



**TOWN OF WARWICK**  
**Orange County**  
**New York**

**AGRICULTURAL**  
**BUSINESS RETENTION**  
**& EXPANSION PLAN**

*Prepared by:*

**Shepstone Management Company**  
**Planning & Research Consultants**  
**100 Fourth Street Honesdale, PA 18431**  
**(570) 251-9550 FAX 251-9551**  
[www.shepstone.net](http://www.shepstone.net)  
[smc@ezaccess.net](mailto:smc@ezaccess.net)

*October 6, 2003*

**Town of Warwick, Orange County, New York**  
**Agricultural Business Retention & Expansion Plan**

---

*Table of Contents*

	<u>Page</u>
1.0 The Value of Agriculture to Warwick	1
1.1 Farms Preserve Working Landscapes	1
1.2 Farms Are Important Businesses	2
2.0 Warwick Agricultural Industry Strengths, Weaknesses, Opportunities and Threats	4
2.1 Strengths of Warwick’s Agricultural Industry	4
2.2 Weaknesses of Warwick’s Agricultural Industry	5
2.3 Opportunities for Warwick’s Agricultural Industry	6
2.3 Threats to Warwick’s Agricultural Industry	7
3.0 Agricultural Business and Retention Objectives	8
3.1 Develop Region as a Terroir	8
3.2 Promote Further Diversification	9
3.3 Identify Sources of Capital and Labor	9
3.4 Increase Strategic Alliances	10
3.5 Increase Profits by Adding Value	10
4.0 Recommendations	13
4.1 Create Agricultural Advancement District	13
4.2 Create Comprehensive Ag Development Program	14
4.3 Develop Warwick Family Farms	16
4.4 Make Town Zoning Law More Farm-Friendly	18
APPENDICES:	
A - Proposed Agricultural Advancement District Regulations	A-1
B - Sources of Plan Implementation Funds	B-1

# Town of Warwick, Orange County, New York

## Agricultural Business Retention & Expansion Plan

---

### 1.0 The Value of Agriculture to Warwick

The Town of Warwick has a very diverse and vital agricultural industry that produces products ranging from milk to sod. It also has traditionally been one of the most important onion growing regions of North America. Its farms support silage and sweet corn production, vineyards and greenhouses and nurseries. The following are some of the industry's most important contributions toward the quality of life within the Town and Orange County:

#### 1.1 Farms Preserve the Working Landscapes and Open Spaces of the Town of Warwick

Agriculture accounted for 16,281 acres of Warwick land in a 1995 existing land use survey summarized in the *Town of Warwick Comprehensive Plan*. This was 26% of the Town. Truck farms occupied 9,388 acres, horse farms represented 327 acres and general agriculture took up the remaining 6,565 acres. The more recent *Town of Warwick Agricultural Producer Survey* indicates there are over 4,150 acres of Black Dirt farmland used primarily for onions, sod and other vegetables, plus over 11,000 acres of upland used for dairying, horse farms and other agricultural enterprises. Average farm sizes are about 175 acres for upland farms and 134 acres for Black Dirt farms.

<b>Town of Warwick Agricultural Land Use Compared to Orange County (Acres)</b>			
	<b>Town of Warwick</b>	<b>Orange County</b>	<b>% of County</b>
Truck Farms (Fruits/Vegetables/Greenhouses/Nursery)	9,388	12,715	73.8%
Horse Farms	327	3,676	8.9%
General Agriculture	6,565	78,380	8.4%
<b>Total =</b>	16,281	94,771	17.2%

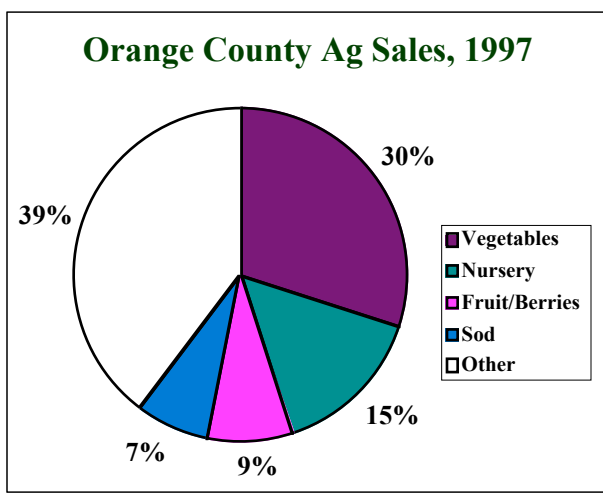
**Sources:** Warwick data is from a 1995 existing land use study summarized in the *Comprehensive Plan* for the Town. Orange County data is from the 1997 *Census of Agriculture* and *New York State 2000 Equine Survey* indicating 6,800 equines in County and an average of 0.54 acres per equine Statewide.

These working farm landscapes give the Town a unique appeal within the greater New York metropolitan area of which Orange County is part. They buffer other land uses, provide outstanding scenery, create interest as tourist attractions and temper the sprawl related impacts of population growth. These are among the reasons the *Town of Warwick Comprehensive Plan* recommends preserving “as many of the operating farms as possible” and creating “incentives for landowners to maintain land in agricultural use.”

# Town of Warwick, Orange County, New York Agricultural Business Retention & Expansion Plan

## 1.2 Farms Are Important Businesses That Help Drive the Town Economy

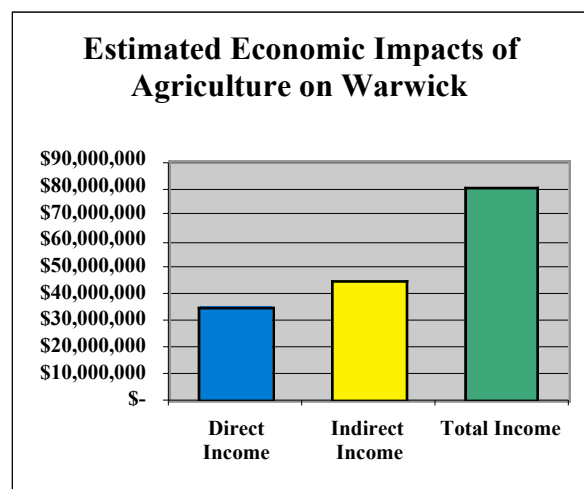
Although there are some additional farmers not included, the *Town of Warwick Agricultural Producer Survey* identified 94 different farm enterprises, 63 of which were upland farms, plus 31 Black Dirt farms. These farms include most of the County's onion growers, sod farmers and other vegetable producers. They also include a number of dairies. The average Orange County farm represented an investment in land and buildings of \$576,124, according to the 1997 *Census of Agriculture*. This indicates that farms account for approximately \$54,000,000 of investment in the Town of Warwick.



Given average sales of \$111,934 per farm Countywide, agriculture is, at minimum, a \$10,500,000 annual industry for Warwick. However, just four sectors of the Orange County agricultural economy accounted for over \$42,000,000 or 60% of sales in the 1997 *Census of Agriculture*. These were the fruit, nursery/greenhouse, sod and vegetable industries. All are heavily concentrated in Warwick, suggesting the Town's total agricultural sales are in the range of \$30,000,000 to \$40,000,000.

The State Department Department of Agriculture and Markets also estimates much higher levels of Countywide sales (over \$90,000,000/year) than the *Census of Agriculture*.

