

Topic IV. Communications and negotiation skills

Learning objectives

1. Learn the importance of good communication between tenants and landowners.
2. Understand different approaches to maintaining strong communication lines.
3. Learn how to use negotiation skills between tenant and landlord when developing lease agreements and relationships.

Learning outcomes

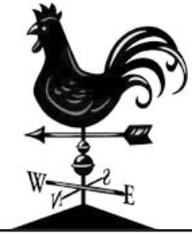
1. Improved ability to effectively communicate with landowners on issues related to lease terms and agreements.
2. Awareness of tools that can improve communication between tenants and landowners.
3. Negotiation skills for developing written lease agreements with landowners.

Key points of information

- “Communication between tenants and landowners is essential for building a successful leasing relationship” (ISU Extension 2003)
- Key aspects are clearly communicating about goals, economics, legal issues and conservation practices both verbally and in written lease agreement.
- Communication should focus on these six points:
 1. Communicate with your landlord
 2. Educate landlords about agriculture
 3. Explain farm costs and any changes
 4. Provide reports about progress, changes and challenges
 5. Maintain the appearance of the property
 6. Treat landlords respectfully; like family

The landlord-tenant relationship

While the percentage of leased farmland has remained relatively constant in the U.S. over the past century, the characteristics of landlords and tenants, and the nature of the contractual arrangements between them have changed. About 65 percent of landlords are more than 60 years of age. Most are not actively engaged in farming. Over half live within 25 miles of the rented acreage. Women are a significant factor; while 31 percent of landlords are men, 40 percent are women, and another 29 percent are joint male and female (AELOS 1999) Moreover, the significance of female landlords is expected to increase as the overall farm population ages.



Social capital is important in determining the terms of trade between tenant and landlord. For example, a tenant is less likely to pay higher cash rents when the landlord is a relative. In other words, the nature and extent of the relationship between landlord and tenant can have a significant influence on lease type and terms, which in turn can impact profitability and competitiveness.

Cash leases are becoming more predominant compared to share leases. Absentee landlords are more likely to choose cash lease arrangements. Why?

Types of landlords and landlord “culture”

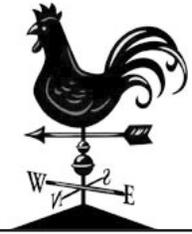
According to the 1999 AELOS, 88% of farm landlords are not farm operators. While some non-farming landlords live on or near the farm, the trend toward absentee landlords is increasing, and more absentee landlords are living further away from the property(ies) they lease.

Who are farm landlords? Some landlords have a dozen or more separate lease agreements. (Many tenants have multiple landlords.) Some landlords are investment companies. Many landlords are older widows or non-farming heirs. Some landlords are institutional (e.g., religious, or educational). Some landlords work in the city, live on the property and can see the farming operation from their windows. Some landlords come from a farming background, and some have no familiarity whatsoever about farming realities.

Landlords include:

- Parents
- Other family members
- Farming neighbors and farmers who live elsewhere
- Farm widows or other non-farming heirs
- Absentee non-farming individuals and families
- Investors
- Churches and religious orders
- Educational institutions and groups; community farms
- Federal government
- State government/agencies
- County and local government
- Land trusts and other conservation organizations
- Intentional communities, CSAs and housing development entities

It makes sense to learn about one’s prospective landlord—his or her vision and goals for the property, opinions about agriculture, and plans. If a landlord is not farm-conversant, s/he might not understand why the baler is left in the field, or there’s black plastic lying around. S/he might have unrealistic ideas about the uses or capacity of the land (e.g., how many animal units? Need for irrigation? Predator control?)



A landlord-tenant relationship checklist

The type of information communicated between landlord and tenant can be as important as the amount of communication. Existing relationships may be strengthened, or new ones solidified, if the leasing parties ask appropriate questions. The following checklist of questions can guide communication. Landlords and tenants can use the same checklist.

