



CONSERVING MONTEREY COUNTY'S RANGLANDS: TRENDS AND STRATEGIES

Project Members:

Yolanda Crous
Chris Evelyn
Rob Larkin
Hannah Muller
Toby Perry

Project Advisors:

Frank Davis
John Melack

ON THE WEB AT [HTTP://WWW.FIESTA.BREN.UCSB.EDU/~BIGSUR2/](http://www.fiesta.bren.ucsb.edu/~BIGSUR2/)

SPRING 2007

Introduction

Ranching and ranchlands are an integral part of Monterey County's cultural and ecological landscape. Anecdotal evidence suggests, however, that urban encroachment, rising land prices, and other pressures may be causing a growing number of ranchers to sell their land, often for development or other non-ranching uses.

Providing our client, the Big Sur Land Trust, with guidance on how to help keep Monterey County's ranchlands intact required knowledge of ranchland conversion trends and the factors that most influence individual ranch owners' decision to sell. With support from the Dean Witter Foundation, we therefore focused on the following three questions:

1. Are ranchland conversion rates and land prices increasing—and if so, to what extent?
2. What factors most influence local ranchers' decision to sell their land?
3. What key elements are needed for the successful implementation of some promising public- and private-sector strategies?

Background & Significance

Call it a clash between the Old West and the New: Like many other regions this side of the Mississippi, Monterey County, California, is experiencing a demographic and cultural shift away from its agrarian roots and toward a more urban, centralized dynamic.

Such changes may increase the likelihood that ranchers will decide to sell their land to parties interested in converting it to rural estates, small vineyards, and other non-ranching uses. These conversions can cause habitat loss, resource degradation, and cultural and ecological fragmentation.

To counter these trends, local and regional land trusts across the West have made the protection of ranchlands a conservation priority. Unfortunately, some of the same pressures that have created the need for this protection in Monterey County—most

notably, rising land prices—are also dampening the overall effectiveness of traditional conservation tools, such as land purchases and conservation easements. Alternative strategies and incentives are therefore needed to help keep ranchland intact.

Methods

1. Are local ranchland conversion rates and land prices increasing—and if so, to what extent?

We used land-cover maps and appraiser data to assess trends in ranchland conversions and land values from 1986 to 2004. Although some publicly owned land is used for cattle grazing in Monterey County, we focused solely on privately owned ranchland.

2. What factors most influence Monterey County ranchers' decision to sell their land?

To help understand local rancher attitudes, we conducted a mail survey of 300 Monterey County ranch owners. Ninety-eight eligible respondents completed and returned a useable survey.

3. What key elements are needed for the successful implementation of some promising public- and private-sector strategies?

To assess potential strategies, we performed a literature review and interviewed 17 ranchers and 13 ranch-industry experts, including government and University of California Cooperative Extension personnel.





Results

1. Ranchland Extent and Conversion Trends

There is great opportunity for proactive conservation in Monterey County. Our analysis showed that local ranchland covers about 1,420 square miles, or 43%, of the county’s total area. This land plays host to 68% of the region’s annual grasslands, 50% of its oak woodland, and a number of endangered and threatened species, including the California Tiger salamander (*Ambystoma californiense*).

Land prices—especially for high-value ranchland—have increased sharply in the past decade (Figure 1). However, actual ranchland conversion has thus far been fairly limited (Figure 2). Between 1986 and 2004, just 2.5% (23,390 acres) of private ranchlands were converted to non-ranching uses.

The *rate* of conversions, however, seems to be rising. Seven times more land was converted between 1996 and 2004 than in the previous decade. Interestingly, most (77%) of these conversions went not to urban or suburban development—which accounted for only 7% of conversions—but to farmland. Not surprisingly, then, much of the converted ranchland is clustered around the Salinas Valley, a major farming region. In addition, converted land, on average, has a lower slope and is closer to cities and primary and secondary roads than current ranchland.

This trend toward conversion to farmland is most likely occurring because the majority of the county’s ranchland (72%) is under Williamson Act contract.

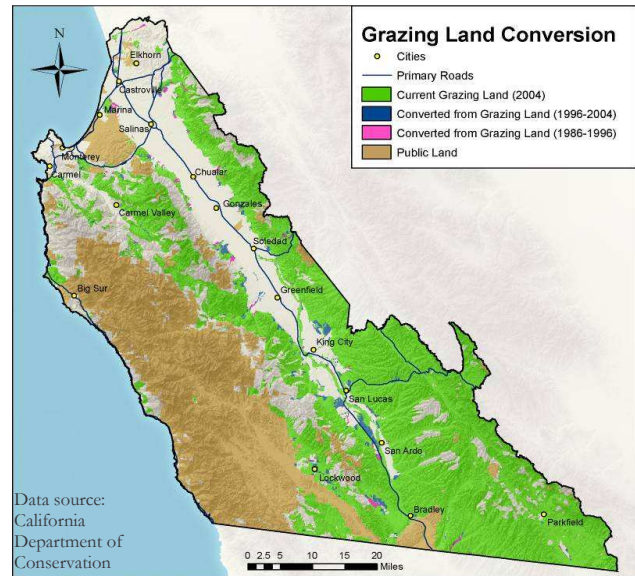


Figure 2 Only 2.5% of Monterey County ranchland was converted between 1986 and 2004. However, the rate of ranchland conversion is rising. Seven times as much land was converted between 1996 and 2004 than in the previous decade.

