## Agricultural Land

Agricultural land is primarily for the production of food, but can also include growing plants for fibre or fuels (including wood) and for other organically derived products (pharmaceuticals, etc). Not all agricultural land is capable of or suitable for producing all agricultural products, regardless of the level of management applied.

In BC agricultural capability ratings and limitations are assessed through a classification system known as the Land Capability Classification for Agriculture in BC. This classification system describes seven land capability classifications for agriculture (Classes 1 to 7) as defined by a set of limiting factors.

The main limiting factors in British Columbia are climate and topography. Variability between soil types is also a key limiting factor as properties and characteristics may limit which products can be grown.

Detailed Land Capability descriptions are outlined below.

## For More Information

This reference document and survey has been created by the BC Cattlemen's Association ALR AdHoc Committee with input from the Agricultural Land Commission and BC Assessment offices.

For more information, please review the extensive online resources available:

The Agricultural Land Commission
133-4940 Canada Way
Burnaby, BC V5G 4K6
Ph 604-660-7000
www.alc.gov.bc.ca

BC Assessment Head Office
1537 Hillside Avenue
Victoria, BC V8T 4Y2
Phone: (250) 595-6211
www.bcassessment.bc.ca

## Land Capability for Agriculture

CLASS 1 - NO OR ONLY VERY SLIGHT LIMITATIONS. Land is level or nearly level. Soils are deep, well to imperfectly drained under natural conditions, or have good artificial water table control, and hold moisture well. Managed and cropped without difficulty. Productivity is easily maintained for a wide range of field crops.

CLASS 2 - MINOR LIMITATIONS. Land in class 2 has limitations which constitute a continuous minor management problem or may cause lower crop yields compared to Class 1 land but which does not pose a threat of crop loss under good management. The soils in Class 2 are deep, hold moisture well and can be managed and cropped with little difficulty.

CLASS 3 - LIMITATIONS THAT REQUIRE MODERATELY INTENSIVE MANAGEMENT PRACTISES. The limitations are more severe than for Class 2 land and management practises are more difficult to apply and maintain. The limitations may restrict the choice of suitable crops or affect one or more of the following practises: timing and ease of tillage, planting and harvesting, and methods of soil conservation.

CLASS 4 - LIMITATIONS THAT REQUIRE SPECIAL MANAGEMENT PRACTISES. Land in Class 4 has limitations which make it suitable for only a few crops, or the yield for a wide range of crops is low, or the risk of crop failure is high, or soil conditions are such that special development and management practises are required. The limitations may seriously affect one or more of the following practises: timing and ease of tillage, planting and harvesting, and methods of soil conservation.

CLASS 5 - LIMITATIONS IN CAPABILITY TO PRODUCING PERENNIAL FORAGE CROPS. Land in Class 5 is generally limited to the production of perennial crops or other specially adapted crops. These lands can be cultivated and some may be used for cultivated field crops provided unusually intensive management is employed and/or the crop is particularly adapted to the conditions peculiar to these lands. Cultivated field crops may be grown where adverse climate is the main limitation, but crop failure can be expected under average conditions. *Note: that in areas which are climatically suitable for growing tree fruits and grapes the limitations of stoniness and/or topography on some Class 5 lands are not significant limitations to these crops.*

CLASS 6 - NONARABLE, PRODUCES NATIVE FORAGE. Land in Class 6 provides sustained natural grazing for domestic livestock and is not arable in its present condition. Land is placed in this class because of severe climate, or the terrain is unsuitable for cultivation or use of farm machinery, or the soils do not respond to intensive improvement practises. Some unimproved Class 6 lands can be improved by draining and/or diking.

CLASS 7 - NO CAPABILITY FOR ARABLE OR SUSTAINED NATURAL GRAZING. All classified areas not included in Classes 1 to 6 inclusive are placed in this class. Class 7 land may have limitations equivalent to Class 6 land but they do not provide natural sustained grazing by domestic livestock due to climate and resulting unsuitable natural vegetation. Also included are rockland, other nonsoil areas, and small waterbodies not shown on maps. Some unimproved Class 7 land can be improved by draining or diking.