This does not, however, represent all or even most of the Town's agricultural economy. Many agricultural support industries and side businesses are not counted in the *Census of Agriculture*. Wholesale onion packers, farm supply dealers and other retail, wholesale and service businesses depend on farmers as customers. Farms export products to other regions and import dollars that are then spent with these businesses, multiplying the impact of sales. Input-output studies reported by Cornell University indicate dairy production, for instance, generates \$2.29 of total income for the State economy from every \$1.00 of sales. Crops produced a multiplier of \$2.28. This



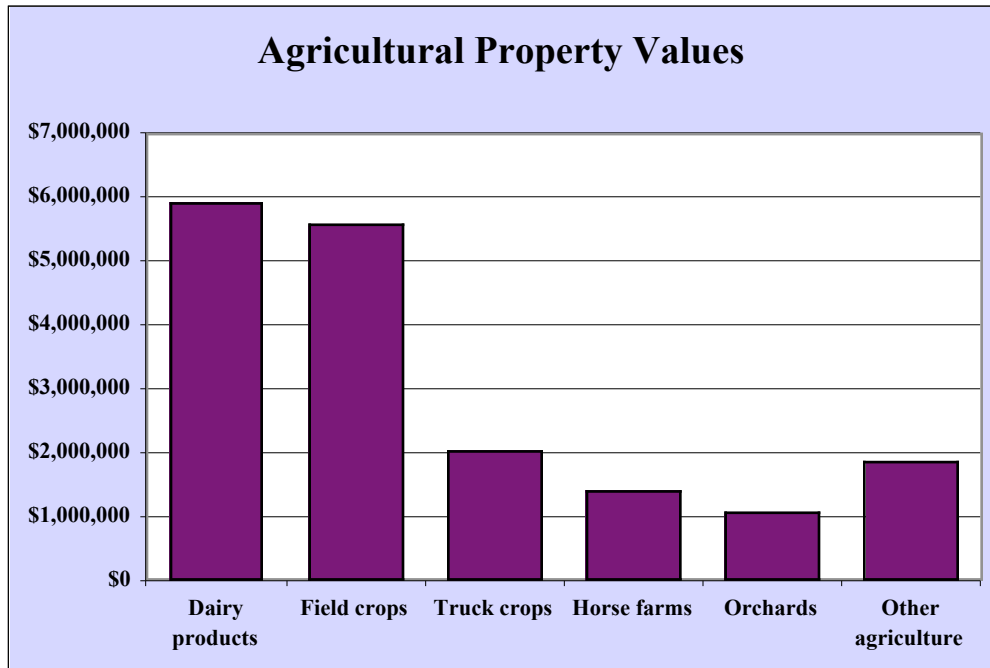
## Town of Warwick, Orange County, New York Agricultural Business Retention & Expansion Plan

---

means \$35,000,000 of farm sales produces total income of as much as \$80,000,000 for the Town of Warwick.

The Town's farms also generate a large tax base, even after considering agricultural assessment benefits. The following table and chart, prepared from 2002 tax assessment data, gathered by the New York State Office of Real Property Services, illustrate:

<b>Agricultural Property by Class, 2002</b>					
Property Class Code	Property Class Description	Parcel Count	Parcel %	Total Assessed Value	Assessed Value %
105	Agricultural vacant land	6	0.8%	\$92,300	0.5%
110	Livestock and products (general)	1	0.1%	\$186,600	1.0%
112	Dairy products	53	7.2%	\$5,898,100	33.2%
113	Cattle, calves and hogs	7	0.9%	\$527,200	3.0%
114	Sheep and wool	1	0.1%	\$103,600	0.6%
116	Other livestock, donkeys and goats	7	0.9%	\$718,200	4.0%
117	Horse farms	11	1.5%	\$1,392,900	7.8%
120	Field crops	33	4.5%	\$5,550,800	31.2%
130	Truck crops on muck lands	603	81.8%	\$2,028,200	11.4%
150	Orchard crops (general)	1	0.1%	\$141,700	0.8%
151	Apples, pears, peaches, cherries, etc.	11	1.5%	\$912,800	5.1%
152	Vineyards	1	0.1%	\$154,000	0.9%
170	Nursery and greenhouse crops	2	0.3%	\$77,200	0.4%
<b>All Agriculture</b>		<b>737</b>	<b>100.0%</b>	<b>\$17,783,600</b>	<b>100.0%</b>



**Town of Warwick, Orange County, New York**  
**Agricultural Business Retention & Expansion Plan**

---

## **2.0 Warwick Agricultural Industry Strengths, Weaknesses, Opportunities and Threats**

A workshop session was conducted in January, 2003 with twelve farmers representing a cross-section of Warwick agriculture. Those present included beef, dairy, equine, farm market, nursery, onion and sod industries. A portion of the meeting was dedicated to identifying the strengths, weaknesses, opportunities and threats associated with retention and expansion of the agricultural sector within the Town of Warwick. The results of those discussions were combined with other research to yield the following analysis.

### **2.1 Strengths of Warwick's Agricultural Industry**

- 2.1.1 The muck land ("black dirt" also once known as "drowned land") provides an outstanding growing medium for a variety of agricultural products. The large amount of such land that exists within the Town, combined with its undevelopable nature, ensures a continuing agricultural base. It also supports a core agribusiness infrastructure that farmers require to remain competitive.
- 2.1.2 The Town of Warwick is located immediately adjacent to the massive, sophisticated and relatively wealthy New York City market, in the heart of a metropolitan region of 21,200,000 persons. There is no larger or more ethnically diverse market of comparable wealth anywhere in the world. The Town offers easy access to and from this market via Routes 17, I-84 and I-87 (among others).
- 2.1.3 The Town also possesses large acreages of fertile upland soils suitable for the production of forages, fruits and other crops, as well as animal agriculture.
- 2.1.4 The large amount of new home construction in the region generates demand for lawn and garden power equipment that, in turn, helps to maintain a critical mass of farm equipment dealers.
- 2.1.5 The Town of Warwick's Purchase of Development Rights (PDR) program, combined with its agricultural/conservation zoning and innovative intermunicipal annexation policy, assure a future land base for agriculture. Much of this open space is available for farming on a rental basis.
- 2.1.6 The Town of Warwick attracts many tourists to events such as the Applefest and the weekly Farmers Market. It also possesses a large permanent population base. Together, these factors provide a firm foundation for local marketing of agricultural products.

## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

- 2.1.7 The Town's great diversity of farms (dairies, onion farms, horse farms, wineries, sod growers, etc.) provides an excellent basis for marketing of its agricultural products and promoting agricultural tourism.
- 2.1.8 There is a high level of awareness of agriculture and its importance at the Town government level and among residents that ensures attention to the needs of farmers and supports innovative programs such as PDR.
- 2.1.9 High land values within the Town of Warwick provide equity in the form of collateral for capitalization of new farm ventures.
- 2.1.10 There are numerous younger to middle-aged farmers with higher educations in the Town who are capable managers with potential to grow and succeed.

### **2.2 Weaknesses of Warwick's Agricultural Industry**

- 2.2.1 While there is a core agricultural infrastructure in the Town of Warwick, certain specific services have become much more difficult to access. These include veterinary service (100± miles distant), compressor repair service and other specialty services.
- 2.2.2 The cost of services required by farmers are often higher within the Town of Warwick than many others of New York State, due to the generally higher cost of living prevailing within the metro area.
- 2.2.3 Rapid growth has produced heavy competition for land and higher prices that make it difficult for the Town to purchase development rights or farmers to pay enough for land to secure it for agricultural purposes. This growth also makes it difficult for the Town to act quickly enough to be a force in the market.
- 2.2.4 The Town's somewhat isolated position with respect to major highways makes it difficult for trucks to access farm areas without going through congested villages and hamlets.
- 2.2.5 There is limited availability of labor with the skills for machine operation or the motivation to engage in the physically difficult and dirty work associated with some aspects of agriculture.
- 2.2.6 Price competition is severe in vegetables and many other farm products. High fixed costs make it difficult to compete in commodity lines. Niche marketing,

## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

while a potential solution to these problems, requires high-end products to compete with the convenience and low pricing of commodities. The opportunities for such high-end niche lines of business exist but are somewhat limited and constantly changing.

