

# PROBLEM OF LAND BANKING CENTRE IN RURAL AREAS NEAR TO THE CITY: DISCUSSION THROUGH THE EXAMPLE OF BASQUE COUNTRY

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This research summarizes the results obtained in the long process that it started a decade ago and it ended with the creation of a Land Banking Centre for the Basque Country. As a result we obtain a model of agricultural development in areas where the land is helpful and reduced under strong urban pressure.

We assume that the policies of agricultural development in areas of strong urban pressure tend to fail because the price of land leaves to dependent on their agricultural potential to be defined by its urban expectations.

The analysis of the literature about land banks corroborates the difficulty that land banking centre has in suburban areas. Actually, different initiatives of banking centers operate in Europe, from the national to the local scale. Major initiatives grounded using their own land, others buying land through the acquisition of property by purchase and, the third way, by individual assignments benefiting from early retirement programs. Despite the diverse origins, all the initiatives have a common denominator and it is to get a bag of agricultural land to hire it to farmers.

In the rural areas near to the city, like Basque Country, we have to add other difficulty to create a bag of land. The price of the land is too high and land banking initiatives usually do not progress in areas near to the city because the price of the land is too high and it is very difficult to buy ground. On the other hand, the farmer does not leave his property in the hand of the public administration because he has urban expectations with his land and he prefers to maintain it every time available.

Therefore, if the situation is very unfavorable to the progress of land banking initiatives in urban regions, what intervention model can development in the case of the Basque Country, being all this area an urban region? The objective of this research is to answer this question and to propose a blueprint to guide operating models that are intended to develop

areas with strong urban pressure. The research focuses on two paragraphs, background and the first results of the new land banking centers created in the Basque Country.

## I. BACKGROUND

The most important document last decade of agricultural development in the Basque Country has been the Plan for Young Farmers. Approved in 2004, the actions of this plan are intended to encourage the incorporation of new and skilled farmers, in an attempt to rejuvenate the profession and improve its efficiency. The implementation of a land banking centre is essential to incorporate new farmers without territorial base to develop their activities. The necessity to address the demand for land is reflected in the Decree N<sup>o</sup>. 166/2000 of Basque Government. In this Decree the Basque Government regulates early retirement aid and announces the creation of a land banking centre to address these lands. But the land banking centre is not created, among other reasons, because Basque farmers do not show any interest in the early retirement program and the initiative, therefore, failed.

The keys to the failure of the program of early cessation of activity and, therefore, the creation of land banking programs in the Basque Country, are collected in an investigation directed by Rural Development Associations of Deba Valley. The first intention was to promote land intermediate initiatives to move ground. But, after making more than six hundred interviews their conclusion was pessimist. Then, we pick up the main conclusions:

- The owner, when he has left agricultural activity, he does not want to leave his property to other farmer. He, also, does not like to sign any contract that figures someone else using his property. But he wants to keep the farm use of his land. He became underuse his farm and, when he cannot more, he leaves his land to other farmer but making sure that it is all times available for him. He does not any guarantees of a public administration because, among other reasons, does not trust it.
- On the other hand, the price of the land in relation with its agricultural potential rages in the farm market from 100 to 500 € ha / year. This price is not attractive to owners because the real price of their ground is higher. They hope to get more money out of a possible rent or sale.
- Rural Development Agents observed that the only ground that can be management by a figure as land banking would be pieces that no farmer has previously wanted, that is, one that worst agricultural conditions and minor urban possibilities presented.

The only line that Young Farmers Plan is initiated resting on public land, usually originating in excavations and landfills. Rural Development Agents are the source of the idea. They use this kind of land to give one solution to the problem of the lack of ground for the development of horticultural activities. Agroaldea concept applies in the Basque Country to a ground for use in agricultural activities. The land always is public and it has a common planning framework (water, electricity, access...). This land is divided in different pieces and it is hired to the farmer by a symbolic price. The development of this initiative is quite small. In all Basque Country there are only five horticultural estates divided in twenty one pieces of ground.

## **II. THE NEW LAND BANKING CENTRE**

The publication of the Law 17/ 2008 of 23 December on the Agricultural and Food Policy by the Basque Government marks the first step in the process towards the creation of land banking entities in the Basque Country. The development of the law, depend of the County authorities, which began to publish their decrees from 2012. The choose model has the following characteristic:

- The name their provide is “Agricultural Land Fund“ and its main function is to mediate with ground from the public and private sector, and land of farmers which, qualifying for early retirement aid, they do not find other farmer to leave their land.
- The objectives are also similar; ensuring the continuity of professional farms and promoting the inclusion of young people.
- The duration of the rent has to ensure the viability of the investments made in the pieces of ground. It will change according to the use that is given, closer to 30 years in greenhouses and cattle pavilions and closer to 5 years in grassland and forage crops.
- The Agricultural Land Fund entities guarantee the page of the rent that have been sign and the reposition of the land to the original estate. Their main function is an intermediary paper.

In the time that has passed since the approbation of the County Decree the private owners, as expected, do not use the services of the land banking centers. They opt for traditional hire models, usually oral contracts without any legal tie. The last three years has not been made any contract with private.

The only actions that have been developed are interventions in public lands. Public administrations are leaving some properties to be managing by the Land Banking Centre. Using this ground Basque Land Banking Centers are responding to an increasing demand of new farmers, urban people without land who want to become farmer and who bet by ecological crops. The developed model is very similar to the pattern of the “agroaldea” that had been developed by the rural agencies the decade before.

## **III. CONCLUSION**

After describing different initiatives that have been done, the research raises what is the way to be followed by the Basque initiative and, by others land banking centers near to the urban area. First, the author proposes some actions that they should not enforce in these types of places:

- In this kind of areas land banking centre should not deepen in private mediate. They have to prepared to face this situation without making special efforts. They must not build their land Banking Centre thinking only in private ground.
- The model that it is based on the ground left by early retirement does not work in periurban areas because the price of the land is very high and the owner has other expectative for his land.

- The most important Land Banking Centers in Europe have ground or money to buy ground. But Basques mediation centers have no budget at that moment and in the future they will not have enough to buy an expensive ground, as we are looking in other examples of similar areas.

Although we know the difficulty to develop Land Banking initiatives in periurban areas, we conclude that efforts in the Basque Country have to focus on two different tracks, the way that land and economical resource available and the way that law allows.

The first activity is limited but it can serve to become the new initiative stronger, deepening in the track that the currently Land Banking Centre has begun. The County authorities have land owned, as well as municipalities and the Basque Government. It is a small bag but it helps to create new agricultural development projects in an urban area. New farm projects attract the attention of administrations and departments which drive economic initiative and they, so far, had shown no interest in agricultural possibilities.

The other way to develop is the mobilization of private land by underuse. The Law provides mechanisms for conservation and acting on underutilized spaces proposing penalty proceedings. The only exceptions are the farms which have left their ground in the hand of the land bank. If the Law is enforced the owner will leave his land to other farmer before being subjected to disciplinary proceedings. So, although he does not go to the public intermediation, at least, he will mobilize his land. In the Basque case an increase in tax measures would activate underutilized pieces of ground. The beginning of a system of penalties for the most serious cases would mobilize oral agreements between landowners and farmers, benefiting land banking centers and, in general, agricultural development.