

Supporting and Managing Rural Enterprises in Your Community

Introduction

Commonly, there is more happening on farms than just farming. Many farm entrepreneurs are augmenting the agriculture focus of their businesses by also pursuing a variety of “rural enterprises” — activities on the farm that support the farm operation, but aren’t considered agriculture. These can include activities like product tastings, classes, or even large community events, which help farms expand their customer base.

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Farm enterprises can have many benefits. They can provide an income stream that helps a farm business stay viable throughout the year and improve farm profits with the addition of value-added production. Many communities support this type of business — after all, rural enterprises can support local economic development at a scale that fits the landscape, while also keeping intact the land base on which farming depends.

Even if your municipality supports rural enterprises, you may still have questions about the impacts they could have on your community.

- Will noise be generated at the event?
- Will there be traffic associated with a production facility?
- Where’s the line between “farming,” as regulated by the state, and what municipalities can regulate?
- What are the best ways to balance impacts on the community while also supporting on-farm businesses?

Rural enterprises are businesses that are suited to a rural area because they are supportive of agriculture or forestry activities, provide employment opportunities, and many of these businesses can be found on farms (see page 5 for more on rural enterprises). It’s their relationship to farming that often places them in a regulatory grey area where both farmers and the towns are unsure about regulation.

This guidance provides general information on how municipalities can support rural enterprises and entrepreneurs while also managing the related impacts. It also provides links to many resources that provide more in depth information.

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DEFINITION OF A FARM

A farm constitutes lands which are used for “farming” that are owned or leased by a person engaged in farming, if the lessee controls the leased lands to the extent that they would be considered to be the lessee’s own farm. See rule, 10 VSA 6001(22)¹ for further detail.

¹10 VSA 6001(22)
<http://legislature.vermont.gov/statutes/section/10/151/06001>

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in collaboration with:



Shelburne Farms



Rural enterprises are commercial businesses that take place on farms.



Steps Municipalities Can Take to Support and Manage Rural Enterprises

There are many ways to support and manage rural enterprises in our communities, starting with taking steps to keep land available. The following are steps your municipality can take that will support rural enterprises in your community.

ASSESS

Assess your town plan's goals and policies. Does your plan have goals and policy statements in support of agriculture and forest business land uses? Policies that support keeping land available and accessible for these activities? If your plan has goals and policy statements supporting agriculture and forest businesses, take a moment to think: Do local actions generally advance these goals and policies? If not, what might be the reasons? In the “Sustaining Agriculture” tool, listed to the right, Module 1, p. 12 includes some questions you can ask to assess your plan.

Assess how your current zoning does or does not support rural enterprises. Rural areas are often designated by municipalities as “rural residential” zoning districts. According to one study, the primary purpose stated for these districts is to accommodate housing in rural areas, but the purpose statements also often include language about supporting working lands.² This approach is often successful at maintaining a rural “feel,” but smaller lot sizes may undermine the rural “function.” This mix of goals can also create conflicts between areas that historically had agricultural land uses and newer residential uses. In fact, the study, which looked at subdivision trends, found that in the 14 case study towns, 79% of all subdivisions — which represented 84% of the land being subdivided — were located fully or partially in a rural residential district. What does this mean? Some of the areas most suitable for agriculture and forestry are in fact also the areas that are most popular for residential development too, which can create a built in conflict when it comes to keeping land intact and supporting rural enterprises.³

ASSESS | RESOURCES

*Sustaining Agriculture provides a big picture look at what it means to plan for a working landscape — including steps that municipalities can take.

http://vtfarmtoplate.com/stories/sustaining-agriculture-land-use-planning-modules#.VpP9GRGhk_Q

The Resilient Communities Scorecard includes a checklist with six questions you can ask to assess what your community is doing to support farming and forestry, plus ideas on steps your community can take to strengthen support.

<http://vnrc.org/wp-content/uploads/2013/06/VI.pdf>



²Vermont Natural Resources Council. *Informing Land Use Planning and Forestland Conservation through Parcelization and Subdivision Trend Information*. May 2014, p. 21.
<http://vnrc.org/wp-content/uploads/2014/05/Phase-II-Subdivisions-Report-NEW-Reduced2.pdf>

³Vermont Natural Resources Council. *Informing Land Use Planning and Forestland Conservation through Parcelization and Subdivision Trend Information*. May 2014, p. 22.
<http://vnrc.org/wp-content/uploads/2014/05/Phase-II-Subdivisions-Report-NEW-Reduced2.pdf>

To assess the zoning districts where the stated purpose is to support working lands and rural character, ask questions such as:

- In the rural residential districts, how much of the existing development is “rural” and how much is “residential?”
- Is the placement of buildings on individual parcels leaving adequate land available for farming?
- If the land is available, is it also accessible?
- Do large setbacks in the district lead to agricultural land being fragmented?
- Do the minimum lot sizes in the zoning result in parcels that are too small to farm or are the average size of the lots being created greater than the minimum lot size, and if so, by how much?

