Topic III. Incorporating conservation goals in leases

Learning objectives

1. Gain awareness of conservation goals and plans.
2. Understand the conservation programs available.
3. Learn how to develop conservation goals within leases.
4. Determine the importance of type and duration of lease agreements in relation to conservation practices.
5. Understand how to use land use provisions to meet conservation goals on leased land.

Learning outcomes

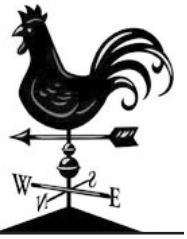
1. Ability to interpret conservation practices that could be incorporated into lease agreements.
2. Awareness of key factors that influence the implementation and use of conservation practices with lease agreements.
3. Ability to write conservation goals within a farm lease agreement.

Key points of information:

- Agriculture increasingly is being held accountable for the long-term consequences of intensive production practices to our natural resources and the environment, both on the farm property and off it. Major issues include soil erosion, water quality, livestock nutrient management, and handling of fuels and farm chemicals.
- Conservation in agriculture has been a national policy issue since the days of the Dust Bowl. In fact, the first federal Farm Bill was introduced to stave off the dramatic soil erosion evidenced at that time. Certain farming methods have been developed to specifically address the health of agricultural resources. These include no-till, Integrated Pest Management, and organic agriculture, for example.
- Most farmers say they practice some forms of conservation. Nationally, 22% of farm operators receive federal conservation program payments.
- Nearly half our farmland is managed by someone other than the owner. Both the owner and the user share responsibility for land stewardship.
- A variety of complex and intertwining factors influence farm operators' decisions to adopt conservation practices. Among them are economic incentives, operator attitudes, the community culture, and tenure.

Key terms

Conservation: The philosophy that agricultural practices ought to be environmentally sound and not degrading to ensure that farm and ranchland is managed with care for future use. In common agriculture



usage, conservation usually refers to a range of practices and installations that address soil erosion and quality, water quantity and quality, habitat protection and restoration, wetland protection and enhancement, and air quality.

Conservation programs: Government programs that "support environmental enhancement and reduce the potential for agricultural harm." These are typically available through USDA, although states may have conservation programs for farmers and ranchers too.

Farm Conservation Plan: A written plan that specifies conservation goals and the methods to attain them. The USDA Natural Resources Conservation Service works with farmers and farmland owners to develop farm conservation plans. They include maps showing sensitive areas such as highly erodable land, wetlands, special habitat, etc. Conservation practices and installations are selected to address conservation concerns.

Stewardship: A broad concept that implies good husbandry and careful and responsible management of the land and other natural resources. In some circles, stewardship has spiritual connotations. Also, a steward is someone who cares for something that s/he does not own.

These links provide information and examples related to farm conservation plans.

Wisconsin State Cranberry Growers Association: Whole Farm Conservation Planning

King Conservation District Farm Plans

UMass Whole Farm Planning with Holistic Management

USDA NRCS Conservation Planning

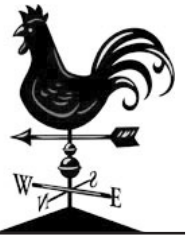
Landlords' and tenants' relationship to conservation programs

The research on the relationship between tenure and conservation reveals a complex set of factors. The old assumption that tenants are less likely to implement conservation on rented land does not bear out. Education, attitudes, culture, and landlord-tenant relationships all enter into the equation.

With respect to USDA conservation programs, eligibility varies. In most set-aside programs such as CRP and WRP the landlord is the applicant and receives the payment for taking land out of production.

In working lands programs (e.g., EQIP, AMA, CSP) it could be the landowner or the operator. Generally, the longer the life of the practice or installation, the more likely the landowner is to participate in the program. This is because these are cost-share programs and a tenant is less likely to invest in long-term improvements. On the other hand, non-owner operators can and do participate in conservation programs for shorter-term practices such as annual seedings.

The eligibility requirements for the working land CSP are that one must be a producer who shares the risk of production, and who has control over the land for the duration of the CSP contract period proposed (NRCS 2006). A producer can be an operator, owner, tenant, landlord or sharecropper, but for CSP, landlords are ineligible as applicants because they do not share in the risk of agricultural production. Landlords can, however, be contract participants (NRCS 2006). According to NRCS, data do not exist for participation in working land programs and WRP by percentages of owners versus tenants (Pattie Haack, Dane County, WI NRCS).



Who receives the payments?

Whether it is the landowner or the tenant who applies for and receives payments for federal conservation programs depends on the type of federal conservation program. Since the CRP requires retiring land for at least ten years, applicants for this program are owner-operators, or in rare cases, tenants with long-term leases with landlords who participate in the contracts. The WRP applicants must be owners. Operators who rent land can apply for working land conservation programs, such as EQIP and CSP, but usually the owner must be on the contract, and the operator who implements the cost-share practices receives the payments (Pattie Haack, Dane County, WI NRCS).

ATTRA, AGREN and NRCS offer information addressing conservation goals and plans from the landlord's perspective.

Questions for landlords and tenants to address related to conservation goals

1. What are the physical characteristic of the land such as topography, soil types, and water resources?
2. What is the land's capability for crops and pasture?
3. What conservation problems need to be addressed?
4. What infrastructure (e.g., barns, machine sheds, fencing, and watering systems) exists on the land?
5. Are improvements needed to support a particular land use? If so, what, and at what cost?
6. What is the potential income from the proposed land use?

Factors influencing farm operators' decisions to engage in conservation practices

Farmers' adoption of conservation practices depends on economic incentives, attitudinal factors, education, age, the overcoming of social barriers, tenure status, and to a lesser extent, farm size.