- 2.2.7 Lack of farm innovation, particularly at the small farm level, has made it difficult to compete with larger, more efficient producers from outside the State and region. Warwick farmers, however, have been more successful than most in innovating.
- 2.2.8 There is limited availability, within the Town of Warwick, of custom agricultural services that would reduce the equipment costs of smaller farmers or make possible the development of new farms and enterprises.
- 2.2.9 Rapid growth has created constant development pressure and brought new neighbors not fully appreciative of agriculture or even aware of it as an industry. This, in turn, leads to conflicts in life-styles that can make farming difficult.

### **2.3 Opportunities for Warwick's Agricultural Industry**

- 2.3.1 Education of farm neighbors and consumers regarding the importance of agriculture as an economic sector and protector of open space could create opportunities for agricultural tourism (e.g. farm tours) and direct marketing of farm products.
- 2.3.2 A Warwick Valley "buy local" program emphasizing freshness and good taste could increase the volume of demand for local farm products and offer opportunities to reduce the costs of distribution, producing higher margins for both farmers and retailers.
- 2.3.3 A central processing or marketing location for Warwick Valley farm products could provide a more efficient distribution system for those products, increase margins, attract new buyers and increase agricultural awareness within the Town.
- 2.3.4 Remaining dairy farms are potentially of increased interest to a growing population of suburbanites unfamiliar with farming. Combining this with a local on-farm dairy processing venture could create opportunities for tours and direct marketing of dairy products.
- 2.3.5 The very successful Warwick Farmers Market could be expanded to include additional space and vendors, thereby increasing its appeal to visitors and growing the market for Warwick farm products.

## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

- 2.3.6 There is a market for raw milk that could be exploited by local dairy farmers if State laws were changed to allow such sales.
- 2.3.7 The higher cost of living in the metro area could also allow for higher farm products prices on high quality and niche lines of products, particularly nonessential items for which consumers are typically willing to pay more.
- 2.3.8 The increasing wealth of the area as new higher income households move into the region offers an opportunity to finance PDR/TDR programs to maintain farmland as open space.

### **2.4 Threats to Warwick's Agricultural Industry**

- 2.4.1 Even if the farmland itself is preserved through PDR/TDR, zoning and other measures, agriculture could lose its critical mass if not profitable, making it difficult for remaining farmers to survive.
- 2.4.2 Competition from other communities employing similar measures to protect their agricultural industries could make it difficult for Warwick farmers to capture sufficient markets or obtain the higher price margins desired.

# **Town of Warwick, Orange County, New York**

## **Agricultural Business Retention & Expansion Plan**

---

### **3.0 Agricultural Business and Retention Objectives**

The following measurable goals and objectives have been established regarding the retention and expansion of the agricultural sector of the Town of Warwick's economy.

#### **3.1 Goal: Develop the Warwick Valley and Black Dirt region as a “terroir” for farm products and agricultural tourism.<sup>1</sup>**

- 3.1.1 Develop a Warwick Valley Wine Trail (either independently or as a distinctive offshoot of the Shawangunk Wine Trail), including distinctive official trail signage to lead visitors from Routes 17 and I-84 to the area and a separate wine brochure or section within the “Warwick Valley Tourism Guide.”
- 3.1.2 Promote the Warwick Valley and Black Dirt region as a culturally unique area by encouraging, through zoning and other means, and supporting, through marketing, the development of additional cultural attractions that complement consumer purchases of wine and other Warwick agricultural products. The outdoor music festivals at Little York are an excellent example. There is potential for additional promotion using books, recipes, unique products (e.g. onion jelly) and festivals (e.g. a “U-Pick Onion Festival and Picnic”).
- 3.1.3 Employ a Warwick Valley and Black Dirt region label on locally produced farm products whenever possible, ranging from onions to nursery products. A Warwick Valley Family Farm program would aid in developing this label.
- 3.1.4 Promote the development of additional agricultural tourism to the Warwick Valley and Black Dirt region as a business, using brochures, the Warwick website and other techniques (including organized bus tours that would help to reduce traffic congestion) to advertise specific agricultural tourism enterprises that are geared to generate additional income for farmers (e.g. corn mazes, fishing ponds, etc.).
- 3.1.5 Support the further development of the horse industry by incorporating equine events and images in promotions and promoting the development and maintenance of riding trails wherever possible (including along the gas line and other utility corridors).
- 3.1.6 Identify and work with at least one dairy farmer interested in adding on-farm

---

<sup>1</sup> “Terroir” is a French term. It is used to describe a territory or region by a combination of geography, attitudes, culture and history. It goes beyond the concept of “appellation” as used in the wine industry to encompass a broader sense of what an area is all about.

## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

processing of dairy products such as cheese, yogurt or ice cream. This will require a combination of financial, marketing and technical assistance. A successful on-farm dairy processing operation would become a significant tourist attraction and help to round out the farm image of the Warwick Valley and Black Dirt region.

- 3.1.7 Develop a “Pride of Warwick” or “Warwick Valley Family Farm” designation and sign program on the order of the Century Farm program with linkages, if possible, to the “Pride of New York” and quality assurance programs, to promote the concept of the region and agricultural tourism. The Town should seek 100% participation in the Pride of New York program (which costs but \$25 per year at present).

### **3.2 Goal: Promote further diversification of the Warwick agricultural economy into higher margin lines of business.**

- 3.2.1 Provide financial, marketing and technical assistance to Black Dirt and other farmers to diversify into new products lines such as cut greens for packaging, sweet corn, farm market products and unique lines of vegetables of appeal to the New York City market.
- 3.2.2 Promote new agricultural businesses such as custom-cut beef by developing a Warwick Valley and Black Dirt region farm products brochure and adding much more detailed information on product offerings to the Interactive Agricultural Map website, effectively transforming the website into an Internet Mall that visitors can use to request more information and even order products.
- 3.2.3 Identify and promote nonessential high margin farm products that the Warwick Valley and Black Dirt region would be able to grow or raise efficiently for higher profits. Added value can often be created with frills that are anything but cheap. A 5¢ ribbon tying together decorative ear corn, for example, can add 50¢ of value.
- 3.2.4 Encourage rental of farm cottages to visitors who wish to experience the country as another form of farm diversification.

### **3.3 Goal: Establish and identify sources of capital and labor for new and expanded agricultural ventures.**

- 3.3.1 Promote Warwick’s PDR/TDR tools as sources of equity for farm transfers to younger generations and capitalization of expansions. This would make PDR a powerful tool for promoting agricultural economic development. As local PDR

## **Town of Warwick, Orange County, New York**

### **Agricultural Business Retention & Expansion Plan**

---

funding is used to leverage State and Federal monies, the Town should also consider using a portion of its funds to pay either a premium over and above market value in the form of PDR options or secure rights of first refusal that would guarantee the Town a place at the table in the face of heavy land competition and increase the capital available for new ventures. See Section 4.1 for a description of the recommended program.

- 3.3.2 Identify and publicize sources of financial capital and labor for new enterprises, creating an Agricultural Economic Development Financial Guide (see Appendices) for distribution to area farmers and establishing a labor pool, using the Cooperative Extension Service or Agricultural Economic Development Specialist as clearinghouses.
- 3.3.3 Identify and publicize sources of custom services as a means encouraging the further development of such sources and the lowering of equipment costs for smaller farmers in particular. Custom planting services using no-till planters, custom tile laying services for the Black Dirt region and other farm machinery services are good candidates.