- **Goals:** What are your investment (for landlords) or business (for farmers) objectives?
- **Risk:** How would you describe your level of risk aversion? What is your perspective on sharing risk? How much production and price risk do you wish to incur?
- **Lease preferences:** Do you have any pre-existing preferences for or objections toward certain lease types? Determine the foundation of any objections or biases. Biases can either be overcome or will dictate the lease type through which the relationship is governed.
- **Communication preferences:** Ask the other party about their expectations regarding the type and extent of communication that they desire over time, and be prepared to adapt accordingly.
- **Attitude toward change:** Are the parties to the lease willing to consider new options as opportunities or challenges present themselves?
- **Constraints:** Does either party have any taxation, business, financial, or other constraints that may influence the nature of the lease or the relationship?
- **Win/win:** Are both the landlord and tenant willing to seek win/win solutions to problems?

These guidelines may have three potential applications. They can be used to guide communication during:

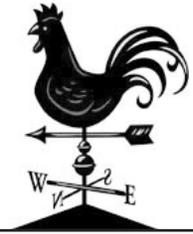
- (i) The first in-depth landlord-tenant discussion prior to leasing the acreage,
- (ii) Annual meetings between the parties to the lease, and
- (iii) The first in-depth discussion following a life-changing event (e.g., death of the landlord's spouse, death of a landlord followed by assumption of lessor responsibilities by an heir).

(Ohio State University Extension FR-0004-01)

A [checklist by Ruth Hambleton](#) can help in evaluating a leasing relationship. Most of the questions deal with operational communications between the two parties. If these questions can be answered affirmatively, it is a good indication that the owner/operator relationship is based on good trust and communication.

Questions for operators

1. Do you have a written lease with your landowner?
2. Do you and your landowner review your lease at least once a year?
3. Do you contact your landowner to see how “things” are going?
4. Does your landowner check fields with you?
5. Is your landowner related to you?
6. Does your landowner supply you with soil tests?



7. Does your landowner allow you to try new things?
8. Do you feel comfortable talking to your landowner?
9. Does your landowner let you decide which crops to plant?
10. Does your landowner know enough about the business end of farming?

Questions for landowners

1. Do you have a written lease with your operator?
2. Do you and your operator review your lease at least once a year?
3. Do you contact your operator to see how “things” are going?
4. Does your operator contact you to offer you a tour of your fields?
5. Is your operator related to you?
6. Have you seen recent soil tests on your fields?
7. Does your operator clearly explain things to you when you ask questions?
8. Do you feel comfortable talking to your operator?
9. Does your operator report crops to the FSA for you?
10. Are you satisfied that your operator is farming as good as, or better, than what you would do?

(University of Illinois, 1997)

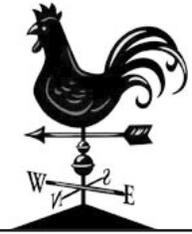
Communication—A critical skill

A successful relationship strategy depends on effective communication. Removing barriers is an effective way of improving communication, and requires an understanding of the communication model.

The model consists of sender, message, receiver, channels, feedback, and effect. The sender sends a message through appropriate channels, either verbal or nonverbal, to a receiver. A response is provided to the sender of the message via feedback from the receiver. Feedback need not be sent through the same channel as the message (e.g., it may be a nonverbal cue such as body language). Through interpretation of this feedback, the sender can determine if the original message was received in its intended form. Effect on the receiver completes the communication process.

Problems in any one of the components of the communication model can result in barriers to communication, such as:

- **Unclear messages:** The receiver remains unclear about the intent of the sender. The sender can interpret feedback to determine if the message is clear or unclear.
- **Stereotyping:** Stereotyping involves either the sender or receiver developing a subjective impression that the other conforms to a certain mental model. This can be a barrier to communication when it substitutes for analysis of and responsiveness.