*July 2008*
*Survey Enclosed*

# The Agricultural Land Reserve

*Reference document & Survey for BC Cattlemen's Association Members*

This reference material has been prepared by the BC Cattlemen's Association with input from the Agricultural Land Commission and BC Assessment. It is intended to provide BCCA members with additional information when completing the enclosed survey.

This survey is anonymous. Each member of the Association will be mailed a copy of the survey. Recognizing that viewpoints may differ in ranch operations that are managed by multiple generations, the BCCA has posted the survey online so that another member of the ranching family can submit their own responses. To maintain the integrity of the survey, these responses will be analyzed separate from BCCA members.

As a member of the BCCA, your feedback on the Agricultural Land Reserve is important and is meant to gather information to direct our organization's future action on this issue. All input will be considered but may not be addressed in the final report.

We thank you in advance for taking the time to complete this survey.

**Survey responses will be collected until Friday, August 30, 2008.**


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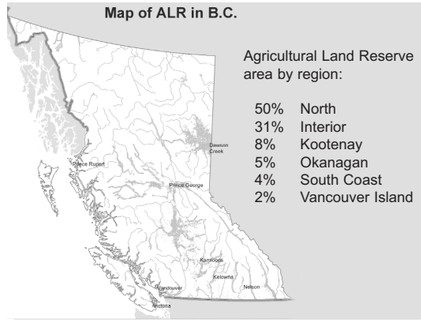
## History on the Reserve & Commission

In the early 1970's, approximately 12,000 acres of prime agricultural land was being lost annually to development. The land best suited for agriculture was being targeted for urban, suburban and industrial development.

The Provincial government responded to the serious loss of the agricultural land base by introducing BC's Land Commission Act on April 18, 1973. A Commission, appointed by the Provincial government, established a special land use zone (based on soil types and arability) to protect British Columbia's supply of agricultural land. This zone, known as the Agricultural Land Reserve (ALR), was established between 1974 and 1976 through cooperative efforts with regional districts and municipalities. Local input was provided through a public hearing process.

**Map of ALR in B.C.**




Agricultural Land Reserve area by region:

| | |
|---|---|
| 50% | North |
| 31% | Interior |
| 8% | Kootenay |
| 5% | Okanagan |
| 4% | South Coast |
| 2% | Vancouver Island |

## Size of the ALR

The Agricultural Land Reserve (ALR) initially comprised 4.7 million hectares - approximately 5% of the province. Over the decades, land has been both removed from and added to the ALR. Its size remains approximately the same today. However, the quality of the land added to the ALR has generally not been as high as the land excluded. The vast majority of inclusions have occurred in the northern part of the province, while most exclusions have occurred in the south of the province.

## The Agricultural Land Commission

The Agricultural Land Commission (ALC) is an independent Provincial agency responsible for administering the Province's land use zone in favour of agriculture, known as the Agricultural Land Reserve.

The Commission works with local government and First Nations to enable and accommodate farm use of agricultural land, including those uses that are compatible with agriculture, in their plans, bylaws and policies. Its mission is to preserve agricultural land and encourage and enable farm businesses throughout British Columbia. The ALC's vision is to have a provincial agricultural land reserve system that fosters economic, environmental and social sustainability. The Commission intends to achieve its mission through the realization of its goal and complementary objectives.

Goal: To preserve agricultural land and encourage farming.

Objectives:
1. To preserve the provincial agricultural land base through decision making.
2. Promoting, participating in and monitoring the use of local government plans and regulations to encourage and support agricultural uses of the ALR.
3. To ensure a high degree of compliance with the Agricultural Land Commission Act, regulation and orders of the ALC.

The work of the Commission is carried out through the six regional panels.

## Regional Panel Structure

The Agricultural Land Commission is made up of six regional panels that carry out the duties of the Commission and represent the Commission in different areas of BC.

Each regional panel consists of three members who are appointed from the region for which they are responsible. The panels have responsibilities for all decisions relating to applications and planning issues for their region. Panels report their regional activities to the Commission Executive Committee.