#### **3.4 Goal: Increase the number of strategic alliances among Warwick Valley farmers.**

- 3.4.1 Engage the Cooperative Extensive Service and the Orange County Agricultural Development Specialist in efforts to facilitate strategic alliances between Black Dirt farmers and Orange County's large dairies. This might include, for example, growing silage corn and other forage and grain crops for dairies in rotation plans. Methods of facilitation might include incentives to construct commodity sheds or assistance with intra-county marketing of future rotation crops.
- 3.4.2 Identify and promote opportunities for new enterprises on farms that might be pursued in partnership with other farmers or other businesses with the time to pursue such endeavors. Large farms typically have to specialize and cannot divert their management time to side enterprises but could lease land to others to pursue them. Matching up these parties could be very productive.

#### **3.5 Goal: Increase profit margins for Warwick Valley farmers by adding value to farm products at the local level and developing improved distribution channels.**

- 3.5.1 Support direct marketing of farm products through favorable zoning provisions

## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

plus promotion in the Warwick Valley Visitors Guide, an improved website (including the excellent Interactive Agricultural Map) and additional materials aimed at consumers.

- 3.5.2 Support the County Agricultural and Farmland Protection Board in its efforts to investigate the feasibility of establishing a secondary processing facility for onions in the Black Dirt region.
- 3.5.3 Work with the New York State Department of Agriculture and Markets and New York City to pursue the development of a wholesale farmers' market in the City where independent and specialty food stores, restaurants, institutions, food manufacturers and purveyors could purchase regionally produced food and agricultural products. As the prime agricultural area closest to the City, the Warwick Valley and Black Dirt region would also be the primary beneficiary of such a market. Such a facility would allow Warwick farmers to exploit their two greatest strengths - extraordinarily fertile farmland and proximity to New York City.
- 3.4.4 Develop, as a complement or alternative to the New York City wholesale farmers' market, a regional produce auction or shipping point marketplace where farm stand owners, independent and specialty food stores, restaurants, institutions, food manufacturers and purveyors could purchase regionally produced food and agricultural products. Developing capacity to serve Korean and Spanish speaking customers will be particularly important if New York City is the primary market.
- 3.5.5 Increase the scope of the Warwick Farmers' Market by soliciting additional vendors and adding space, to accommodate growing visitation and provide additional outlets for local farm products.
- 3.5.6 Develop agricultural tourism as a profit center on farms, providing farmers with the skills to manage farm tourist operations, offer added value products and secure fees from visits.
- 3.5.7 Work with the County Industrial Development Agency to create a specific agricultural tax abatement program to encourage the development on secondary processing and retail sales operations on farms. Dairy processing ventures, farm resorts and wineries do not necessarily enjoy agricultural tax exemption for the industrial, retail or lodging aspects of the operations, but the County IDA can offer such abatements and should as an incentive to their development.
- 3.5.8 Work with the County to create a revolving loan fund for new added value

**Town of Warwick, Orange County, New York**  
**Agricultural Business Retention & Expansion Plan**

---

agricultural ventures in the Town to help fund dairy processing projects in particular, as well as farm resorts and wineries.

# **Town of Warwick, Orange County, New York**

## **Agricultural Business Retention & Expansion Plan**

---

### **4.0 Recommendations**

The following are major recommendations for retaining and expanding agriculture in the Town of Warwick.

#### **4.1 Create An Agricultural Advancement District and Farmland Incentive Program**

The Town of Warwick already employs a number of measures to help maintain land in agricultural use, including a Purchase of Development Rights (PDR) program. Nevertheless, a dynamic real estate market makes it difficult to respond quickly and with enough resources to match private development offers farmers routinely receive. Farmers need to be able to fully capitalize on their farm equity. The Town must put itself in a position where it can match these private offers and ensure that farmers fully recover their equity. There is authority under Section 261-b of the New York State Town Law, Section 247 of the General Municipal Law and Section 10 of the Municipal Home Rule Law to create a program that will address this need.

The essential elements of such a program are as follows:

- 1) The program should provide the farmer with the opportunity to apply for special zoning that guarantees his density rights and equity in farmland for a specified period of time (10 years minimum) in return for a Town right of first refusal on any proposed sale of the land over the course of the agreement between the parties. A cash payment should also be offered as an alternate or supplemental financial consideration. This will ensure the landowner that a future Town Board does not upzone the property, making it more difficult to sell, while under agreement. It will also ensure that a property will not be sold for non-farm uses without the Town having an opportunity to acquire it on the same terms.
- 2) The program should further provide for a mandatory Town offer to purchase developments rights or fee title, based on the guaranteed density, prior to the expiration of the agreement. This will ensure the landowner of a serious offer from the Town to acquire development rights or fee title at some point over the course of the agreement, even if there is no private offer in hand. It will also provide the Town and landowner with a basis to negotiate such a purchase or other farmland protections at any time over the course of the agreement.
- 3) The program should also provide for automatic renewal of the first refusal agreement at the discretion of the landowner. The density guarantee should be

## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

accompanied by an up front (within the first 6 months) yield determination based on established density. This, in turn, would allow for an appraisal that would become the basis of continued negotiations to acquire development rights or otherwise protect the farmland while the first refusal is in effect.

- 4) The program should allow development at the established density during the contract period, and for two years after, if the Town does not purchase the development rights or fee title to the property using its rights of first refusal. This offers the landowner an incentive to participate. The first refusal agreement should also require the landowner to disclose the terms of any development profit sharing arrangement that is part of a private offer that the Town would have to match in value.
- 5) The program should provide that properties entering it be zoned as AAD Agricultural Advancement Districts. Such AAD Districts would be overlay zones and allowed within CN Conservation, MN Mountain, RU Rural and SRL Suburban Districts. Densities would be the same as now permitted.
- 6) The program should identify up front some of the options available to landowners and incorporate incentives to participate farmland protection. Those options should include the Town's existing TDR program, its annexation policy program (where it charges \$50,000 unit for additional density rights) or a contractual TDR model with no development rights banks under which developers could contract directly with farmers to acquire density rights in bulk at a market rate of perhaps less than the \$50,000/unit.
- 7) The program should document the value of agriculture to the Town of Warwick in its purposes. The rationale for the program should also be set out in these purposes.

### **4.2 Create A Comprehensive Warwick Agricultural Development Program**

Farmland cannot be preserved by land use regulation or conservation easements alone. Farming must be profitable as a business if the land is to be put to its intended use. This demands attention to the economic development side of the issue. Farmers have typically operated as commodity businesses where profitability is not a function of marketing or pricing, but rather by continuous cost cutting. Farmers who are unable to cut costs cannot long compete in this marketplace. Indeed, as one farm agency professional in Western New York put it recently, farmers have three choices to succeed. They are to “get big, get weird or get out.”

## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

“Getting big” demands increasingly professional management skills. Business management is also required to deal with the risks inherent in commodity businesses where conditions outside the control of the farmers may limit production, sales or profits. Farmers who are equipped with these skills or willing to learn them can continue to compete by enlarging their operations and finding new ways of cutting costs.

For others, however, the solution is to move away from the commodity lines of business and into niche areas (“getting weird”) where combinations of diversification and specialization can deliver higher margins. This also demands management skills, but in other areas, particularly in marketing. It also requires financial capital that the Town of Warwick should help to foster through a Comprehensive Agricultural Development Program.