- **Incorrect channels:** Use of the correct channel assists the receiver to understand the nature and importance of the message. Choice of channel is dictated by the urgency, complexity, and formality of the message, as well as the knowledge, skills, and abilities of the receiver. Tenants should keep in mind that landlords sometimes want more than a written report.
- **Language:** The sender's words combine with the receiver's perceptions of them. The relationship between perception and reality can be determined through interpreting feedback. Progressive, younger tenants should be cognizant of using appropriate language. Technical, complex or slang language may leave certain landlords confused and suspicious.
- **Lack of feedback:** Feedback mirrors the sender's original message, and may indicate a perception problem. It may occur in the form of questions, or nonverbal cues such as a frown or puzzled appearance. Prompt feedback, in which both parties play active roles, should be encouraged. Asking the receiver to repeat the message in his own words is often effective.
- **Poor listening skills:** Poor listening skills are pervasive. Good listening skills are fostered by: (i) being prepared to listen, (ii) avoiding interrupting the speaker, and (iii) being an active listener, which includes providing feedback. Listening is a particular challenge for tenants, who may have less time for "friendly chatter" than landlords. However, this type of interaction may provide important hints of landlord concerns that don't emerge in more formal discussions. Busy farmers should remember that lonely landlords will appreciate both time and lease payments from their tenants.
- **Interruptions and physical distractions:** Communicate in an atmosphere that is comfortable, private, and non-distracting for both parties. Find the right time to meet with landlords.

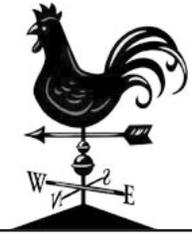
Relationships between tenants and landlords can be enhanced if the parties improve their communication skills, make communication goal-oriented, approach communication with a positive and creative attitude, and work to reduce barriers. (Ohio State University Extension, FR-0004-01)

Negotiation skills

Negotiation is of critical importance between a landlord and tenant. Proper negotiation skills will lead to a lease agreement and relationship that will be positive and successful for all parties involved. It is important to discuss the implications of all aspects in a lease agreement and allow time for review and negotiation to occur. In many cases, bringing in a third party to facilitate the negotiation of a lease agreement can be extremely beneficial.

There are several factors that can help lead to successful negotiation (Fisher et al. 1991) The first component when discussing and writing a lease agreement is to avoid positional bargaining. This relates to focusing only on your position within the lease agreement and not the implications to others. The three basic criteria to fairly judge negotiation include:

1. It should produce a wise agreement if agreement is possible
2. It should be efficient
3. It should improve or at least not damage the relationship between parties



A wise agreement can be defined as one that meets the legitimate interests of each side to the extent possible, resolves conflicting interests fairly, is durable, and takes community interests into account.

The second component is a four-step method for successful negotiation that includes:

1. Separating the people from the problem
2. Focusing on interests, not positions
3. Inventing options for mutual gain
4. Insisting upon the use of objective criteria

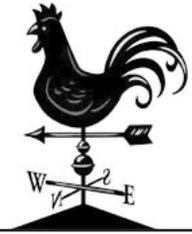
For further information regarding the above information on negotiation skills and their importance refer to Fisher et al.

Discussion questions

1. Why is communication such a critical component of the farm lease agreement process?
2. Where can communication break down between the landlord and tenant? Why?
3. What techniques can be used to improve the landlord/tenant relationship?
4. How do landlords and tenants determine and communicate about conservation programs in existence and future options?
5. Guest speaker suggestions: Extension, local farm landlord; farmer who leases land.

Activities

1. Have students role play negotiating a farm lease agreement. Use the role play scenario to discuss key aspects for improving communication and negotiation skills.
2. Have students develop a list of techniques they could use to improve the communication between landlord and tenant. Discuss the techniques as a group.
3. Have students research communication styles (google this) and describe their own or a family member's style.
4. Role play interactions using several communication styles and give feedback.
5. Plan a field trip to a local NRCS office to tour various types of conservation practices that the tenant may have an active part in fulfilling the requirements.
6. Role play with a "landowner", "potential tenant" and a facilitator who negotiate some common leasing occurrences.