1. **ECONOMIC INCENTIVES**. Programs such as the Conservation Reserve Program (CRP) and Wetlands Reserve Program (WRP) seem to be relatively attractive to farmers and ranchers, given the low costs associated with enrolling land versus investing in sometimes expensive environmental technologies. But farmers must weigh whether the subsidy from CRP or WRP is worth taking land out of production. Additionally, those who might want to participate will not necessarily qualify to enroll land, since region and environmental sensitivity of the land are factors.

   The decision to participate in any voluntary conservation program is complex, and seems to rely mainly on a cost-benefit analysis by farmers where environmental benefit for its own sake may be a part of the equation.

2. **ATTITUDES AND EDUCATION**. Farmers who have stronger attitudes about conservation tend to exhibit more conservation behaviors. Adoption of conservation methods has been shown to be linked to education level (Traore et al. 1998). However, education about pollution consequences and agricultural conservation programs from a local organization did not lead to an increase in conservation behaviors for farmers (Napier and Johnson 1998).

3. **FARM STRUCTURE**

a. Farm Size. Farm size does not appear to be directly related to the adoption of conservation practices. (See, for example, (Lambert 2007 and Soule 2001). In other words, studies do not support the hypothesis that small family farms are better at land husbandry than large family farms, at least when using the adoption of certain soil and nutrient management practices as an indicator.

b. Farm Tenure. Agricultural economists have long argued that tenancy encourages soil overexploitation. This tenancy hypothesis is the "conventional wisdom" on the subject. "Because tenants have no material stake in maintaining the productivity of land beyond the expected life of the rental contract, they have an incentive to overexploit soils" (Lichtenberg 2007). Historically, studies have tended to confirm this conventional wisdom, but recent research has cast doubt on the tenancy hypothesis.

The solution most commonly proposed to address the problem of tenants' weak conservation relationship to the land is the use of share rental contracts as opposed to a cash rental arrangement. The tenant may have more of an incentive to protect farmland soils if he/she absorbs some of the risk (Allen and Lueck 1992).

Some studies assert that tenure—in terms of lease type and length—does not directly explain the likelihood of adopting conservation practices. One study found that tenure was unrelated to soil loss (Lee 1983). Education, age, crop type, and owner attitudes were important variables when comparing soil loss across farms. Factors explaining soil loss very often have social and political roots, where certain tracts of land are more marginal, and thus affordable, for beginning farmers than others (Heffernan and Green 1986). Often perceptions of tenants in the community and tenants' attitudes of play a larger role in conservation behaviors than has been previously recognized (Lockeretz 1990).

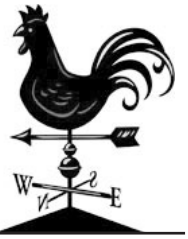
c. Landlord Involvement. Research shows that regardless of whether they are absentee or local, landlords generally exhibit low levels of participation in decisions about pesticide use on their leased land (Gilbert and Beckley 1993).

"Social ties" predicted levels of landlord participation in environmental decision-making, but only among local landlords, not absentees. For all landlords, economic predictors, such as income from farmland rental, are more important than social ties in predicting landlord participation (Constance et al. 1996).

Adoption of conservation practices

Concerns and limitations of conservation in farm lease agreements:

1. Short-term renting of land is often a hindrance to implementing long-term conservation practices.
2. Landowners potential dissatisfaction with tenants' treatment of land.
3. Landlord-tenant cooperation through written versus verbal agreements and what is binding.
4. Environmental wishes for farmland versus requirements.
5. Difficulty in acquiring long-term tenure security which could Improve farmers' conservation efforts.
6. Need for increased education about profitability potential of conservation would improve farmers and land owners efforts.



Discussion questions

1. What are some common conservation practices?
2. How can a landlord or tenant ensure that conservation practices will be an important part of a lease agreement?
3. What incentives could a lease include to encourage conservation practices?

Activities

1. Have students research and develop a list of common conservation practices that could be incorporated into a lease agreement. Students should explain how such conservation practices relate to the length of the lease agreement, and other lease terms. What conservation practices are popular in each region of the country and why?
2. Have students draft a section of a lease on land use and conservation practices a) from the tenant's point of view and b) from the landlord's point of view.
3. Have students research what conservation programs are available and commonly used by tenants.

Guest speakers

1. Extension educator
2. State NRCS or field office personnel
3. A local farmer

Case studies

Monk Farm

Kupers

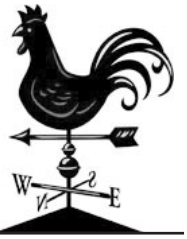
Jacobs

Resources that address conservation on leased land

Stewardship on Rented Farmland, Midwest Consortium on Groundwater and Farm Chemicals (1992). Available from The Minnesota Project, 1885 University Avenue West, #315, St. Paul, MN 55104. 651-645-6159.

Sustainable Farm Lease, Center for Rural Affairs, P.O. Box 406, Walthill, NE 68067. 402-846-5428.

Sample Lease Supplement for Soil and Water Conservation, the Land Stewardship Project—Southeast Office, 180 East Main Street, Box 130, Lewiston, MN 55952. 507-523-3366.



Lease Supplement for Use in Obtaining Conservation Practices and Controlling Soil Loss (1985). Item #FM-1814 from Iowa State University Extension, 119 Printing and Publications Building, Iowa State University, Ames, IA 50011. 515-294-5247.

Stewardship provisions in leases—models and samples in *Holding Ground: A Guide to Northeast Farmland Tenure and Stewardship*, Higby et al., New England Small Farm Institute.

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Traore, N., R. Landry and N. Amara. 1998. "On-farm adoption of conservation practices: The role of farm and farmers' characteristics, perceptions, and health hazards." *Land Economics*, 74(1): 114–127