The essential elements of this program include:

- 1) A Town IDA agricultural industry tax abatement program for ag processors (particularly of prepared foods), ag support businesses and expanding farm enterprises where added value processing is taking place. Offer a very competitive program providing 0% taxes for at least 5 years with sliding scale PILOT thereafter.
- 2) Securing of grant funds to establish an Agricultural Revolving Loan Fund for ag processors, ag support businesses and expanding farm enterprises where added value processing is taking place. This program should offer second position financing to qualified applicants to serve as needed equity in securing primary financing from other sources ranging from conventional financial institutions to other governmental programs.
- 3) Establishing of a business planning program in conjunction with Farm Credit, Cornell CES and/or SBA to provide farmers with assistance needed to package applications for the above, create viable business plans and development management capacity. This can be accomplished through mini-grants of \$2,500 to \$5,000 to hire appropriate expertise, combined with on-going education from agencies. Business planning should be made mandatory to qualify for other financial assistance. It is also an appropriate corollary to the Town’s Purchase of Development Rights program and other farmland preservation initiatives. It is recommended that approximately \$25,000 to \$50,000 in grant funds be sought from USDA-RBEG (see Appendix B) or similar funding sources to establish such program.
- 4) Establishing of a complementary mini-grant program for marketing assistance to

## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

individual farmers. Successful small farms have diversified into or specialized in niche businesses where margins are higher and prices are less subject to the wide swings typical of commodities. The key to a diversification or specialization strategy, however, is marketing. This is a skill that farmers have traditionally not had to master. Developing those skills, therefore is critical. A mini-grant program to equip interested farmers with marketing skills or provide them with the outside marketing expertise to pursue new ventures and new markets will go far in addressing this need. It is recommended that an additional \$25,000 to \$50,000 be sought through USDA or similar sources (see Appendix B) for the purpose of funding this program. Both programs should be administered by securing contracted assistance from organizations such as the Orange County Partnership, Cooperative Extension or other entities experienced in administering mini-grant and loan programs.

- 5) Providing of incentives for cooperative projects and strategic alliances among multiple farmers (especially between Black Dirt and upland farmers). This can be accomplished by, perhaps, doubling the economic benefits available (from the above programs) to individual farms who participate in such ventures.
- 6) Circulation of information on grants and loans available from outside sources to support agricultural economic development. See Appendix B for examples.

### **4.3 Develop a Warwick Family Farms Cooperative or Syndicate to Market Agriculture in the Town and Valley**

Effective marketing, for farms going the diversification/specialization route, and cost-cutting, for all farms, demands cooperation and strategic alliances among farmers. The best examples of this are to be found in the Finger Lakes region of New York where dozens of individual vineyards and wineries routinely cooperate to form wine trails and do joint purchasing, even though they are all in direct competition. Wyoming County, New York, farmers also engage in frequent strategic alliances between dairy and non-dairy farms and large and small farms for purposes of cost-cutting. The Town needs to encourage the development of similar alliances in Warwick, particularly between Black Dirt and upland farmers.

The essential elements of this program include:

- 1) Establishment of a loosely organized farm group with the specific objective of marketing all Warwick Valley agriculture (production ag as well as tourism) under a common brand name (“Warwick Valley Family Farms”). Such a group could be organized on a relatively informal basis at the outset and progress to a more formal

## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

entity as opportunities to work together on specific projects evolve. An excellent starting point is a common signage program to complement the website (which too needs work - see below). The Town and/or the Warwick Partnership should consider sponsoring a design competition for a sign logo after calling together Town farmers who might be interested in erecting such common theme signage. Once a logo is chosen then the next step would be to work with farmers on erecting the signs by clearing the way procedurally under sign regulations and offering to participate in the costs of the signage. The signs should be of the “wayfinder” types used to mark wine trails, scenic byways and similar attractions.

- 2) An improved interactive web site and Warwick Valley Family Farms driving brochure to complement it. Some consideration should also be given, in this regard, to encouraging marketing on the honor system. A number of businesses selling everything from meat to cut flowers have successfully employed this concept in nearby Ulster County, Schoharie County and other areas. A bus or van tour of agricultural tourism sites should also be considered, using public transportation provider vehicles during off-peak day-time periods.
- 3) Promotion of agricultural tourism events involving multiple farms, including packaging of visits with restaurants, lodging places and other attractions.
- 4) Regular news releases and other publicity generation (using a Town staff person to assist, or hiring on a consulting basis from membership dues, but using Town office support).
- 5) Joint marketing ventures, leading perhaps to eventual establishment of a Warwick Valley produce auction or wholesale shipping facility or development of relationships with other such facilities (e.g. developing Warwick Valley Family Farms as a vendor at a NYC Wholesale Farmers Market).
- 6) Encouragement of strategic alliances among farmers. There are opportunities to jointly manage crop rotations for mutual benefit, cooperatively pursue processing ventures, provide larger combined markets for custom services providers and labor providers and to jointly purchase farm supplies. There are also intra-Town and intra-County economic opportunities not presently being exploited to the maximum potential (e.g. growing sweet corn for farm markets).
- 7) Promoting agricultural education of the resident population regarding matters such as the necessity to respect slow-moving vehicles and understanding the importance of farms as open space.

## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

- 8) Establishment of additional farmers' market. A second market for the Town is now planned for Greenwood Lakes. Florida is a third possibility provided all three markets are scheduled for different days.
- 9) Establish a requirement of cooperative farm members to participate in the Pride of New York program.

### **4.4 Make the Town Zoning Law More Farm-Friendly**

Elements:

- 1) Define categories of farm and agricultural support businesses that can be treated as principal permitted uses and given expedited approvals. It would be appropriate, of course, to establish some simple and basic set standards that would apply to such enterprises but, nonetheless, allow them to proceed forward without having to be subjected to extensive site plan or special use review. Farm stands of more than 500 square feet and farm markets of more than 4,000 square feet, for example, now require a special use permit. It should be possible to develop standards that would allow markets of larger size to be processed as principal permitted uses.

Likewise, all processing, farm labor housing and basic farm supply sales operations are classified as special uses even though many could easily be allowed without extensive review on a subjective basis. Indeed, many objective standards for these uses already exist in the Zoning Law and additional review is probably unnecessary in the case of smaller projects.

- 2) Provide flexible development standards for ancillary farm activities such as farm stands, cabin rentals, farm festivals and events (e.g. banquets, concerts and weddings). Agricultural businesses focused on direct marketing have to incorporate elements of entertainment and tourism appeal in their operations (the Scheuremann Farm depicted below being a prime example.



## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

The Zoning Law should anticipate such mixes of uses and allow them, often on an accessory use basis. Once again, some basic set standards are appropriate but there should be assurance that such uses are permitted and able to be approved without lengthy delays. Providing for combined permit processing when activities are part of a farm operation will go a long way to ensure this.

- 3) Enact Right-to-Farm protections. The Town should have a Right to Farm Law that offers a basis for farmers to protect themselves from nuisance complaints when they are simply employing sound agricultural practices. More importantly, such a law should provide a basis for mediation of petty disputes before nuisance complaints develop into nuisance lawsuits.
  
- 4) Develop additional funding sources for purchase of agricultural conservation easements. The Town's farmland preservation initiatives need to incorporate methods of mandating conservation subdivision designs that cluster housing onto poorer agricultural soils, maintain the good soils in agricultural use and provide farmers with return on equity for lands so preserved. This will require innovative approaches where conservation easements are combined with clustering and new funding sources to expand use of easements are secured. Such funding sources may include the traditional ones (Town, County and State funding, conservancies, the Natural Resource Conservation Service, the annexation fees, etc.).