Sources cited and other resources

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- Fisher, R; Ury, W; & Patton, B. 1991 Getting to Yes: Negotiating Agreement Without Giving In, Second edition. Penguin Books.
- Iowa State University Extension, Ag Decision Maker, [Flexible Farm Lease Agreements](#)
- Iowa State University Extension, [Farm Lease Letter](#)
- Iowa State University Extension, [Improving Your Farm Lease Contract](#)
- Iowa State University, Midwest Plan Service, [Free Lease Forms](#)
- LSU Ag Center Research and Extension, [Louisiana Farm Lease Agreement](#)
- Minnesota Department of Agriculture, [Maintaining Conservation Benefits on Leased Land](#)
- [Managing Landlord-Tenant Relationships: A Strategic Perspective](#). FR-0004-01
- University of Illinois, Farm Business Management Handbook, 1997. [Farmland Leasing: An Overview](#)
- University of Missouri Extension: [Farm Lease Agreement](#)
- University of Vermont, Center for Sustainable Agriculture, [Resource Guide for Vermont's New and Aspiring Farmers, Access to Farm Land](#)
- West Virginia University Extension Service, [The Farm Lease](#)
- [Managing Landlord-Tenant Relationships: A Strategic Perspective](#)
- [Kansas State Farm Management: Leasing](#)

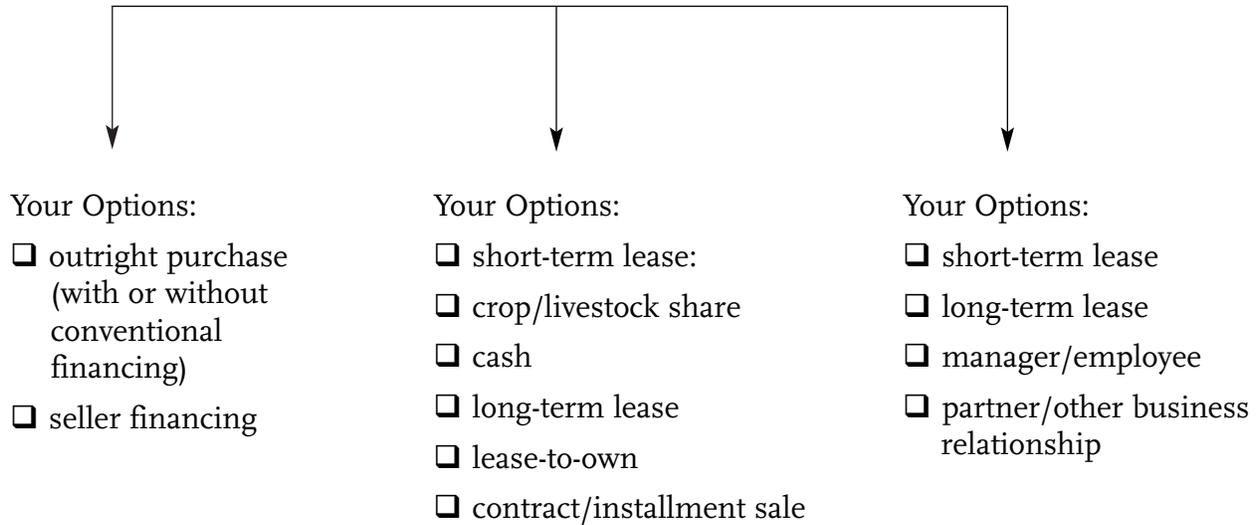
Tenure Options: A “Decision Tree” for Farmers

Do you want to own farmland...

Now? **Yes/No** ⇨

At some point? **Yes/No** ⇨

Never



The Possibility of a Farm

My husband and I decided that after years of dreaming about living on and operating a farm, we would take the leap into the unknown and let our dreams begin. We were living in Portland, Oregon. We owned a house with a standard 50' x 100' lot. On that lot, we kept three laying hens as well as berries, fruit trees, and a sizeable vegetable garden. Unlike all of our neighbors, we had no lawn to speak of. We found a farmers' market in our neighborhood and began selling all our extra produce. It was great fun and we made some money. We were urban farmers.