PLAN

Use the local planning process to keep land available for farming and forestry. Most land use decisions in Vermont are made at the municipal level, which means that there is a huge opportunity for towns to implement policies and programs that help rural enterprises at the most basic level by ensuring that land is available for farming and forestry.

Engage in conservation and open space planning.

Conservation and open space planning is targeted planning that identifies important resources, using inventory data and input about public values; sets priorities for resource protection; and identifies strategies for getting there. This kind of planning can support agricultural businesses along with other rural businesses, while maintaining the rural feel that people care about, along with other benefits like wildlife conservation interests.

IMPLEMENT

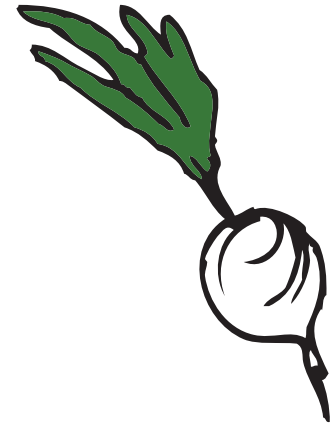
Update regulations to better support agricultural enterprises.

You can find a great overview of this topic — including information on some of the basics of zoning and subdivision regulations — in “Sustaining Agriculture’s” Module 4: *The Local Regulatory Context*.^{*}

Adopt siting standards.

In rural areas where both residential and working lands uses are allowed, make sure that all uses are sited on the property in a way that allows farming to continue with minimum conflicts.

Adopt subdivision regulations in order to create a settlement pattern that leaves land available.



PLAN | RESOURCES

Land Use Education and Training Collaborative, Module 18

<http://vpic.info/Publications/Reports/Implementation/OpenSpacePrograms.pdf>

Community Planning Toolbox — Conservation and Open Space Plans

<http://vnrc.org/resources/community-planning-toolbox/tools/conservation-and-open-space-plans/>

Community Strategies for Vermont’s Forests and Wildlife — Conservation Planning

<http://vnrc.org/wp-content/uploads/2013/08/4.-Conservation-Planning.pdf>

^{*}See Resources, page 2.

While zoning defines the land uses allowed in different areas throughout town, subdivision regulations guide the pattern of development for the community (i.e. the division of a parcel of land for sale, development, or long-term lease). Traditionally, subdivision regulations have been used to ensure the efficient development of a community's built environment, focusing on the configuration of building lots to be served by municipal or private roads and infrastructure. However, because of the focus on how land is divided, subdivision regulations are also an important tool for reducing forest and habitat fragmentation, and reducing impacts on other natural resources.

Define different types of rural enterprises within your zoning bylaw, and list them as permitted or conditional uses. Add standards to manage the impacts of these uses as appropriate. You can find a summary of these and other approaches in “Sustaining Agriculture,” Module 4, starting on p. 19.*

Reach out to local landowners to provide information on permits and the development review process.

- Work with farm business owners to help them understand they may need to get local zoning permit approvals when their diversified on-farm business “grows up.” Provide information on the process and timelines they will need to follow.
- Talk to agricultural business owners about their expansion needs. What types of changes would they like to make? Be sure to guarantee the confidentiality of these discussions so that these businesses can remain competitive. This can be a way to inform what zoning changes may be needed in the future, providing more predictability for business expansion.
- Including farmers in these conversations is a great first step toward making sure that regulations address challenges facing farmers, and empowering farms to participate in the land use planning process in their community — something that, in the long term, should benefit their businesses and the community at large.

IMPLEMENT | RESOURCES

Community Strategies For Vermont's Forests and Wildlife, Ch. 15

<http://vnrc.org/wp-content/uploads/2013/08/15.-Subdivision-Regulations.pdf>

Land Use Planning and Implementation Manual, Module 26

<http://vpic.info/Publications/Reports/Implementation/Subdivision.pdf>

*See Resources, page 2.

TRAINING AND SUPPORT RESOURCES FOR LOCAL OFFICIALS INVOLVED IN DEVELOPMENT REVIEW

Vermont League of Cities and Towns — Municipal Assistance Center

<http://www.vlct.org/municipal-assistance-center/overview/>

Vermont Planning Information Center — Development Review Modules

<http://vpic.info/DevelopmentReviewTrainingModules.html>



Frequently Asked Questions

WHAT IS A "RURAL ENTERPRISE?"

