

Proposed Grant Program for Young and New Farmers

Executive Summary:

The Farming Assistance Ad-Hoc Committee, established by County Council in March 2018, is responsible for developing a grant program to support young and new farmers in Prince Edward County impacted by increasing farm land values.

The ad-hoc committee conducted research and gathered public input from May-June 2018. Over the course of five meetings, the ad-hoc committee developed recommendations for a grant program, including eligibility requirements, application process, funding thresholds and mechanism, and anticipated benefits.

Recommendation:

THAT the report of the Farming Assistance Ad-Hoc Committee dated July 12, 2018 regarding the Proposed Grant Program for Young and New Farmers be received;

THAT the Farming Assistance Grant Program be approved for the 2018 tax year and included for consideration in the 2019 and 2020 budgets;

THAT maximum funding in the amount of \$40,000 be approved for 2018 grants to young and new farmers as outlined in the Farming Assistance Grant Program; and

THAT the 2018 grants be funded from the Tax Rate Stabilization Reserve and disbursed through the County Cultivation Corporation.

Purpose:

The purpose of this report is to provide Council with the Farming Assistance Ad-Hoc Committee's recommendations for establishing a grant program in support of young and new members of the farming community in the County of Prince Edward.

Background:

Council struck the ad-hoc committee in March 2018 to examine ways to provide focused support to young and new farmers negatively impacted by increases in the assessed value of farmland. Members of the Agriculture Advisory Committee (with the exception of Councillor David Harrison) formed the core membership of the ad-hoc committee. One member of the National Farmers Union and one County councillor were appointed to the ad-hoc committee.

Council approved on April 24, 2018 the terms of reference for the ad-hoc committee. In the scope of activities, the ad-hoc committee was charged with recommending to Council a grant program that includes eligibility requirements, application process,

funding thresholds, and anticipated benefits. The motion approved by Council stated that the “effective goal is to provide financial assistance per eligible farmer, (not to exceed 20% of their annual municipal farm tax bill). This program will define an application process which is not unduly intrusive and at no cost to the applicant.”

Analysis/Comment:

The Farming Assistance Ad-Hoc Committee met on May 2, 2018, May 15, 2018, May 28, 2018, June 13, 2018 and June 27, 2018 to complete the scope of activities that were included in the approved Terms of Reference.

The ad-hoc committee conducted research into financial assistance programs offered by neighbouring municipalities and other Ontario municipalities that have significant agricultural activities. The ad-hoc committee also researched programs, grants and methods of financial assistance that are available to farmers in The County through the federal and provincial governments or other agricultural agencies. The research confirmed that there are no programs, grants and methods of financial assistance similar to the grant program for new and young farmers that Council contemplated.

In addition to conducting background research, the ad-hoc committee set out to develop the grant program based on four main areas of consideration: eligibility, funding mechanisms, application process/criteria, and funding/financial implications.

Eligibility

The ad-hoc committee is recommending to Council the following eligibility requirements for receipt of grants through the program:

- The farm must have a Farm Business Number or be pre-registered for a Farm Business Number and be engaged in farming activities on the farmland that the grant is being requested for.
- Farmers must be between the ages of 18 years and 39 years on January 1 of the year that the grant will be provided; OR
- Farmers must be engaged in farming activities for less than seven years on January 1 of the year that the grant will be provided. The date that a farm received its Farm Business Registration number or pre-registration letter will determine the date a new farmer commenced farming.
- Farming is the primary occupation of the young or new farmer.

A farm will be eligible for a grant if the farm ownership structure is as follows:

- The young or new farmer is the sole proprietor; or
- The young or new farmer is a partner in a partnership; or
- The young or new farmer is a shareholder in a farming corporation.

Grants will be provided to individual farmers using the above eligibility criteria.

Funding Mechanism

The municipality is currently in the process of finalizing the establishment of a non-share capital corporation – the County Cultivation Corporation – to deliver the grant program. On May 22, 2018, Council supported the recommendation of the ad-hoc committee to create a non-share capital corporation.

Application Process/Criteria

At the June 13, 2018 meeting, the ad-hoc committee reviewed two application forms and selected a preferred form.