We decided to take the next step and look for a larger tract of land in Vermont that we could call our own. My husband went to college in Vermont and the romantic notion of living in a rural and agricultural community there was very appealing. We searched for a farm in a week-long trip that we made from Portland with our 18-month-old son in tow. We were hooked. We believed that with a little gumption and hard work, we could make our farm dream a reality. We found 20 acres in Eden, Vermont, on the edge of the Northeast Kingdom. It was affordable, and we thought, a mostly risk-free endeavor. We sold our home in Portland and moved our family to Eden.

Nearly three years later we have learned many life lessons that we will not soon forget. The most important lesson for us was that buying land to start a farm, anywhere, before living (i.e., *renting*) in the community for at least a year is a huge mistake. There are many good reasons not to buy land right away. Our biggest mistake was sinking all of our available resources into the investment of land and a home, not the least of which, by the way, is the home. While we have an investment that *may* provide us a return in the future, we do not have an operating farm. Furthermore, we will not have an operating farm anywhere in the near future.

What we do have is a small house on 20 acres in an area of the country that is so economically depressed that we cannot find jobs that will pay enough cover our basic living expenses, not to men-

tion support development of our farm business. We have lost thousands of dollars that we thought we could easily earn back by selling our vegetables, flowers, and eggs in our first year of operation. In all of our number crunching and business planning, we did not plan for the unusual and devastating weather conditions we have encountered.

Today, our farm is too small to recover a profit and we are too poor to invest the resources that might make it large enough to become profitable. If we had decided to wait to buy and had leased land, even for a short amount of time, we'd probably be making a living as farmers today. However, at the time we bought, we believed that for the future of ourselves and of our son, we needed to own land and a home. Now, we believe differently.

The capital required to move across country, purchase land and a home, and then to finance a farm is so much more than we had figured in all of our planning. We naively thought that since we planned to farm without purchasing large equipment such as tractors, that we wouldn't need to spend a lot to build our business. We expected that with a modestly sized Community Supported Agriculture farm as well as a roadside stand and possibly selling at one farmers' market, we would recover any modest sums of money that we put into the farm each year and that we could eventually build our markets and start to turn a profit.

During the first year on our land, we decided to learn how to adjust our growing methods to the cold climate and short growing season of Northern Vermont. We were not counting on selling anything that we grew, just in case. We planted a large "garden" that provided plenty of food for ourselves and our neighbors. The success we had growing vegetables and flowers in our first year gave us the feeling that we would be able to expand our operation for the following year and begin to market our produce.

The second year, we bought pigs to till our fields and used them to create nearly an acre of vegetable beds. We also hired a neighbor to plow another acre for flowers. We were off to a good start with hun-

dreds of seedlings looking healthy in the greenhouse and nicely plowed and fertile fields, compliments of our pigs. What we did not know was that occasionally, the land we were on flooded severely, leaving hundreds of vegetables to rot in the field. An unusually wet spring and early summer, created soil conditions on our lower fields that were too wet to support the vegetable seedlings that I planted and replanted. We lost thousands of dollars and countless hours of time.

If we had decided to rent land in the area, before we bought a place, we would have been able to withstand the lost crops and move forward with a new plan and revised growing techniques. Plus, we would have learned about the land and about our capabilities and farming preferences. As it is, there is no way that we can afford to spend as much time and energy as we should to grow the amount of produce that we need to recover our losses. What would really give our farm a boost would be to expand our chicken operation to include pastured meat birds in addition to our laying hens. Unfortunately, that would require more fencing and more housing,

which we can no longer afford. What we really need to make the farm profitable is to invest some money in a bit of new equipment and some labor and to cut back on the amount of work we need to do outside the home to support our family. This will not be happening anytime soon. Therefore, our farm will not be happening anytime soon.