Commissioners are appointed by the provincial government Board Resourcing & Development Office (BRDO). Commissioners are chosen for their relevant backgrounds and expertise, to represent the regions in which they live. Commissioners are appointed for a term of two years and eligible for reappointment to serve up to six years. Board appointments are staggered to maintain continuity among the Regional Panels. Regional panel vacancies are advertised on the BRDO website.

## Appeals

Regional panels have responsibilities for all decisions relating to applications and planning issues for their region. Decisions of a panel are final and cannot be appealed to the Executive Committee.

## Homesite Severance

The Commission's homesite severance policy allows for the principal farm residence to be retained by the owner-occupant when the remainder of the farm is sold or disposed.

Homesite severance is available if the home has been the principal place of residence since Dec 21, 1972. Owners need to make application to the Commission for the homesite to be separated from the original farm. It is important to understand that while homesite severance is permitted, it is not automatically granted. The Commission shall make the final decisions about whether a particular "homesite severance" meets good land use criteria.

A prime concern of the Commission will always be to ensure that the "remainder" will constitute a suitable agricultural parcel. Landowners that have received approval to separate a parcel from the original farm may not have their "homesite severance" application approved because the Commission may consider the previous approval as having fulfilled the objectives of the Homesite Severance Policy.

Landowners may need to verify their intent to sell the remainder of the property upon the approval of the "homesite severance" application by providing an interim agreement for sale, a prospective buyer's written statement of intent to purchase, a real estate listing, or some other written evidence of pending real estate transaction.

It is important to the Commission that the "remainder" of the property after severance of the homesite be of a size and configuration that is suitable for future farming purposes.

## Taxation of ALR Lands

Land in the Farm Class is assessed the same way regardless of whether it is in the ALR or not.

When land qualifies as a farm for property tax purposes, the land is no longer assessed at its full market value. Instead, it is valued by prescribed rates per acre which are meant to reflect only the agricultural value of the land without consideration of other possible uses. The rate per acre amount is determined by a number of factors: what region it is within, what the productive potential of the land is (often based on the Canada Land Inventory soil classifications), what the actual production is and other distinguishing factors (i.e., cleared vs. bush, irrigated vs. dryland, etc.). Farm class lands as well as most vacant land in the ALR (even if not currently farmed) are 50% exempt from School & Other taxes.

Land associated with a farmer's dwelling also qualifies for Farm Land assessment, however, the residence is assessed in Residential Class. Outbuildings used to operate a farm are also assessed in Residential Class, are fully exempt from Rural General taxes, and exempt (up to $50,000 aggregate assessed value per parcel) from School & Other and Municipal General taxes.

Unused land in the ALR that is located on a partly farmed parcel can qualify for farm class if the owner certifies in writing that the unused land is held for agriculture. This provision is not available for unused land outside the ALR.

**Leased vs. Owned farm land**
There are very few distinctions between leased and owned farm land. Land qualifies for farm assessment in all the same ways whether it is owned by or leased to the farmer.

The Standards for the Classification of Land as a Farm Regulation require that in addition to an application for farm classification, the owner must file a copy of a written lease agreement with the farmer to qualify the leased land. Land smaller than 8,000 square meters (1.98 acres) that is leased to a farmer can only qualify for Farm Classification if it is within the ALR.

If someone lives on a property and leases a portion of it to someone who farms it, the owner's home and associated land will not qualify for the various tax advantages of farm classification outlined above.

**Secondary Benefits of Farm Class**
Other than taxation, there are several secondary benefits to having land assessed in farm class.

- The Farmer ID Program is the gateway program to Social Services Tax exemptions on certain farm supplies including 'marked' fuel. Providing proof of farm land assessment is part of the application process. A lessee farmer can apply by providing a written lease for land assessed as a farm.
- Similarly, farm assessment (on owned or leased land) is a requirement when applying for federal/provincial funding under the Environmental Farm Plan program. Both these programs are administered by the BC Ag Council (www.bcac.bc.ca)
- ICBC requires farm assessment (on owned or leased land) in order to qualify for farm vehicle licensing.