The ad-hoc committee also recommended a grant threshold of a minimum of \$300.00 up to a maximum of 20% of the annual farm tax bill, whichever is greater. A minimum grant amount was established to encourage participation in the grant program and in recognition of qualifying farmers who Council may have intended to support, but who farm too few acres to warrant participation if funding was based solely on a percentage of current farm taxes.

For the purposes of the grant, both leased and owned land are eligible, farm income must be at least \$7,000. The ad-hoc committee is recommending this threshold because OMAFRA legally requires farm businesses that gross more than \$7,000 in farm income to participate in the Farm Business Registration (FBR) program.

The Finance Department will administer the grant program. Completed application forms and related documentation will be reviewed and grants calculated using tax roll information. Grants will be disbursed by The County Cultivation Corporation.

A letter from a third party professional will be required to confirm primary occupation and ownership status. (Examples, Accountant, Bookkeeper, Lawyer, Signing Officer of a Bank, Notary Public)

Funding/Financial Implications

At the June 13, 2018 meeting of the ad-hoc committee, municipal staff provided a report estimating the grant requirements for the new program. Information from the 2016 Census and the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) has been used to help estimate the number of farmers that could meet the eligibility requirements.

Farmlands Assessment and Taxation

Year	Annual Assessment	Tax Rate	Tax Levy	Average Tax Levy per Farm (432 farms)
2017	\$292,412,600	0.00221958	\$649,034	\$1,502
2018	\$355,752,458	0.00221163	\$786,793	\$1,821
2019*	\$418,860,622	0.00213493	\$894,239	\$2,070
2020*	\$481,968,786	0.00209985	\$1,012,062	\$2,343

* 2019 and 2020 tax rates based on a 2.5% annual municipal tax levy increase

Estimated Number of Farmers Eligible for Grant Program

Total number of farmers based on occupation (2016 Census)	740
Estimated percentage of farmers under age of 40 (Statistics Canada)	15.0%
Estimated new farmers	10.0%
Total percentage of farms eligible for program	25.0%
Total number of farms in the County of Prince Edward (OMAFRA/2016)	432
Estimated number of eligible farms	108

Potential Funding Requirements for Grant Program

Based on the above estimates, staff has calculated the potential funding requirements for the grant program over the next three years:

Year	Average Tax Levy Per Farm	Grant per farm based on 20% of Farm Tax Bill	Total Grant Requirements Based on Number of Eligible Farms
2018	\$1,821	\$364	\$39,340
2019	\$2,070	\$414	\$44,712
2020	\$2,343	\$469	\$50,603

Corporate Strategic Plan/Priority Implications:

The recommendations of this report support the following Corporate Strategic Objectives:

2. Business-Friendly Environment

2.3 Develop incentives to encourage private-sector development

3. Maintain Rural and Historic Character

3.2 Promote and support traditional agriculture, value-added agriculture and agri-tourism

Financial Implications:

This expense was not included in the County of Prince Edward's 2018 budget; therefore, staff recommends that the contribution of \$40,000 be funded from the Tax Rate Stabilization Reserve. The 2017 year-end operating surplus of \$201,133.17 will be transferred to this reserve, pending Council's approval of the year-end financial report in July 2018.

The following is a summary of the Tax Rate Stabilization Reserve to include 2018 commitments:

Description:	Amount:
2017 Closing Balance	\$ 703,582
Plus: 2017 Operating Surplus*	201,133
Less: 2018 Committed Amounts (2018 Budget)	(475,000)
EORN Study	(40,000)
Young & New Farmer Grants	(40,000)
Estimated 2018 Closing Balance	<u>\$ 349,715</u>
* Assumes Council approves the transfer of the operating surplus to the reserve when the Year-End Financial Report is presented.	

Policy Implications:

The January 1, 2016 MPAC Current Value Assessment is phased in through 2017 to 2020. It is, therefore, recommended that the program be continued for the remainder of this assessment cycle to include the 2019 and 2020 taxation years.

Notice/Consultation:

None identified for the recommendations of this report.

Other Options:

None identified for the recommendations of this report.

Attachments: None

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CAO Approval:  June 22, 2018
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