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# Guide to Support Agricultural Growth in Your Municipality

The Ontario Federation of Agriculture (OFA) has identified municipal impediments and opportunities to support growth in Ontario's agriculture and agri-food businesses.

While many policies are established at the provincial and federal level, there are many best practices that municipalities can implement to support their agri-food sector.

Municipalities can support agricultural economic development through:

- I. land use planning,
- II. property assessment and taxation,
- III. financial incentives and reduced costs,
- IV. community and regional food planning, and
- V. consultation with the farming community.

This Guide accompanies a Checklist to Support Agricultural Growth in Your Municipality. It provides information on how to implement the actions in the Checklist, and why they are important for supporting the agricultural sector in your municipality.

## I. Land Use Planning

In *prime agricultural areas*, permitted uses and activities are: *agricultural uses*, *agriculture-related uses*, and *on-farm diversified uses*, as outlined in the [2020 Provincial Policy Statement](#).

*Agricultural uses* are agricultural and farming activities, *agriculture-related uses* are *directly* related to the farming operation, and *on-farm diversified uses* are uses that are secondary to the principal agricultural use of the property, and are limited in area.

Further information can be found in the [Guidelines on Permitted Uses in Ontario's Prime Agricultural Areas](#) developed by the Ontario Ministry of Agriculture, Food and Rural Affairs.

As outlined in the Planning Act, municipal Official Plans and Zoning By-Laws "shall be consistent with" the 2020 Provincial Policy Statement (PPS).

## Best Practices in Municipal Land Use Planning

In recent decades, municipalities have become increasingly more involved in rural planning and rural economic development. As agriculture changes, official plans and zoning by-laws are under pressure to adapt. The following Best Practices from Wayne Caldwell's (2006) land use planning report provide the foundation for municipalities to support Ontario's farm businesses.

- There is clarity in the Official Plan for on-farm diversification**
  - Include wording that is supportive, such as "home occupation" or "home industry"
  - Include specific policies in support of Secondary Uses, Farm Wineries/Cideries and Agri-tourism Uses
- As-of-right zoning is used to the extent possible**
  - Develop *as-of-right* zoning criteria for a proposed use that is compatible with neighbouring agricultural uses to reduce red tape (e.g. building permit is given if proposal is in accordance with the criteria)
- Clearly identify the Uses permitted through zoning amendments**
  - Review rezoning for larger uses that may have greater off-site impacts (e.g. estate winery) focussing on issues such as servicing, traffic safety, compatibility with neighbouring uses, etc.
- Develop a clear definition and policy related to agri-tourism**
  - Define what constitutes an agri-tourism activity (e.g. corn maze, farm tours, pick-your-own-produce) and to what extent dining and accommodation is permitted
- Develop a clear policy for uses with a lesser connection to agriculture**  
(i.e. *on-farm diversified uses* as identified in the 2020 PPS)
  - Determine policy for uses that contribute to the viability of the farm business (e.g. scale is minor, does not change the appearance of the farm operation, impact on traffic, noise and odour is minimal, complies with all Plans that apply to the geography, and local zoning by-laws)
  - Develop strategy to consider 'temporary use by-law' or 'special agricultural zone'
- Apply Minimum Distance Separation (MDS) as needed**
  - Non-agricultural land uses located within lands designated for agriculture can negatively impact the ability of surrounding agricultural operations to expand or to introduce new agricultural activities, particularly through mandated separation distances imposed by the Minimum Distance Separation (MDS) formulae
  - If livestock building(s) are in proximity to a proposed direct farm marketing or agri-tourism use, MDS may apply
- Communicate with producers policy on direct farm marketing and agri-tourism**
  - Producers should be given an opportunity to consult with their municipality *before* they change their operations
- Have dedicated and informed staff**
  - Planning staff that recognize agricultural challenges and enjoy working with farmers are more likely to reach practical, mutually-beneficial solutions
- Use Site Plan Control to receive, review and approve farm and agri-business site plans**
  - Historically, municipalities do not use this tool in an agricultural context, but it may help alleviate concerns around traffic, parking, and other concerns

[Wayne J. Caldwell \(2006\). Jurisdictional Analysis and Best Practices for Land Use Planning Affecting Direct Farm Marketing and Agri-tourism Operations in Ontario](#)

## II. Property Assessment and Taxation

### Lobby Provincial Government to Adjust Tax Rate for Value-Added Activities

The Municipal Property Assessment Corporation (MPAC) values and classifies properties based on the use of the land and buildings. A farm property could be partitioned by MPAC into multiple property assessment classes when the property is used for more than one use. The types of Property Classes include: Vacant Land, Farm, Residential, Commercial, Industrial, Institutional, Special & Exempt, and Government.

