Dirt: Region is crawling with developers and speculators

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family sold the surrounding 47 acres to a developer and retained about 300 farm acres.

In 2014, House Bill 4078, dubbed a land-use "grand bargain," expanded urban growth boundaries in Washington County, pulling Spiesschaert's property into Forst Grove's UGB. The developable label raised his land value about 20 times higher per acre: unaffordable for beginning farmers, and a disappointment to Spiesschaert since he had hoped to pass on the land.

Locals say the region is now crawling with developers and speculators.

Spiesschaert, whose farm is under intense development pressure, said he's searching for a way to preserve as much land as possible, such as through a conservation easement.

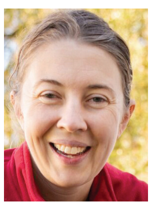
"Urban growth isn't bad. Change will happen," said Spiesschaert. "The question is: Where's the balance? Oregon has generally good laws that protect farmland, but at what point do we say: 'Stop. We have our carrying capacity of people in an area and shouldn't grab more farmland'?"

Conversion of farmland into housing developments isn't the only kind of investment.

Sierra Dawn McClain/Capital Press

A road in Forest Grove, Ore., that used to be part of the Spiesschaert farm.

Mike McCarthy



Nellie McAdams

Shaun Robertson

Addie Candib

Megan Horst

Barb Iverson

Lyle Spiesschaert

Investment 'comes of age'

According to Fairbairn, the UC researcher, farmland investment has slowly been building since the 1980s, but the sector really "came of age" in 2008.

According to USDA economists, between 2006 to 2008, crop prices were high, foreign demand for U.S. agricultural products was on the rise and food security was a growing concern, factors making farmland attractive.

Then the recession hit.

As stock prices plummeted and financial institutions teetered toward collapse, Fairbairn said, "farmland, along with other 'real assets,' took on a new luster in the eyes of investors."

The financial sector's appetite for farmland took off and hasn't slowed since. Land use experts say other factors, including concerns about climate change and dwindling water supplies, have intensified the land rush.

Tracking buyers

Uncovering who's investing isn't easy. That's because, according to Andrew Gunnoe, a professor of rural sociology at Maryville College, in the U.S., "no comprehensive database of land-ownership exists at the federal level."

USDA tracks purchases by foreign investors but not domestic buyers.

States, too, rarely track farmland ownership, so tax parcel data are scattered across counties.

Jim Johnson, land use and water planning coordinator at the Oregon Department of Agriculture, said capturing a true picture of investment would demand data from every county in the West. Experts say no one has undertaken that mammoth project in its entirety, but individual organizations and researchers have compiled pieces.

Megan Horst, a Portland State University professor who studies food systems, is a leader in this field. Stringing together data from Oregon's 36 counties, she recently analyzed farmland sales from 2010 to 2015 in an effort to uncover investment patterns.

"I think it's important for people to know who owns our land," she said.

Building on Horst's work, the Capital Press requested data from county assessors' offices on farmland sales from 2015 through 2021, focusing on three major regions: the Columbia Gorge, Central Oregon and the Willamette Valley.

Big picture

The datasets reveal that while the majority of farmland sales are still associated with family farming, more properties are being sold to investors and corporations.

Between 2010 and 2015, there were, on average, 1,656 sales of Oregon farmland each year.

Seventy-nine percent of these properties were sold to individuals or similar entities, accounting for 54% of the acreage.

In contrast, 12% of farms were bought by corporations, but they accounted for more than 40% of the acreage purchased. In other words, corporations bought larger properties.

Of the 1,853 corporate buyers, less than half had clear connections to agriculture and instead were involved with real estate and property development, investing, manufacturing, renewable energy and other industries.

Only 10% of the farms were purchased by out-of-state buyers, but they bought 26% of the total acreage.

Who is buying farmland is only half the story — some would say the less important half.

"Who owns the property is not really relevant," said Greg Holmes, food systems program director and southern Oregon advocate at 1,000 Friends of Oregon, a land use watchdog nonprofit. "What's relevant is: What are they going to do with it?"

Columbia Gorge

From 2010 to 2015, the Columbia Gorge region had the highest percentage of properties purchased by out-of-state buyers, at 14%, and one-quarter of all buyers were corporations.

The region has continued to be a popular investment location. From January 2015 to November 2021, in Hood River County, 413 farm properties representing 9,760 acres were sold.