Rural enterprises are businesses that are suited to a rural area because they are supportive of agriculture or forestry activities, provide employment opportunities, and many of these businesses can be found on farms.

Specifically rural enterprises on the farm:

- Support a farm operation in terms of revenue and marketing, and may provide community building and agricultural literacy opportunities.
- Are not always covered under the **required/accepted agricultural practices (R/AAPs)**⁴ regulated by the Vermont Agency of Agriculture, Food & Markets (see page 7 for more on R/AAPs).

Common examples of rural enterprises include: Weddings/events on the farm, agricultural product tastings, equipment or infrastructure leasing, value added agricultural product processing/manufacturing, expanded retail sales of local agricultural products not produced on the farm, lodging and restaurants on the farm, and even classes and workshops.

Rural enterprises can vary greatly in terms of scale and activities, for example:

- Events on farms can be small (a technical workshop staffed by the farmer), or large (a community concert with parking attendants, parking fields, caterers, and more).
- Many farms have space in vacant barns where people can gather for events; others may need to rent tents to provide shelter from inclement weather during an event.
- Some events may not impact traffic volume or create congestion, if they are small or they have open-ended start and end times. Others may cause traffic concerns if a large number of guests arrive and leave all at once.
- Some rural enterprises may benefit the farm business only, while others have a ripple effect that multiplies to support other businesses in the community. For example, a farm stand that is thriving could become a reliable market channel for craft and food products made nearby.

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⁴Required/Accepted Agricultural Practice Regulations (R/AAPs)
<http://agriculture.vermont.gov/sites/ag/files/ACCEPTED%20AGRICULTURAL%20PRACTICE%20REGULATIONS.pdf>



WHAT KINDS OF DIVERSIFICATION ARE FARMERS INTERESTED IN?

Understanding farm businesses can help you anticipate the impacts of rural enterprises, inform how regulations are crafted, and build relationships that help ensure permits are acquired in a timely manner.

To learn more about what it might mean to have rural enterprises in your community:

- Talk with the current or future rural enterprises and farmers in your community. Conduct a survey, host a meeting, or have informal conversations to build relationships with farmers.
- Talk with other communities that have worked with agricultural businesses that have rural enterprises. For example, Shelburne has added a use category to its zoning bylaws called “**Integrated Agriculture**”⁵, that provides regulations for certain activities related to farming.

Review the 2014 Agricultural Enterprises Report⁶, which compiles results of a Vermont Agency of Agriculture, Food and Markets survey that included 110 farmers who shared they were interested in diversification in the following ways:

- *Direct sales to consumers* (on-farm farmers markets, community supported agriculture, pick your own operations, and farm stands) was the most popular type of diversification, listed as appealing to 65.6% of the farmers who responded.
- *Agritourism* (bed and breakfasts, product tastings, classes) was second (35.9%)
- *On-farm value added dairy processing* came in third (31.3%).
- Other forms of diversification desired were *restaurant/café* (3.1%), *on-farm meat, dairy, and grain processing* (6.3%), and *community kitchen/garden* (7.8%).

ISN'T AGRICULTURE EXEMPT FROM MUNICIPAL REGULATION?

Vermont state law prohibits municipalities from regulating required/accepted agricultural practices. (R/AAPs, explained in more detail on the next page, are a set of practices that help protect water quality.) Sometimes, this limitation on municipal regulation of R/AAPs can cause confusion. In particular, it's sometimes interpreted — by towns and farmers alike — as meaning that towns cannot regulate any farm activities at all. However, activities that are not defined as Required/Accepted Agricultural Practices may be regulated by the municipality.

For more information:

VLCT News April 2015

http://www.vlct.org/assets/News/Newsletter/2015/vlctnews_2015-04.pdf



⁵<http://vnrc.org/resources/community-planning-toolbox/case-studies/shelburne/>

⁶http://agriculture.vermont.gov/sites/ag/files/pdf/land_use/Agricultural_Enterprises%20_9_3.pdf



DO “RURAL ENTERPRISES” FALL UNDER THE R/AAPS? DOESN'T THE AGENCY OF AGRICULTURE, FOOD AND MARKETS REGULATE THEM?