Under [Section 44 of O.Reg 282/98](#), facilities used to conduct value-added activities are classified in the Commercial or Industrial property class, but the land underneath these buildings is valued as Farm. Value-added activities generally refer to activities that enhance the value of storable and marketable farm products, while Dual-Use activities generally refer to value-added activities that do not involve the farm products produced by the farmer.

Value-added activities provide opportunities for farmers to increase their income. However, it can be financially challenging if the building used for value-added activities is then taxed at an industrial rate. Standing OFA policy states that: To enable agricultural growth, facilities should be subject to no more than 25% of the residential property tax rate, if historically at least 51% of the product is grown and value-added to by the same farmer(s), and at least 90% of the product is grown in Ontario.

In 2018, [changes to Ontario Regulation 282/98](#) under the Assessment Act allow upper-tier municipalities to create optional sub classes under the industrial and commercial property classes for on-farm value-added activities. In municipalities that adopt this optional property class, the first \$50,000 in assessed value of on-farm value-added facilities will be taxed at 25% of the local commercial or industrial tax rate. Facilities with an assessed value of greater than \$1,000,000 will not be eligible for these optional property tax classes.

Upper-tier municipalities can support value-added activities by adopting a subclass for industrial and commercial property classes.

All municipalities can support value-added activities by passing a resolution to support OFA's position on tax treatment for on-farm value-added activities, and forwarding that resolution to all other municipalities, the Premier, the Ministry of Agriculture, Food and Rural Affairs, and the Ministry of Finance.

More information on OFA's position on taxation can be found here: <https://ofa.on.ca/issues/taxation/>

### Adjust the Farm Tax Ratio

Every four years the Municipal Property Assessment Corporation (MPAC) conducts a province-wide property assessment. The 2016 reassessment which was phased in from 2017-2020 saw the taxable assessment of farmland increase by 60%+ in many counties.

At the same time, residential assessments have been flat, and commercial and industrial assessments are lower in many rural areas.

This is causing a shift of the tax burden onto the Farm Class. Eligible farmland is placed into the [Farmland Property Class Tax Rate Program](#), where it is taxed at no more than 25% of the residential tax rate. Municipalities that want to encourage growth should adjust the farm tax ratio below 25% to alleviate some of the new tax burden falling on farmers. The farmer can then reinvest back into their business.



### III. Financial Incentives and Reduced Costs

Municipalities tend to offer economic development programs and incentives in urban areas to develop their downtowns and support businesses. However, rural areas may not be given the resources and support needed to retain and expand their operations. There is a growing importance to support economic prosperity of rural and agricultural businesses through financial incentives and reduced costs.

There are many ways a municipality can reduce the financial burden on the agricultural community, such as: exempt farm structures from development charges, support rural infrastructure, submit an application for municipal infrastructure funding, and provide incentives for value-added opportunities.

#### **Exempt Farm Structures from Development Charges**

Only 5% of Ontario's land base is suitable for agriculture. Every day, Prime agricultural land is lost to non-agriculture uses, such as housing, commercial developments and aggregate extraction. The Ministry of Municipal Affairs acknowledges the need to protect agricultural land in the 2020 Provincial Policy Statement. With moderate adjustments, development charges are a financial tool that can create incentives to maintain production on agricultural land.

New farm residences should be treated the same as other new residences, as they have growth-related capital needs. The construction of new farm buildings does not generate growth-related capital requirements. Thus, development charges should not apply to agricultural buildings. To enable agriculture, over half of all municipalities with development charge by-laws have provided an exemption for agricultural buildings. Many of the municipalities that have not done so are urban, with minimal farmland. However, other by-laws may unintentionally omit the existing exemptions for farm structures. Municipalities should exempt agricultural buildings from development charge by-laws.

#### **Support Rural Infrastructure**

Rural infrastructure and transportation are vital to maintaining our food system through productive supply chains. We rely on an effective and efficient water, road and rail transportation system to deliver inputs to producers, products to processors, and final products to retailers and consumers. Properly maintained roads, bridges and culverts allow farmers to transport inputs to their farm businesses and products to market. In addition, municipalities should consider the size of modern agricultural equipment and slower farm vehicles when designing roads, bridges and roundabouts.

Rural infrastructure is critical to the ongoing competitiveness of our farming sector and to attracting new businesses and manufacturers to rural Ontario. Municipalities need to support agricultural infrastructure and availability of services to make it easier and less financially burdensome to farm.