The database, cross-referenced with business filings, reveals that top areas of investment were in tourism, real estate and high-value perennial crops.

"The biggest threat to farming in the Hood River area is mostly tourism-related," said Mike McCarthy, whose family grows pears in the area.

McCarthy is a board member of Thrive Hood River, a land use organization. He became interested in protecting farmland after, in the 1970s, a resort developer offered to convert his parents' land into a golf course.

According to an agricultural lender who spoke on condition of anonymity, there's also "huge institutional interest" in land near the Columbia River because of the valuable water rights.

In some pockets along the Gorge, growers have banded together to hold out against corporate investment pressure, leasing properties to one another or forming partnerships.

Central Oregon

From 2015 to 2021, the number of farmland transfers in Deschutes County was 568, representing 35,196 acres.

In Central Oregon as a whole, one-quarter of investors from 2010 to 2015 were corporations that bought a whopping 59% of the total acreage sold.

Horst, of PSU, said the big trend in Central Oregon has been conversion of farmland into developments, in part because the city of Bend is a fast-growing population center.

"Things are changing rapidly in Central Oregon," said Horst.

Experts say the population upswing has put pressure on land and water supplies.

"We're seeing inch-by-inch erosion of farmland," said Nellie McAdams, executive director of the Oregon Agricultural Trust.

Deschutes County data from 2015 to 2021 show a few major themes. Top buyers included real estate and land development companies, investment firms and companies, including water utilities, buying land for the water rights.

Farther east, in Grant County, investments have taken on a different flavor. Here, said Shaun Robertson, president of Grant County Farm Bureau, two big themes have emerged: wealthy individuals or families moving to the country for its amenities, and people or companies buying land for hunting purposes.

Willamette Valley

According to Horst, of PSU, the Willamette Valley remains popular for investments due to its high-quality soils, beautiful vistas, water rights and proximity to urban centers and transportation corridors.

Parcels across the valley tend to be smaller than those in other parts of the state.

In Washington County, near Portland, many farmland sales have been to amenity owners who want to live in the country.

In the mid-Willamette Valley, increasing numbers of investors are buying farmland and either leasing it to locals or managing it in a semi-absentee manner.

From 2015 to 2021, Polk County — in the heart of the Willamette Valley — had 616 farmland sales representing 34,776 acres. Major investors included family farms scaling up, investment firms, out-of-state grass seed companies buying cropland, real estate groups and California wine companies buying vineyards.

From January 2015 through October 2021, 2,726 farm properties were sold in adjacent Marion County, many to outside investors. According to USDA, Marion County is the largest agricultural-producing county in the state.

Barb Iverson, owner of Wooden Shoe Tulip Farm in Woodburn, said it's unfortunate there are now so many absentee landowners in her area with little local connection.

"It keeps the land in agriculture, but then again, it takes that local aspect out," she said.

McAdams, of the Oregon Agricultural Trust, agreed that absentee landownership can be problematic. She said an outside investor is less likely to buy from the local feed store or be an involved community member.

Searching for solutions

Experts say there isn't one easy solution to solving investment-related challenges.

Horst, of PSU, said a good place to start would be with better tracking of farmland sales.

"More transparent reporting would be good," she said.

McAdams, of the Oregon Agricultural Trust, said farmers who don't want to see their land turn into subdivisions or other types of developments can consider donating or selling it for working land easements — voluntary agreements between a land trust and landowner that removes development rights.

Addie Candib, Pacific Northwest director of the American Farmland Trust, said that although Oregon ranks among the top 12 states with the best farmland protection laws, the state could do better.

Holmes, of 1,000 Friends of Oregon, agreed.

In 1973, Oregon lawmakers passed Senate Bill 100 to protect "exclusive farm use" land. But over the past 48 years, Holmes said, legislators have incrementally refined the law to allow more than 60 uses on EFU land, ranging from destination resorts to renewable energy facilities.

"People are driving through bigger and bigger loopholes," said Holmes.

Experts say the industry also needs better generational land transfer tax laws.

Beyond policy, there are also personal solutions.

Rusty Inglis, president of Harney County Farm Bureau and longtime cattle rancher, paints a picture of what it means to preserve farmland for the next generation.

Inglis, 65, has no familial heirs, but he is determined to keep his land in farming. He could sell to developers or lease to neighbors, but his dream is to pass the land on to young farmers.

"With today's land prices, a young couple's never going to get into the ranching business," he said. "It's my intention to help them get something that's normally hard to get."