However, additional methods are also needed. A local realty transfer tax would be an appropriate source of funding, for example, and the Town should continue to pursue the legal authority required to enact such a tax. Alternatively, it may be possible to fashion an impact fee based on existing legal authority, for instance as payments in lieu of recreation facilities. Still another approach is to pursue "limited development" options in partnership with organizations such as the North American Land Trust that specialize in maximizing the tax and benefits and development income from properties of high conservation value while preserving the bulk of those properties in open space uses.

**Town of Warwick, Orange County, New York**  
**Agricultural Business Retention & Expansion Plan**

---

**Appendix A**  
**Proposed Agricultural Advancement District Regulations**

**§ 164-47.8 Agricultural Advancement Districts**

**A. Purposes.**

- (1) Agricultural Advancement (AAD) Districts are intended to advance the business of farming in the Town of Warwick. Agriculture is an \$80 million industry that maintains over 15,000 acres of Warwick as open space. Its importance to the economic base and as a creator of working landscapes that provide the Town with much of its rural, rustic character and charm, has been recognized in several programs and zoning provisions. The Town Board also finds that regulatory protection of farmland must be accompanied by economic encouragement if farmland preservation is to achieve its intended goals. Regulations can not be allowed to reduce farm owners' equity if the economic vitality of the industry is to be maintained.
- (2) Preserving farm owners' equity can be accomplished using a number of techniques, including public purchase of development rights (PDR) and transfer of density rights (TDR). The Town offers some programs of this nature but is not equipped to enter the real estate marketplace and compete with others for land. It needs to be in a position to match private offers and return equity to farmers based on the market, if farmland protection programs are to work effectively.
- (3) It is the intent of these regulations to provide a system of zoning and other incentives that provide substantial community benefits or amenities in accordance with § 261-b of the Town Law of the State of New York and § 247 of the General Municipal Law of the State of New York.
- (4) Under AAD Agricultural Advancement District rezoning, the farm owner and the Town will enter into an agreement that provides the Town with a right of first refusal to purchase the property outright or to purchase development rights for a minimum of ten (10) years. This right of first refusal shall provide the Town with the option to acquire the property on matching terms in any case where a sale for non-farm use is proposed. During this period while the agreement remains in effect, the landowner will be granted specific density rights. While the agreement remains in place, the Town and the landowner can explore a number of preservation options, including purchase of development rights, transfer of development rights, fee simple acquisition and conservation subdivision. The agreement will further provide for a mandatory Town offer to purchase developments rights or fee title, based on the density rights

## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

granted under the agreement, prior to the expiration of the agreement.

### **B. Requirements and incentives.**

- (1) Eligibility for inclusion in an AAD Agricultural Advancement District shall be limited to the following:
  - (a) Parcels of ten (10) acres minimum lot area, located within existing CN Conservation, MN Mountain, RU Rural and SRL Suburban Districts. A parcel may, for purposes of AAD eligibility, consist of a lot designated as a single tax number, or of two or more contiguous lots with separate tax map numbers.
  - (b) Parcels used for agricultural production, as defined in § 301 of the Agriculture and Markets Law.
  - (c) Parcels on which the owner has, under an agreement with the Town, granted a right of first refusal to the Town of Warwick to purchase the property outright or to purchase development rights for a minimum of ten (10) years. This right of first refusal shall provide the Town with the option to to acquire the property on matching terms in any case where a sale for use other than bona fide agricultural production as defined in § 301 of the New York State Agriculture and Markets Law, is proposed. Such right-of-first refusal agreement shall be recorded with the Orange County Clerk's office. During this period while the agreement remains in effect, the landowner will be granted density rights as provided below. The agreement shall further provide for a mandatory Town offer to purchase developments rights or fee title, based on the density rights granted under the agreement, prior to the expiration of the agreement.
- (2) Early termination. A landowner may petition the Town Board for termination of the right of first refusal agreement and rezoning of the property during the initial ten-year period after the AAD Agricultural Advancement District is granted, but not until after the AAD Agricultural Advancement District has been in effect for five years. The Town Board may, in its discretion, grant such a petition after a public hearing upon a finding of undue hardship or extraordinary circumstances, including but not limited to death, illness or catastrophic economic loss. The property owner may also request development according to the restrictions set forth in the AAD Agricultural Advancement District, the regulations of which shall enacted by amendment of this Zoning Law simultaneously with approval of the landowner's application. The Town Board may, at its own discretion, grant such a request.
- (3) Right of first refusal prior to termination. At least 150 days prior to the termination

## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

of the right of first refusal agreement, the Town shall make an offer to purchase the development rights or fee title for all or part of the parcel if it has not already done so. The Town shall make an offer on the basis of fair market value of the property in accordance with the zoning regulations defined in the agreement. If an agreement on the price is not reached within 30 days of the offer or the time to negotiate a fair price is not extended by mutual consent by the parties, the landowner may develop the property in accordance with the AAD Agricultural Advancement District zoning regulations. The landowner will then have two (2) years to submit an application to the Planning Board that will be reviewed by the Planning Board according to the AAD Agricultural Advancement District and the zoning regulations defined in the agreement. This 2-year limitation can be extended only by a resolution by the Town Board.

- (4) Solicitation of offer during agreement period. During the first 10 years of the agreement, the landowner may also seek an offer from the Town for purchase of development rights or fee title, subject to the following procedures:
  - (a) Submission of a letter of interest and request for an appraisal to the Town Clerk.
  - (b) Appraisal by the Town based on the density yields defined in the AAD Agricultural Advancement District or the highest and best use of the property.
  - (c) The Town will make an offer within 120 days of receiving the landowner's request.
  - (d) The landowner has the option to accept or refuse the offer without any violation or amendment of the conditions of the AAD Agricultural Advancement District.
  
- (5) Negotiation of farmland incentive options. The Town Board shall, while the agreement is in place, negotiate with farmland owners to find the best methods of continuing agricultural use of the land and preserving farm owners' equity. Options that may be employed include, but are not limited to, the following:
  - (a) Purchase of the development rights on all or a part of the property, employing conservation easements provided for in § 164-47.7.
  - (b) Purchase of all or part of the property in fee title for continued agricultural use on a leaseback or resale basis with conservation easements in place.
  - (c) Incentive zoning for open space preservation, as provided in § 164-47.6, where a

## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

portion of the property is developed, but the active farmland is placed under a conservation easement.

- (d) Transfer of development rights, as provided in § 164-47.4, where development rights are transferred to either a TDR Bank or a sending district. Also, the Town Board and landowners may, independent of the provisions of § 164-47.4, agree to a private transfer of development rights from AAD farmland parcels to other parcels outside of AAD districts, in conjunction with development plan approvals. This shall be accomplished by placing a conservation easement on affected farmland and rezoning the development parcel(s) concurrently with creation of the AAD District.
  - (e) Cluster subdivision, as provided in § 164-41.1, where residences are clustered on a portion of a property to preserve farmland or other open spaces on the remainder.
  - (f) Village annexation, as provided in the Town and Village of Warwick Intermunicipal Annexation Policy, where increased density is permitted for traditional neighborhood development in areas appropriate for annexation to the Village subject to cash payments for agricultural preservation in other areas. Other options shall, within those areas of the Town covered by the Annexation Policy, be designed to complement such Policy.
- (6) Density yield.
- (a) In consideration for not developing a parcel for 10 years, the landowner will be guaranteed the density established as of [INSERT ENACTMENT DATE] for the underlying zoning district in which it is located as of that date and while the AAD Agricultural Advancement District remains in effect. Minimum density yield shall be determined by applying the Environmental Control Formula specified in § 164-41.3 of this Law.
  - (b) The Town shall, within six (6) months assist the landowner in hiring an independent consultant to verify yield. Upon further written agreement between the parties this shall become the guaranteed density for purposes of the agreement. A landowner who does not agree with the verified density yield may submit additional evidence from qualified land development professionals for consideration by the Town Board and the parties may also agree to arbitrate the matter. Should the parties not be able to agree, either party may withdraw from the agreement, which shall then become null and void, causing zoning standards to revert to those then in effect for the underlying zoning district.

