of the farm.
- Reductions in the number of farms and farmland through either urban expansion or scattered residential development (including the purchase of farms for non-farm or hobby purposes) has the potential to weaken the agricultural commercial service sector. As the demand for these services is reduced it is probable that certain services will be lost with a corresponding impact on remaining farms.

- The role of the rural service center is also affected by rural non-farm development. Towns, villages and hamlets have traditionally provided a range of commercial, social and residential services to agriculture. If development occurs in rural areas as opposed to small service centers there is a risk that the residential and social fabric of these centers will be weakened.

The “Provincial Policy Statement (1996), establishes the following major points:

- i) prime agricultural areas (class 1-3 soils) will be protected for agriculture and the use of these areas is restricted to agricultural uses (crops and livestock), secondary agricultural uses (such as home occupations) and agriculture-related uses (example grain drying facilities).
- ii) non-agricultural uses are not permitted within prime agricultural areas and are encouraged to locate within existing communities.
- iii) lot creation within prime agricultural areas is generally discouraged and will be permitted for primary agricultural uses, surplus residences, retiring farmers, existing agriculture related uses and residential infilling.
- iv) extraction of mineral aggregate is permitted on prime agricultural lands, including the potential for extraction below the water table.
- v) new development and new or expanding livestock facilities will comply with the minimum distance separation formulae.

The implementation of the *Provincial Policy Statement* reflects the relationship between municipalities and the province. This relationship, based on a legal and jurisdictional framework, establishes the basis for municipal planning.

Despite provincial policy the extent of rural non-farm development can vary considerably across the province. Table 1 (Caldwell, 1995) provides insight into the extent of severance activity in selected counties and regions between 1983 and 1992. Although this table is general (severance applications vs. approvals) it does provide insight into the extent and variability of severance activity in Southern Ontario.

Table 1: Severance Applications Received by the Ontario Ministry of Agriculture and Food by County and Regional Municipality (1983-1992)

County/Regional Municipality	Total number of applications 1983-1992	Total Number of applications per 1000 acres
Brant	943	4.2
Bruce	905	0.9
Dufferin	1303	3.5
Elgin	1415	3.0
Essex	2649	5.8
Grey	6903	6.2

Haldimand-Norfolk	3759	5.4
Huron	591	0.7
Kent	1112	1.8
Lambton	1297	1.9
Middlesex	1205	1.5
Niagara	2716	6.1
Oxford	840	1.7
Perth	621	1.1
Waterloo	1126	3.4
Wellington	3187	4.9

More specifically, a review of data from Grey County (1991), Huron County (1991) and the Norfolk area of Haldimand-Norfolk (1989) shows the impact of severance approvals (Caldwell, 1995). This information pertains to rural areas, excluding small hamlets and villages designated for urban development and reflects the late 1980's when severance activity was particularly high. On an annual basis, one new rural residential lot (including scattered estate residential and lots for retiring farmers) was created in Huron County per 82,400 acres, in Norfolk the figure was one new lot per 4,384 acres and in Grey County one new lot was created per 1,013 acres. While there are obvious geographic and economic differences between the three areas there are also some important similarities. All three have a significant agricultural industry, all three share a similar relative proximity to major urban centers and all three operated within the same legal limits established by provincial legislation.

In conclusion, the continued viability of agriculture in rural Ontario is at least partially dependent upon the ability of the farm operator to respond to changing trends. Agriculture, however is being forced to increasingly compete with other interest in the rural community. These other interests are at least partially driven by the changing demographics of the countryside. While historically we judged the natural advantages of an area for agricultural production based on climate and soils we must now increasingly consider the impact of urban development and indiscriminate rural non-farm development as an impediment to agricultural production.

Communications Plan

The purpose of the Communications Plan is to ensure that the research, including recommendations, and a final report is made available and communicated to all interested parties. In addition those who have an interest in the research should have an opportunity to discuss the results with the researchers. The formation of an advisory committee will help to see that the research is disseminated as it proceeds. The following key components of the Communication Plan are identified:

Annual Interim Reports – These will be submitted to the Ontario Ministry of Agriculture, Food and Rural Affairs and the advisory committee.

Final Report – The final report will be given to those who contributed to the project, OMAFRA, the Ministry of Municipal Affairs, planning departments and agricultural organizations. A copy will also be available at the University of Guelph School of Rural Planning and Development, and the University of Guelph library .

Article for the Popular Press - The intent of the research is to support agricultural communities through the identification of issues associated with non-farm development. Consequently, a summary of results will be circulated to appropriate magazines and journals. (A press release will be issued). These potentially include:

- Municipal World
- Ontario Planning Journal
- Ontario Farmer
- Summary for local newspapers
- Summary for Farm and Country Magazine

Published Results in Scientific Literature - It is also important to submit the report to appropriate scientific and academic journals. A relevant paper will be submitted to one of the following:

- Plan Canada
- Canadian Geographer
- Journal of Soil and Water Conservation
- Canadian Journal of Agriculture Economics

Additional Outreach - In addition to submitting the report to the press and journals, a workshop will be organized with invitations extended to staff of the Ministry of Agriculture, Food and Rural Affairs, municipal planners and politicians, farm organizations and others identified by the advisory committee. Abstracts will also prepared and submitted to one or more conferences offering to make a presentation (e.g. Ontario Planning Conference, the Rural Ontario Conference, Canadian Institute of Planners Conference, Commodity Group Annual Meetings).

An advisory committee will be established to evaluate, track and monitor the research as it proceeds. This committee will be invited to meet every three to four months for a briefing

of the research. Here, concerns and new directions will be discussed and worked into the research. The committee will include representatives from the Ministry of Agriculture, Food and Rural Affairs, a regional planning department, a county planning department, a local municipal planning department, a representative of a farm group, principle researcher and a graduate student.