If we were able to go back three years and do it all over again, we would be looking at areas that we really liked where we could find better off-farm jobs and we would be establishing a farm business there on leased land. We would save ourselves the headache of owning land and a house, which requires so much more capital than we could have ever imagined. We would let the burden of keeping up a home and the responsibility of capitalizing the land belong to someone else. If we had done this from the beginning, the amount of time and money that we currently put into maintaining our home and managing the land would instead go into a farm business that would satisfy our dreams.

Andrea Woloschuk

[Click here](#) to return to Module I: Topic I on page 10

[Click here](#) to return to Module II: Topic I on page 45

Short-Term Lease Checklist

Instructions: Both parties may use this checklist to make sure key issues are addressed in the lease agreement. Simply check each item off when you are satisfied that it is clearly included in the lease. Use the space between items to keep notes on outstanding issues.

- ___1. Who are the parties? Do you have evidence of ownership and authority to act if the landowner is an entity other than an individual? Is the tenant an individual or an entity? Will the lease also bind the “heirs and assigns” of both parties?
- ___2. What will be the lease term? Will it terminate on a specific date or at the will of either party? How much notice will be given to the other party?
- ___3. Will the lease be renewable? Will both parties have the option to renew or not renew? What will be the procedure for renewing the lease?
- ___4. Do you have an adequate description of the property to be leased – land, boundaries, farm structures, residence, equipment and livestock?
- ___5. How much and what type of rent will be paid? How and when must it be paid?
- ___6. If the agreement includes a residence, will there be a separate residential lease?
- ___7. What will be the allowable and prohibited uses of the property under the lease?
- ___8. How will the landowner and the tenant allocate responsibility for repairs and maintenance of the property?
- ___9. How will the landowner and tenant allocate responsibility for capital improvements? If the tenant invests in capital improvements, how will s/he be compensated at the end of the lease?
- ___10. Who will be responsible for obtaining and maintaining insurance—liability, casualty and other (e.g., crop insurance)?
- ___11. What actions by either party will constitute a default under the lease? Will the non-defaulting party have the right to terminate the lease or withhold rent until the default is cured? Will the lease include procedure for dispute resolution?

Farm Transfer Activity

Name: _____ **Class date:** _____

Think of the farm you work on or will work on. If unsure, pick a specific farm you know.

Who owns it now?

_____ (relationship to owner)

Who is likely to own it in 15 years?

_____ (relationship to owner)

Who farms it now?

_____ (relationship to owner)

Who is likely to farm it in 15 years?

_____ (relationship to owner)

**Relationship to owner could be a relative (e.g., son or daughter, in-law) or unrelated person (e.g., neighbor, hired manager, investor, developer, homeowner, etc.)*

With a partner, discuss how the farm may change hands in the next 10–20 years. If the owner is not the primary operator, who will operate the farm in the future? What kind of written or verbal arrangements are in place now to enable the transition of the farm to a new owner or operator? Are there any circumstances the current lease or contract does not cover?

Discussion notes here:

Report the key points of your discussion to the class and compare with others.

Communication Challenges Activity

Name: _____ **Class date:** _____

List at least 5 things that might be hard for each of these people/parties to talk about when discussing a lease agreement or contract to operate or purchase the farm or ranch:

Current or exiting farmer(s)

Beginning or entering farmer(s)

Discuss your lists with a partner or small group. Are there real-life examples from your group about communication challenges with elders, relatives or farming associates? How can a neutral or off-farm third party help with difficult conversations? What are some ways of approaching topics that may be emotionally charged or need several meetings to work out?

Ag Decision Maker: Cash Rental Rate Estimation

Using the [Cash Rental Rate Estimation Spreadsheet](#), answer the following questions.

The Swensons rent 240 acres from an out-of-state landlord. The landlord is asking \$195 per tillable acre for next year, which he heard was the going rate in his county. Is that a reasonable rate? Can the Swensons afford to pay that much?

Here are their estimates of their yields and productions costs.