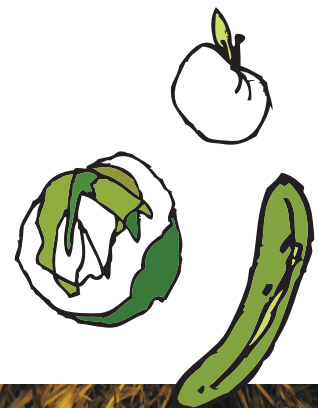
The R/AAPs protect and preserve natural resources and maintain the productivity of Vermont’s agricultural soils. When a farmer uses these techniques to manage non-point source pollution, the Vermont Agency of Agriculture, Food and Markets regulates that activity and its impacts to water quality. This includes managing impacts associated with produce wash water and nutrient inputs from processing activities on the farm, in addition to agricultural waste associated with crop production. It may be the case that the activities related to a rural enterprise on the farm are not addressed by the R/AAPs.

WE ARE EXCITED TO HAVE DIVERSIFIED FARMS IN OUR COMMUNITY AND DON'T WANT TO DISCOURAGE THEM. HOW DO WE SUPPORT THE CREATION OF RURAL ENTERPRISES THAT KEEP FARMLAND OPEN AND AVAILABLE FOR FARMING?

Being proactive by providing a clear path is the best way to encourage business growth while also managing impacts related to that growth. If your community wants to encourage rural enterprises, now is the time to evaluate your community’s goals, determine what land uses are appropriate in your rural areas and provide the necessary regulatory framework that will help your community realize those goals. This may include standards in zoning regulations to appropriately manage impacts inherent with some rural enterprises. It could also include changing the purpose of zoning districts to help preserve the working landscape and give regulatory preference to rural enterprises over residential uses. Why? There are many reasons:

Regulatory clarity helps all landowners make investments and business decisions. When landowners — whether farmers, neighbors, or other businesses — make decisions about where to buy land and what they’ll build there, they often consider what’s likely to happen on surrounding parcels. Having some level of assurance about this is a way to protect those investments and people’s enjoyment of their property. The costs can be significant if someone starts a business or buys a piece of land with a particular business plan thinking a permit is not necessary, but then encounters a complaint that prevents them from carrying out their vision. Similarly, if a town has not worked proactively on regulations for rural enterprises and then finds that the impacts of the enterprises negatively affect neighbors, the town can be in the awkward position of trying to regulate something after the fact.

R/AAPs (required/accepted agricultural practices) protect and preserve natural resources and maintain the productivity of Vermont’s agricultural soils.



Regulations are a tool that can help provide guidance and clarity. Done well, regulations communicate to all landowners that a land use — on their property or somebody else’s — is or is not allowed. Local land use approvals, which may include conditions about how an activity must take place, give permission to engage in a particular activity and provide some level of assurance that a property owner can proceed with their investment in their home or business. This is true for farmers, other business owners, and neighbors alike. As you provide clarity in your regulations that helps encourage rural enterprises, it’s worth pointing out that this may lead to uses in rural areas that have not been allowed in your community before. Done carefully though, these regulations can both help a farm diversify and support farm revenue, while managing any impacts of these businesses on the neighbors and community.

Fortunately, some of the most common concerns are well-suited to municipal solutions. The 2014 Agricultural Enterprises Report⁷ (mentioned on page 6) found that the most common kind of complaint that municipal officials receive about farms are related to “nuisance” — noise, odor, and traffic. Some of these are natural parts of farming, are protected under Vermont’s Right to Farm law, and regulated by the Agency of Agriculture; but for rural enterprises regulated by a municipality, Vermont law provides the authority to set standards to manage those impacts.

WHAT ON-FARM LAND USES CAN BE REGULATED BY A MUNICIPALITY THROUGH A ZONING PERMIT?

Land use commonly found on a diversified farm that may be regulated by a municipality can include but are not limited to:

- Value-added processing facility for products NOT “principally produced⁸” on the farm;
- Lease of a production/processing facility to another farm operation or individual;
- Events on a farm property;
- On-farm restaurants or agricultural product tastings;
- Farm stay or lodging on the farm;
- Signage identifying your farm operation;
- Classes on the farm; and
- Other forms of agritourism where the public is invited on the property.

For more information about what may be regulated by the town go to: <https://www.uvm.edu/vtagritourism/files/agritourism-guide/bestpractices-land-use-regulation.pdf>

Video: <http://www.uvm.edu/vtagritourism/?Page=land-use-video.html>

⁷http://agriculture.vermont.gov/sites/ag/files/pdf/land_use/Agricultural_Enterprises%20_9_3.pdf

“Principally produced” means that more than 50% by weight or volume of the agricultural products, which result from “farming,” and which are stored, prepared or sold at the farm, are grown or produced on the farm.

⁸Farming and Local Zoning
http://agriculture.vermont.gov/sites/ag/files/pdf/land_use/Farming%20and%20Local%20Zoning%2016_15.pdf



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