The past few years, Inglis has been working with a young family passionate about cattle ranching. The couple couldn't afford to buy Inglis' property or herd outright, so he is starting by leasing land to them and selling off a portion of his breeding stock annually. Working with an attorney, he has set up a tentative succession plan.

"I can't write into a will that the family will have to continue ranching. Maybe they'll sell to a developer someday, and when I'm dead, I might look down from the afterlife and say, 'You knuckleheads,'" he said, and laughed. "But I don't think I'll care at that point. The point is just that I tried to keep this land in farming, and to give them a chance to farm it."

The global land rush continues, with investors talking over white tablecloths under glittering chandeliers.

But for Inglis and the young family he's helping, the land rush stops here.

Economy: Food processing became bigger contributor to Idaho's economy in past five years

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University of Idaho agricultural economist Garth Taylor said Idaho has one of the country's largest ag economies.

Food processing became a bigger contributor to Idaho's economy in the past five years, he said.

Garth Taylor

Idaho promotes and supports agriculture, and its growing dairy industry is increasing the herd's productivity — a big contributor to increased farm Gross Domestic Product, Taylor said. The dairy herd also benefits from increased efficiency via economies of scale.

Direct payments from the U.S. government will be down this year after jumping in 2020 as part of the COVID-19 relief packages, he said.

In Idaho agriculture next year, Taylor expects a "drought hangover," various inflation impacts, and growth of exports and the state's dairy herd.

Loans: 'Recipients will not be made whole or profitable under this program'

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$125,000 under the bill.

The loan money cannot increase their total income beyond 90% of the three-year average of what they earned in 2017, 2018 and 2019. Due to volatility associated with the coronavirus outbreak, 2020 was excluded from the calculation.

Rep. Jami Cate, R-Lebanon, objected to the limits of $500,000 on adjusted gross income and $125,000 in loan amounts, arguing that larger farms are still family-owned "mom and pop businesses," she said.

When their expenses are in the millions of dollars, farmers must also have revenues in the millions, Cate said before the House floor vote. "Having bigger farms or higher-value crops just means you're playing with higher stakes."

The rules will be different for "historically disadvantaged" farmers identified by the Oregon Department of Agriculture, which will oversee the program.

Historically disadvantaged farmers will qualify for loans of up to $150,000 if they had an adjusted gross income less than $350,000 in 2021. The loans can't raise their total income beyond 95% of their three-year average revenue.

The loans will be disbursed by banks that are under contract with the ODA, which will rely on their experience lending to the farm industry.

"This is a new program unlike anything we've done before," said Jonathan Sandau, special assistant to ODA's director. "This will not be live next week, and it will take time to get right."

Farmers who ultimately receive financial help from USDA must repay enough of the loans to bring them below 90-95% of their average annual income.

"Recipients will not be made whole or profitable under this program," Sandau said during a hearing.

The overall $400 million legislative package focused on housing rental assistance, drought relief measures and Afghan refugee resettlement, among other issues.

The forgivable disaster loan program was the largest component of the $100 million allocated for drought relief.

Lawmakers dedicated more than $11.6 million to Oregon Watershed Enhancement Board grants aimed at drought resilience and irrigation modernization.

They also allocated $6 million to several drought-afflicted irrigation districts, $5 million for grasshopper and cricket suppression and $8 million for Klamath Basin drought assistance, among other programs.

The agriculture industry also stands to benefit from the $25 million approved for stopping illegal marijuana grows. If successful, it would reduce water theft and other rural problems.

Law enforcement agencies will receive $20 million in grants to fight unlawful production of marijuana, while $5 million will go to expand water rights enforcement.

"After simmering for a number of years, this crisis exploded across the Rogue Valley in 2021," said Sen. Jeff Golden, D-Ashland, during a hearing on the proposal.

"Absent strong action, what's happened in my district is a preview of coming attractions for much of rural Oregon," he said.

Brandon Ross, an organic farmer near Ashland, said a marijuana grower held a gun to his head this year while he investigated why his irrigation source dried up.

"They made it clear they'd be using the water that year," Ross said during the hearing. He planned to take a break from growing organic vegetables for at least a year due to the problem.

"I love farming but it's not safe or viable in Oregon anymore," he said.

There were more illegal marijuana grows than law enforcement officers in Jackson County could deal with this year, said Nate Sickler, the county's sheriff.