Agricultural landowners who sign these temporary (20 year) contracts agree to forgo development rights in exchange for tax relief. However, typical contracts require only that the land stay in agricultural use, freeing owners and buyers to convert ranchland to row crops or vineyards.

2. The Decision to Sell

If most ranch conversions occur as a direct result of a sale, then identifying strategies to slow or stop the rate of conversion will depend on being able to identify the drivers of ranch sales.

But first it is important to understand what keeps ranchers *on* the land. Ranching has never been a particularly profitable enterprise. And yet, generations of ranch owners have persisted on the land despite the low income and high unpredictability of return. Ranch economists have labeled this phenomenon “ranch fundamentalism,” a commitment to maintaining a ranch for the sake of the land and the independent lifestyle it affords—even in the face of low profits.

If our survey data are any sign, ranch fundamentalism is alive and well in Monterey County. Most ranchers (79%) rated their quality of life as “good” or “excellent,” despite displaying some dissatisfaction with income (only 33% said they were satisfied or very satisfied with the financial rewards of ranching). In

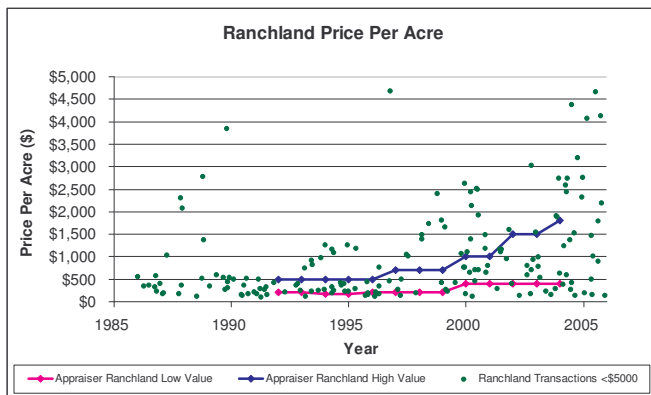


Figure 1 Land prices in Monterey County are rising, increasing the pressure to sell. Appraiser and ranchland transaction records show that the value of some ranchland has risen sharply while that of less desirable ranchland has remained relatively constant.

addition, the vast majority of ranchers agreed or strongly agreed that lifestyle factors and family benefits were reasons to stay on the ranch (Figure 3). Just 17% cited “the financial rewards” as something that might persuade them to keep ranching.

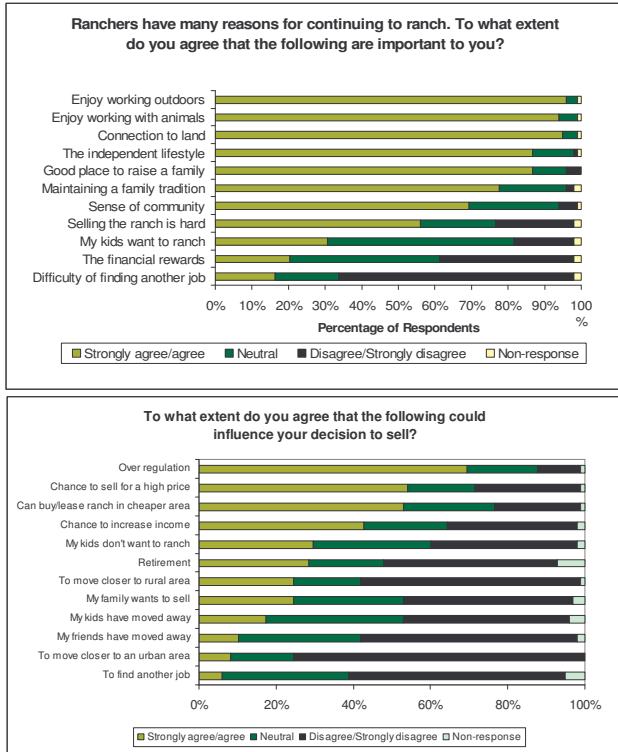


Figure 3-4 Ranch owners stay on the ranch for the lifestyle (“enjoy working outdoors,” “enjoy working with animals,” “connection to land,” independent lifestyle) but may sell for financial reasons (“chance to sell for a high price,” “can buy ranch in cheaper area,” “chance to increase income.”)

The power of ranch fundamentalism, however, can wane with urban encroachment. This shift in dynamics may create a sense of impermanence among ranchers, especially when social norms, such as the tradition of passing down the family ranch from generation to generation, begin to break down. As the social benefits of ranching decline, finances may begin to play a larger role in a rancher’s decision to stay on the land.