**Town of Warwick, Orange County, New York**  
**Agricultural Business Retention & Expansion Plan**

---

- (7) Economic assistance in advancing agriculture. The Town shall assist landowners of parcels zoned as AAD Agricultural Advancement Districts in obtaining federal, state, county and local grant monies to advance agricultural economic development initiatives. These programs may include, but are not limited to, those designed to promote product diversity, marketing or otherwise encourage economic development of agriculture within the Town of Warwick.

**Town of Warwick, Orange County, New York**  
**Agricultural Business Retention & Expansion Plan**

---

## **Appendix B**

### **Sources of Plan Implementation Funds**

The following is an overview of potential sources of implementation funds for this Plan:

#### **1. USDA Business and Industry Loan Guarantees**

USDA Rural Development joins together with local banks and other commercial lenders to provide financing for businesses located in rural areas. Lenders are able to offer larger loans and better terms with a guarantee which may cover up to 80% of the lenders exposure on the loan. Guarantees are available in all parts of New York except for cities of more than 50,000 population and the urbanized areas surrounding them. Eligible lenders include all State or Federally chartered banks, savings banks, savings and loan associations, credit unions and Farm Credit System. Eligible applicants include individuals, corporations, partnerships and cooperatives. Loans can be used to finance real estate purchases, equipment, rolling stock, working capital, expansions and new locations. Purchase of an existing business is included only if it is necessary to preserve jobs or will result in new jobs being created.

The lender determines the repayment term of the loan and the interest rate. Rural Development allows maximum terms of 30 years for loans for real estate purposes, 15 years for machinery and equipment and 7 years for working capital. Revolving credits cannot be guaranteed. Interest rates are not subsidized by the Government and are usually the prevailing commercial rates. Variable or fixed rates are allowed and separate rates can be charged on the guaranteed and unguaranteed portions of the loan. There is no minimum loan size, but applicants eligible for guarantees through the Small Business Administration program are encouraged to also explore the possibility of obtaining assistance through that program. Guarantees of 80% are available for loans up to \$5 million.

A test for other credit is not required. The program seeks to promote long-term job development through guarantee of quality loans to businesses which have the resources to survive and prosper. All applicants must have a positive tangible net worth of at least 10% of tangible assets (20% to 25% for new businesses), adequate collateral to secure the loan, cash flow based on either historical results or well supported projections which is adequate to repay the debt, and good management. Personal guarantees are usually required of the owners. Feasibility studies may be required for new businesses or when past results do not support the projections. A one-time only guarantee fee is charged to the lender and may be passed on to the borrower. The fee is equal to 2% of that portion of the loan which is guaranteed and is payable when the guarantee is delivered.

## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

The guaranteed portion of the loan is considered to be an investment and does not have to be included in determining the bank's maximum loan. Guaranteed loans often help the bank to meet its CRA requirements. The guaranteed portion of the loan can be sold to investors providing more liquidity to the bank. Banks can also participate out part of the unguaranteed portion as long as they retain at least 5% of the loan, all unguaranteed. Application forms and information about the program can be obtained from USDA Rural Development.

### **2. USDA Rural Cooperative Development Grants**

The 1996 Farm Bill revised the Rural Technology and Cooperative Development Grant program to make it available only for cooperative development. The program provides grants for establishing and operating centers for cooperative development. The primary purpose is to improve economic conditions in rural areas. Grant funds can pay up to 75% of the costs for establishing and operating such centers. Grants may be made to public bodies or not-for-profit institutions. The Watershed Agricultural Council used such a grant to help set up the Catskill Family Farms Cooperative.

The Cooperative Services branch of the USDA Rural Business-Cooperative Service also provides a wide range of assistance for people interested in forming new cooperatives. This help can range from an initial feasibility study to the creation and implementation of a business plan. Cooperative Services staff includes cooperative development specialists who do everything from identifying potential cooperative functions through the development of bylaws and business plans. They also provide training for cooperative directors. The overall goal of Cooperative Services is to provide a realistic view of what it will take to make a new cooperative succeed. Recent examples of rural cooperatives. New York Rural Development now has a Cooperative Development Specialist on staff at the Rural Development State Office in Syracuse. He is available to provide assistance to any rural group in New York State that is interested in forming a cooperative organization.

### **3. Rural Business Enterprise Grants ("RBEG")**

Rural communities can receive assistance in promoting the development of small and emerging businesses through the RBEG program. Grants are made to public bodies or not-for-profit organizations. Grantees use the funds to promote the development of small and emerging private businesses which are defined as having 50 or fewer new employees, less than \$1 million in projected gross revenue, or will use innovative technology to produce/manufacture new products in rural areas. Rural communities include cities with up to 50,000 population and cannot be within the urbanized area of a larger city. Eligible applicants for RBEG grants include public bodies and private not-for-profit corporations.

## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

Funds can be used to acquire property such as land, buildings, machinery or equipment which will be owned by the grantee, but will be made available for use by the private business or businesses. Grantees can also use funds to provide technical assistance to private business enterprises, make loans for startup operating costs or working capital or to establish a revolving loan fund. Reasonable fees for professional services necessary for planning and development of the project and training in connection with technical assistance can also be eligible uses of grant funds. Agricultural production is not an eligible type of business to benefit from a grant.

Interested applicants file a preliminary application with the USDA-Rural Development office serving their area. Rural Development will analyze applications and determine their priority score based on the factors in the program regulations. If funds appear to be available for an application the applicant will be notified and requested to complete the full application. Application forms and information about the program can be obtained from USDA Rural Development.

#### **4. Rural Business Opportunity Grants**

Rural Business Opportunity Grant funds provide for technical assistance, training, and planning activities that improve economic conditions in rural areas. Applicants must be located in rural areas. Nonprofit corporations and public bodies are eligible. A maximum of \$1.5 million per grant is authorized by the legislation. RBS is designing the program to promote sustainable economic development in rural communities with exceptional needs.

#### **5. Resource Conservation & Development Program (RC&D)**

The purpose of the Resource Conservation and Development (RC&D) program is to accelerate the conservation, development and utilization of natural resources, improve the general level of economic activity, and to enhance the environment and standard of living in authorized RC&D areas. It improves the capability of State, tribal and local units of government and local nonprofit organizations in rural areas to plan, develop and carry out programs for resource conservation and development. The program also establishes or improves coordination systems in rural areas.

Current program objectives focus on improvement of quality of life achieved through natural resources conservation and community development which leads to sustainable communities, prudent use (development), and the management and conservation of natural resources. Authorized RC&D areas are locally sponsored areas designated by the Secretary of Agriculture for RC&D technical and financial assistance program funds. NRCS can provide grants for land conservation, water management, community

## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

development, and environmental needs in authorized RC&D areas. Funding and support for RC&D projects typically is obtained from the Natural Resource Conservation Service, Empire State Development, counties and private organizations supporting similar objectives.

### **6. Small Business Administration 504 Loan Program**

The SBA's 504 loan program provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. It relies upon the use of Certified Development Companies (CDC) which are nonprofit corporations set up to contribute to the economic development of a community or region. Typically, a 504 project includes a loan secured with a senior lien from a private-sector lender covering up to 50 percent of the project cost, a loan secured with a junior lien from the CDC (a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the cost, and a contribution of at least 10 percent equity from the small business being helped. The maximum SBA debenture generally is \$750,000 (up to \$1 million in some cases). The CDC's portfolio must create or retain one job for every \$35,000 provided by the SBA.