	Corn (127 a.)	Soybeans (113 a.)
Expected yield (5-year average)	180 bu.	56 bu.
Expected selling price	\$5	\$12
USDA direct payment	\$2,600 twice a year	
Seed, fertilizer and pesticides	\$250	\$180
Insurance, misc.	\$30	\$30
Machinery fuel and repairs	\$50	\$40
Drying	\$36	
Machinery fixed costs	\$20	\$20
Labor value @ \$10 per hour 3600 hours divided by 1500 total acres	\$ _____	\$ _____

What is the calculated rent based on the formulas below?

Share of Gross Income: 35% of corn and 45% of soybeans _____

Yield Potential: \$1.09 for corn and \$3.61 for soybeans _____

CSR Index: CSR of 75, \$2.00 per point _____

Percent of Land Value: 3,500 @ 5% return _____

Tenant's Residual _____

Crop Share Equivalent _____

What is the weighted average of all the approaches? _____

Is \$195 a reasonable amount? _____

Why might labor and fixed machinery costs not be considered?

File C2-20
William Edwards and Ann Johanns
Iowa State University

... and justice for all

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Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture. Jack M. Payne, director, Cooperative Extension Service, Iowa State University of Science and Technology, Ames, Iowa.

Ag Decision Maker: Flexible Lease Agreement

Using the Decision Tool, [Flexible Lease Agreement Worksheet](#), answer the following questions.

1. Flexible Lease Agreements adjust to fluctuations in _____ and/or _____.
2. The most common type of flexible lease agreement is: _____.
3. The Base rent in a Base rent plus Bonus lease agreement could also be considered the _____ amount the renter pays.
4. What are the advantages for using a flexible lease agreement?
 - a.
 - b.
 - c.
5. How could price be determined using a flexible lease agreement?
 - a.
 - b.
 - c.
6. Why would the renter want to set a maximum and minimum rent?

File C2-21
William Edwards
Iowa State University

... and justice for all

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Leasing & Land Ownership Activity

Adjusted sale price	Cash rent lease	Market value
Adjusted market price	Caveat emptor	Meridians
Ad valorem taxes	Comparable sale	Mill rate
Agency	Contour lines	Percentage share lease
Agent	Correction lines	Percolating water
Alluvion	Cost approach	Plat
Avulsion	Crop share lease	Principal
Appraisal	Highest and best use	Range
Assessed value	Income approach	Rectangular survey system
Assessment appeal board	Labor share lease	Replacement cost
Assessment roll	Land and water	Riparian right
Base line	Lease backs	Shared appreciation
Bench mark	Lessee (tenant)	Special agency
Board of equalization	Lessor (landlord)	Special assessments
Bushel lease	Leveraged lease	Variable cash lease
Buffer zone	Littoral rights	Variance
Broker	Livestock share lease	Water table
Capitalize	Market approach	

Using the terms above, answer the following statements:

- _____ 1. A value placed on a property for the purpose of taxation.
- _____ 2. The person empowered to act by and on behalf of the principal.
- _____ 3. A business sells assets to another with an explicit provision to lease them back.
- _____ 4. A six-mile wide column of land running north and south in the rectangular system.
- _____ 5. The crop and certain input cost are divided between the operator and the owner.
- _____ 6. The increase of land when waterborne soil is gradually deposited.
- _____ 7. The cost at today's prices of constructing an exact replica of the subject improvements using the same or very similar materials.
- _____ 8. Valuing property based on its ability to generate income.
- _____ 9. One who acts as an agent for others in negotiating contracts.
- _____ 10. Taxes charged according to the value of a property.
- _____ 11. An operator who lease property from the owner.
- _____ 12. A strip of land that separates one land use from another.
- _____ 13. A governmental body that reviews property tax assessment procedures.
- _____ 14. The cash price that a willing buyer and a willing seller would agree upon.
- _____ 15. The value of a comparable property after adjustments has been made for differences between it and the subject property.