When asked what factors might influence their decision to sell, ranch owners rated all four financial factors on the list (Figure 4) as among the biggest potential influences on the decision to sell. Only over regulation was rated higher. The importance of finances was further underscored in a linear regression we performed on the question “How likely is it that you might consider selling your entire ranch in the future?” (See “Primary Drivers of Ranch Sales,” below.) This analysis also revealed that social factors—such as age and availability of a next-generation rancher to take over the ranch—also play an important role in the decision to sell. Maintaining the viability of ranching in Monterey County will therefore require a mix of both financial *and* social strategies to be effective.

3. Public- and Private-Sector Strategies

No one strategy can solve the ranchland conversion problem in Monterey County. Instead, a *range* of strategies are needed to ensure that local ranchland remains relatively intact. Descriptions of some private-sector strategies are included in the “Selected Strategies to Improve Ranch Viability” box on the next page.

Primary Drivers of Ranch Sales

We performed a linear regression on the below survey question to identify the major drivers of ranch sales. Financial indicators, such as past parcel sales and herd size, seem to be major influences in the decision to sell. Social factors (particularly, the availability of a next-generation rancher to take over the ranch) also play a large role.

Likelihood	Percentage of Respondents (%)
5 (Extremely likely)	13.27
4	4.08
3	14.29
2	16.33
1 (Extremely unlikely)	52.04

Ranchers were more likely to consider selling if they:

- Had ranched longer.
- Were dissatisfied with the financial rewards of ranching.
- Had sold a parcel in the past.

Ranchers were less likely to consider selling if they:

- Owned a large herd.
- Had a conservation easement
- Had a child who plans to take over the ranch.

3



Selected Strategies to Improve Ranch Profitability			
Strategy	Benefits	Implementation issues	Good fit for ranchers who:
<i>Conservation easement</i>	<ul style="list-style-type: none"> • Cash • Tax relief • Maintaining the ranch • Relationship with land trust 	<ul style="list-style-type: none"> • Lost development potential • Limited funding for easements • Preference for short term protection • Sharing control of management 	<ul style="list-style-type: none"> • Value cash more than development potential • Have strong land stewardship • Value local ranching tradition
<i>Ranch tourism</i>	<ul style="list-style-type: none"> • New income sources; family business opportunities • Positive interaction with outside community 	<ul style="list-style-type: none"> • Initial low financial return • Time diverted from ranching • Diminished ranch privacy • Regulations/liability costs 	<ul style="list-style-type: none"> • Like interacting with public • Have accessible, desirable land • Have family commitment • Are willing to modify business
<i>Third-party infrastructure (wind turbines)</i>	<ul style="list-style-type: none"> • Additional income with minimal landowner effort • Minimal land requirements, non-disruptive to livestock • Possibly improved roads 	<ul style="list-style-type: none"> • Neighbor viewsheds impacted • Depends on a sufficient wind resources, and suitable land • Encroachment of outside development 	<ul style="list-style-type: none"> • Have significant wind resources, suitable land • Aren't constrained by viewshed or other concerns
<i>Marketing cooperative</i>	<ul style="list-style-type: none"> • Higher prices; decreased risk • Systematic collection of cattle data for business strategizing • Connection to other ranchers 	<ul style="list-style-type: none"> • Coordination needed to ensure product consistency • Time and leadership required 	<ul style="list-style-type: none"> • Are connected to a target market for value added by the cooperative's product • Are willing to collaborate

In addition to the private-sector strategies listed above, more and more California ranch owners are taking advantage of federal and state government assistance. (See “Key Ranchland Conservation Policies”) These policies offer funding and tax relief to help keep

ranchers’ operations afloat. To further increase the effectiveness of these policies, government agencies and other stakeholders should work to raise awareness of conservation programs, as well as develop policies that address ranchers’ social, not just economic, concerns.

Key Ranchland Conservation Policies

Policies that provide assistance or incentives to ranchers are listed below:

Federal

- Pension Protection Act
- Farm Bill (Conservation Security Program, Environmental Quality Incentives Program, Wildlife Habitat Incentives Program, Farm and Ranchlands Protection Program, Grassland Reserve Program, Farmers Market Promotion Program)

State of California

- California Farmland Conservancy Program
- California Land Conservation (Williamson) Act
- California Rangeland, Grazing Land, and Grassland Protection Act

Conclusions

Proactive large-scale conservation of ranchland is still possible in Monterey County. Achieving it will require a range of strategies, as well as the commitment of all stakeholders, from conservation groups to government officials to urban residents to ranchers themselves. As important as increasing profitability is, strengthening the social viability of ranching may be even more crucial.

As a local non-profit, the Big Sur Land Trust is in a position to help improve the region’s social dynamic by helping to build nontraditional alliances between Monterey County ranchers and other stakeholders. Supporting grassroots projects already in place—including efforts to start a marketing cooperative on the Central Coast and a collaboration between ranchers and other stakeholders to improve land stewardship monitoring—would be an important first step. Forging such alliances will go a long way toward helping Monterey County ranchers maintain their way of life in the reality of the New West.