Experimental Procedures (Research Methods)

The research will proceed in two phases over two years.

In *Phase I (year 1)* the development of the database identifying the total number of rural non-farm lots by County or Regional Municipality will be developed.

In *Phase II (year 2)* information will be analyzed to help identify the impacts of non-farm development on continued agricultural production. This analysis will be regionally specific – identifying areas where long-term agricultural production might be at particular risk. In addition corresponding impacts on the rural community (both positive and negative) will be identified. Alternative approaches and strategies that are employed across the province will be identified.

A research advisory committee will be established as outlined under the “Communications Plan.” This committee will review the research proposal and review the research findings and any difficulties that may occur while the research is being conducted.

Phase I consisting of the inventory of severance activity within rural municipalities (focusing on the years 1990-2000) will proceed using the following methods:

1. **Geographic Coverage of Research:** The research will focus on counties and regions where agriculture is a significant economic activity. These details will be finalized in consultation with the advisory committee following preliminary analysis of census data and an initial questionnaire to be mailed to counties and regions. It is expected that information will be collected for all of southern and eastern Ontario (a decision will be made in consultation with the advisory committee as to the merits of conducting the research in the rapidly urbanizing area immediately adjacent to Greater Toronto).

This information will be collected during the summer of 2000

- 2) **Initial Survey –Who has responsibility for granting severances (consents)?** Research initiatives in the past have often found it difficult to quantify the number of residential lots created in rural areas. From this perspective, the research benefits from the familiarity of the researcher with the approach used by municipalities. It will be necessary to conduct an initial survey of counties and regions to determine those which have retained the authority to grant consents versus those who have delegated the authority to lower tier municipalities.

This information will be collected during the summer of 2000

- 3) **Research at the County or Region: Interviews with Planning Staff and Review of Consent Records:** Where the authority to grant consents has been retained at the upper tier level it will be possible to consult with staff to determine the numbers and the specific uses for consents granted in rural areas across the province (some, such as Huron County, have a computerized data base, while others will require a manual search of annual records). (By-laws which delegate consent granting authority to the lower tier are not filed with the province and as a result until an initial survey is completed we do not know what portion of counties and regions have retained consent granting authority- although it is known that there is considerable variation across the province).

At the county and regional level, on-site visits will be used to determine the following:

1. Severances which have been granted in rural areas.
2. The purpose for which consents were granted: rural non-farm (residential, commercial etc.), rural-agribusiness, agricultural activity (e.g. farm splits) and other.

This information will be collected and a report prepared prior to Sept 2001

- 4) **Research at the Lower Tier (township): Contact Planning Staff and Gather Information on Consent Records:** Where authority has been delegated to a lower tier municipality, it may be necessary to gather data by questionnaires and phone interviews versus on-site visits. (For example, in Huron County the entire database over the last number of years has been recorded on computer and the gathering of this information will be relatively straight-forward. Conversely, in other areas the authority for granting consents may have been delegated to lower tier municipalities and instead of having one municipal office in which to gather information, there may be many). It is also recognized that amalgamations may complicate the retrieval of data in some jurisdictions.

At the Township level, on-site visits will be the preferred research tool (improving accuracy and coverage of data), however depending on the total number of lower tier municipalities that have been delegated consent granting authority, it may be necessary for reasons of logistics to gather the following information by questionnaire or telephone interview.

1. Severances which have been granted in rural areas.
2. The purpose for which consents were granted: rural non-farm (residential, commercial etc.), rural-agribusiness, agricultural activity (e.g. farm splits) and other.

This information will be collected and a report prepared prior to Sept 2001

Phase II (year 2) will begin the process of analyzing the data which has been collected over the first year. In particular, a focus will be placed on those municipalities that have

demonstrated a high number of severances or conversely a low number of severances. Specific inquiries will be made with key planning staff in each of these areas to determine the cause for the respective amount of severance activity. These results will be compared with development pressure indicators (birth rates, proximity to urban centres, etc.) and the specific policy which is in effect at the local level will be identified and documented. The local policy will be reviewed to determine its compliance with provincial policy. Where there may be an issue of non-compliance - what is contributing to a local position contrary to provincial policy.

Interviews will also be conducted of planners and key farm leaders to determine the perceived and real impacts associated with differing levels of rural non-farm development. This will allow for the identification of issues and trends and the implications for the continued growth of Ontario's agricultural industry.

The research will also focus on policy analysis and discussions with those directly involved with severance activity. It will draw on planning initiatives and will include an initial review of four phases as follows:

1. **Setting the context** - issues facing Ontario's agricultural industry and the corresponding connections with rural severance activity (based on literature review and interviews)
2. **Enhancing the viability and the sustainability of agriculture in rural communities:** Consistent with OMAFRA's special research project criteria, this project will focus on enhancing the viability and the sustainability of agriculture in rural communities by developing a better understanding of some of the current trends that are occurring with rural non-farm development and the corresponding implications for agriculture (based on literature review, interviews and a review of planning documents)
3. **Indicators of Successful Policy:** The research will look for indicators of successful policy and will attempt to establish bench-marks for municipalities in developing appropriate planning policy (based on Phase 1 results, Planning Documents and Interviews)
4. **Recommendations:** Building on this, the report will identify recommendations for the development and transfer of policy at the local level that is supportive of future prosperity of Ontario's agriculture and rural communities (based on Phase 1 results, Planning Documents, Interviews and discussions with advisory Committee))

This information will be collected and a report prepared prior to Sept 2002

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