## Permitted Uses

The ALR is a provincial land use zone where agriculture is the use of priority including all forms of farming activity, primary agriculture and a farm residence. Other than farming uses, there are permitted uses and non-farm uses set out in regulation. Other land uses and subdivision are considered to be non-farm uses and require an application under the Agricultural Land Commission Act and approval of the Commission.

**Permitted Non-farm Uses:**
*These non-farm uses are authorized by the Commission but can be prohibited by local governments.*

- o Agri-tourism accommodation to a threshold
- o 1 secondary suite & 1 manufactured home
- o Home occupation
- o Bed & Breakfast
- o Temporary sawmill subject to conditions
- o Conservation & passive recreation & open land parks
- o Pet kennels and breeding facilities
- o Education & research (not schools)
- o Production & development of biological products used in integrated pest management
- o Aggregate extraction less than 500 m3
- o Production, storage and application of Class A compost

**Permitted Other Farm Uses:**
*These additional farm uses are authorized by the Commission and can be restricted but not prohibited by local government.*

- o Farm retail sales to a threshold
- o Winery & cidery subject to conditions/threshold
- o Storage, packing & processing of farm products
- o Temporary or seasonal agri-tourism activities
- o Timber production, harvesting and silviculture
- o Agroforestry
- o Equestrian facilities
- o Application of soil amendments
- o Production of compost with conditions

## Conservation Covenants

A conservation covenant, or easement, is a tool that allows the current landowner to permanently preserve natural and cultural (including agri-culture) features of the land, while still retaining ownership and use. A conservation covenant is a legal agreement made between a current landowner and a designated land trust organization. Landowners may be eligible to receive tax benefits as a result of placing a covenant on their land.

In British Columbia, Governments and Land Trusts have been granted the authority, granted by the Surveyor General, to hold covenants. A covenant is registered on title to the land, and it will remain in effect after the land is sold or transferred, binding future owners of the land to the terms of the covenant. Conservation covenants are voluntary and can only be applied to a particular piece land at the request /approval of the landowner. Covenants are different from the Agricultural Land Reserve (ALR) in that they are voluntary, and applied to specific properties that have particular qualities of interest while the ALR is a mandatory, province-wide land use zone.

The Land Title Act (section 215) sets out what kinds of provisions can be in a conservation covenant. Examples include: a requirement that the land is not to be subdivided, or that parcels of land registered under one or more titles are not to be sold or otherwise transferred separately. A covenant consists of promises by the landowner - the covenantor - to do or not to do certain things specified in the covenant. The fact that a covenant can include both positive obligations (to do something) and negative obligations (not to do something) is very important. In the past, common law rules made it difficult to enforce positive obligations in covenants.

Although currently not practiced in BC, affirmative agricultural covenants hold promise as a powerful and flexible tool to help ranchers keep their land intact and in production. A covenant can restrict subdivision and bind titles together, as well as provide for continued agricultural production on the land. A land trust may 'purchase' a covenant, the value determined by the difference between pre-covenant and post-covenant appraisals. This is referred to a 'purchase of development rights" in the US, where it is a very common method for long-term protection of ranches and ranching.

The Land Commission has the authority to review and approve conservation covenants that prohibit agricultural use of ALR lands.

## Four Pillars of the ALR

When the ALR was put in place, land was restricted to agricultural uses. To enhance agri-businesses a suite of four programs (listed below) were made available around the same time as the ALR was put in place. Slowly these programs have been eliminated. Even those producers who believe in the principle of the ALR are suggesting that changes are necessary to help support the landowners that manage their ALR lands.

The four programs described below were designed to complement to the Land Reserve and support farm businesses.

**The Farm Income Assurance Act** - provided assurance that the cost of production would always be met by any bonafide farm or ranch operator.

**The Agricultural Credit Act** - provided government guarantees for agricultural loans and provided Farm Mortgage interest rebates.

**The Farm Product Industry Act** - provided the development and promotion of, and the adding of value to agricultural products.

**The Agricultural Land Development Act** - encouraged the development of, and the improvement of farmland through incentives such as long term, low interest loans for land clearing, well drilling, drainage and other farm improvements.