Proceeds from 504 loans must be used for fixed asset projects such as: purchasing land and improvements, including existing buildings, grading, street improvements, utilities, parking lots and landscaping; construction of new facilities, or modernizing, renovating or converting existing facilities; or purchasing long-term machinery and equipment. The 504 Program cannot be used for working capital or inventory, consolidating or repaying debt, or refinancing.

Interest rates on 504 loans are pegged to an increment above the current market rate for five-year and 10-year U.S. Treasury issues. Maturities of 10 and 20 years are available. Fees total approximately three (3) percent of the debenture and may be financed with the loan.

### **7. Farmer/Grower Grant Program**

The Farmer/Grower Grant Program is an initiative of the Northeast Region Sustainable Agriculture Research and Education (SARE) program. Its goal is to develop, refine, and demonstrate sustainable techniques, and to help farmers shift to production and marketing practices that will enhance the viability of agriculture in the region. Proposals may address any food, production or marketing issue. Project activities may involve small research trials, demonstrations, farmer/grower workshops or surveys. Proposers must show that the problem is one faced by other producers and that the project results will be of general benefit. Grant recipients are required to share information about their projects, including all results, with other farmers and members of the agricultural community. To

## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

this end, each proposal must include an outreach plan. Successful applicants must submit a final report summarizing the project upon its completion.

It is requested that proposals address ways to:

- reduce environmental and health risks in agriculture
- prevent agricultural pollution
- reduce costs and increase net farm income;
- conserve soil, improve water quality, and protect natural resources;
- increase employment opportunities in rural areas; and/or
- enhance the quality of life for farmers and society as a whole.

The local contact for this is the Northeast Region SARE office at the University of Vermont (802) 656-0471. This program could be a source of financial support for marketing and, in particular, crafting a natural certification program.

### **8. Federal-State Marketing Program**

The Federal-State Marketing Improvement Program (FSMIP) provides matching funds to State Departments of Agriculture and other State agencies for 20-30 projects per year. These funds have been used by States to conduct marketing studies or assist in developing innovative approaches to the marketing of agricultural products. FSMIP funds can be requested for a wide range of marketing research and marketing service activities, including projects aimed at:

- Developing and testing new or more efficient methods of processing, packaging, handling, storing, transporting, and distributing food and other agricultural products;
- Assessing customer response to new or alternative agricultural products or marketing services and evaluating potential opportunities for U.S. producers, processors, and other agri-businesses, in both domestic and international markets; or
- Identifying problems and impediments in existing channels of trade between producers and consumers of agricultural products and devising improved marketing practices, facilities, or systems to address such problems.

USDA encourages the State department of agriculture or equivalent agency to assume the lead role for FSMIP activities, using cooperative or contractual linkages with other agencies, organizations, and institutions, including producer or industry organizations, as appropriate. Federal funds requested for FSMIP projects must be matched, at least equally, from non-Federal sources. Matching requirements may be met in the form of

## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

cash or properly valued, in-kind resources. FSMIP funds are most commonly allocated to projects of approximately 1-year duration. Priorities include:

- Increasing the base of marketing research and marketing services of particular importance to small-scale, limited-resource farmers and rural agri-businesses.
- Identifying and evaluating opportunities for producers to respond directly to new or expanding consumer demands for products and value-adding services.
- Encouraging the development of marketing channels and methods consistent with maintaining or improving the environment, with emphasis on projects aimed at expanding consumers' choices with regard to the environmental impact of alternative production and marketing technologies.

### **9. Community Development Block Grant (CDBG) Program**

New York State now administers CDBG funds from HUD under this Federal program for non-entitlement areas. Non-entitlement areas include those units of general local government which do not receive CDBG funds directly from HUD as part of the entitlement program (Cities and urban counties). The State will award grants to units of local government that carry out development activities. Local governments have the responsibility to consider local needs, prepare grant applications for submission to the State, and carry out the funded community development activities.

The primary statutory objective of the CDBG program is to develop viable communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for persons of low- and moderate-income. The State must ensure that at least 70 percent of its CDBG grant funds are used for activities that benefit low and moderate-income persons. Communities receiving CDBG funds from the State may use the funds for many kinds of community development activities including, but not limited to:

- acquisition of property for public purposes;
- construction or reconstruction of streets, water and sewer facilities, neighborhood centers, recreation facilities, and other public works;
- rehabilitation of public and private buildings;
- planning activities;
- assistance to nonprofit entities for community development activities; and
- assistance to private, for profit entities to carry out economic development activities (including assistance to micro-enterprises).

## **Town of Warwick, Orange County, New York** **Agricultural Business Retention & Expansion Plan**

---

This program has been used in nearby Sullivan County to establish an Agricultural Revolving Loan Program used to help finance several poultry processing facilities. It could have applicability to similar projects in Warwick.

### **10. Environmental Quality Incentives Program (EQIP)**

The Environmental Quality Incentives Program (EQIP) provides a source of funding for manure management systems as does the Watershed Agricultural Council's whole farm planning program. EQIP provides technical, financial, and educational assistance primarily in designated priority areas-half of it targeted to livestock-related natural resource concerns and the remainder to other significant conservation priorities. It helps to install or implement structural, vegetative, and management practices called for in 5- to 10-year contracts for most agricultural land uses. USDA also offers the Conservation Reserve Program (CRP), which puts sensitive croplands under permanent vegetative cover for 10 to 15 years. CRP contract holders receive annual rental payments. Other USDA, federal, State, and local programs provide additional tools for producers to care for our private lands-a shared commitment between public and private interests.

EQIP works primarily in priority areas identified through a the local Soil and Water Conservation District, Natural Resources Conservation Service (NRCS) staff, Farm Service Agency (FSA) county committees and key staffs, Additional emphasis is given to areas where State or local governments offer financial or technical assistance and where agricultural improvements will help meet water quality and other environmental objectives. The FSA County Committee approves for funding the highest priority applications. Applications are ranked according to environmental benefits achieved weighted against the costs of applying the practices. Higher rankings are given to plans developed to treat priority resource concerns to a sustainable level. EQIP seeks to maximize environmental benefits per dollar spent.

Cost sharing may pay up to 75 percent of the costs of certain conservation practices, such as grassed waterways, filter strips, manure management facilities, capping abandoned wells, and other practices important to improving and maintaining the health of natural resources in the area. Incentive payments may be made to encourage a producer to perform land management practices such as nutrient management, manure management, integrated pest management, irrigation water management, and wildlife habitat management. These payments may be provided for up to three years to encourage producers to carry out management practices they may not otherwise use without the program incentive. Total cost-share and incentive payments are limited to \$10,000 per person per year and \$50,000 for the length of the contract.

## **Town of Warwick, Orange County, New York**

### **Agricultural Business Retention & Expansion Plan**

---

Eligibility is limited to persons who are engaged in livestock or agricultural production. Eligible land includes cropland, rangeland, pasture, forestland, and other farm or ranch lands where the program is delivered. The 1996 Farm Bill prohibits owners of large confined livestock operations from being eligible for cost-share assistance for animal waste storage or treatment facilities. However, technical, educational, and financial assistance may be provided for other conservation practices on these "large" operations. In general, USDA has defined a large confined livestock operation as an operation with more than 1,000 animal units.

There are several additional funding programs available through regional planning and economic development agencies and from Empire State Development. These include Economic Development Administration programs, the Grow New York program, linked deposit programs and matching state economic development funding. These programs have been well discussed in various forums, including the workshop held in connection with this planning effort and are well known to Warwick officials.