#### **Submit an Application for Municipal Infrastructure Funding**

The [Ontario Community Infrastructure Fund \(OCIF\)](#) provides support for infrastructure projects for municipalities with less than 100,000 residents, or municipalities in Northern Ontario. In 2021, The OCIF will provide \$200 million in formula-based funding to 424 municipalities across Ontario. Under the new program guidelines, all funding is formula based which means municipalities do not need to submit applications for funding. They do, however, need to submit the [proper planning and reporting documents](#) to the provincial government.

#### **Provide Incentives for Value-Added Opportunities**

Municipalities can implement business development strategies, such as Community Improvement Plans, that encourage private investment, renew infrastructure, and waive development fees. The Ministry of Municipal Affairs and Housing has published the [Community Improvement Planning Handbook \(2008\)](#). Municipalities such as Haldimand County, Norfolk County and Elgin County have implemented rural and/or agricultural Community Improvement Plans.

## IV. Community and Regional Food Planning

Agriculture and local produce are good for the health of the community and good for the economy. Agri-food products that are produced and available locally provide job opportunities and diversification of the agricultural economy. Local produce is fresher and reconnects consumers with how food is produced.

Municipalities can support the local food economy by developing policies that increase local food procurement, support local food events, and increase capacity of the agri-food value chain.

### Support Local Food Procurement

Supporting local food is generally considered beneficial for developing relationships between consumers and food producers and decreasing the travel distance of goods from production to consumption.

Municipalities can develop a local food procurement policy to support local and regional farmers and farm businesses. Municipalities could also hire, or designate a current staff member, as a Local Food Coordinator that is responsible for promoting local food campaigns and events.

Food Policy Councils tend to support the regional food system. If a Food Policy Council is established, ensure that producers and processors are present in the discussions to balance consumer demands with production and supply.

#### 1. Support food processing facilities

- Incubator kitchens support start-up food processing companies by providing opportunities to investigate innovative ideas, business support and technical assistance.

#### 2. Support food distribution facilities

- Food hubs can manage the aggregation, distribution and marketing of local or regional products that are source-identified in a way that is valued by consumers.

#### 3. Support local retail outlets

- Farmers' markets provide farmers with an opportunity to connect directly with consumers and provide a market outlet for their fresh and value-added products. Mobile vendors, such as mobile grocery stores, are trucks that bring local food to underserved communities.

#### 4. Increase consumer awareness

- Municipal or regional branding can promote the benefits of local food to the community and beyond, leading to the potential for a culinary tourism strategy beyond the community's borders.

See OFA's [Always in Season](#) project for more ways to support local agriculture and food.

### Conduct an Asset-Mapping Project

Asset mapping projects are emerging across rural Ontario as a means to “take stock” of community assets. In doing so, municipalities can identify gaps and opportunities. Farm businesses may be operating with untapped assets or without the resources needed to expand. Asset mapping projects can also identify clusters of agri-food assets, which can be an effective tool for marketing the community beyond its borders.



## V. Consultation

### Consult with the Farm Community

#### 1. Create an Agricultural Advisory Committee

- an Agricultural Advisory Committee encourages discussion and sharing of information or approaches from other jurisdictions.
- Regular reporting should be established to ensure that the Committee's comments are brought to the Council's attention.

#### 2. Engage with producers and processors through a Food Policy Council

#### 3. Consult with producers on policy for direct farm marketing, agri-tourism, and other value-added activities

- Municipalities can meet with farm community leaders to understand how local zoning by-laws affect value-added on farms.

#### 4. Ensure that any new roads, bridges and traffic circles are sized for modern farm equipment

- Municipalities can host public meetings to gain community input.

### Strengthen Relationships between Conservation Authorities and Farmers

The Conservation Authorities Act authorizes the formation of conservation authorities with roles and responsibilities that directly impact the land that Ontario farmers own and farm. Farmers play an important role in environmental and ecological protection and preservation of the land.

Since farmers own and manage most of the lands under conservation authority jurisdiction, conservation authorities should be amiable to working together, particularly when reviewing permit applications. The relationship could be improved by dedicating a farmer representative to each board. Farmers and conservation authorities have the opportunity to work together to manage our wetlands and natural habitats.

## VI. Next Steps

There are many ways to support agricultural growth in your municipality. Use the information above and the associated Checklist to Support Agricultural Growth in Your Community to take action.

Visit [ofa.on.ca/GrowAg](https://ofa.on.ca/GrowAg) to download these resources electronically and to learn more.