Leasing & Land Ownership Activity, continued

- _____ 16. A reference point of known location and elevation.
- _____ 17. An owner who leases property to a tenant.
- _____ 18. To convert future income to current value.
- _____ 19. Let the buyer beware.
- _____ 20. A book that contains the assessed value of each property in the county or taxing district.
- _____ 21. A map that shows the location and boundaries of individual properties.
- _____ 22. A person who authorizes another to act for him/her.
- _____ 23. The use of a parcel of land which will produce the greatest current value.
- _____ 24. The annual cash lease payment is flexible depending upon yields and/or prices.
- _____ 25. The right of a landowner whose land borders a river or stream to use and enjoy that water.
- _____ 26. Property tax rate that is expressed in tenths of a cent per dollar of assessed valuation.
- _____ 27. The operator receives a share of the production in exchange for contributing only labor.
- _____ 28. A relation created when one person delegates to another person the right to act on the principal's behalf.
- _____ 29. The process of estimating the value of an asset.
- _____ 30. A rental arrangement in which the operator makes a cash payment to the owner for the use of certain property and keeps all income generated.

Adapted from Ag Decision Maker C2-05

Iowa State University

<http://www.extension.iastate.edu/agdm/wholefarm/html/c2-05.html>

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... and justice for all

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Ag Decision Maker: Crop-Share Leasing Provisions

1. In most crop-share agreements a _____ / _____ division of both the corn crop and soybean crop is divided between landowner and tenant.

2. List the common production input costs the landlord and tenant divide evenly.
 - a.

 - b.

 - c.

 - d.

 - e.

3. Does the landlord pay the tenant for harvesting his/her share of the crop?
Yes or No

4. The tenant usually hauls the crop to farm storage for free.
Yes or No

5. Do the tenant and landlord usually divide the custom application cost of fertilizers and herbicides?
Yes or No

6. Do the tenant and landlord divide the cost of drying fuel for corn drying?
Yes or No

File C2-30
William Edwards and Ann Johanns
Iowa State University

... and justice for all

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“Monk Farm” in the Northeast

Highlights

- Religious Order as Non-farming Landowners
- Tensions Regarding Conservation Goals

Non-farming landowners and tenants sometimes clash over the environmental stewardship of farmland. The unique aspect of the following case study is that the landowners are a monastic society of monks who have recently come together to implement a policy that would, among other things, prevent the use of agrochemicals on the land they rent out. This story illustrates the complications that can ensue when congenial longstanding social ties are threatened by disagreements over caring for the land. It also describes the steps this religious landholding organization took to mitigate the situation.

Jacob Metz is a brother of a society of monks in the Northeastern region of the U.S. The Brothers are a monastic society, and Jacob is a life-professed member of the order who is responsible for the facilities and grounds. The buildings at the monastery include a church, chapel, living quarters for members, and a guesthouse. The land faces a river and the monks also have gardens where they grow flowers and herbs. The monastery is located in an urban setting, very close to a large university. Three miles south, in the town of Hillcrest, the Brothers own 144 acres of property given to them as a gift in the 1950s by a family who originally acquired the land in the late 17th century through a land grant created by King Charles II. Since this time, the land has been continuously used for pasture or crops.

As the facilities and grounds manager for the monastery, Jacob is involved in making decisions about the agricultural land they own and, specifically, the lease arrangement. Since the 1960s, the Brothers have leased most of their 144 acres of agricultural land to a neighbor, [John] a 60-year-old dairy farmer whose family has lived in the neighborhood since the late 17th century. [John] and his brother milk a small herd of 30 Holsteins, and their farm is about 1.5 miles from the Brothers' land in Hillcrest. The Brothers lease the land to [John] for \$100 per year. As part of the lease arrangement,

[John] provides mowing services for the Brothers' larger meadows that are not farmed, which helps to keep the forest from encroaching onto the fields. [John] grows feed corn on these two lots, along with some alfalfa. The Brothers' attorneys require them to draw up a lease and have [John] sign it each year.

Professional Resources Used

In the last couple of years, the community of Brothers has started talking about long-range plans for their property. They have had conversations with the Commonwealth of Massachusetts and have been discussing selling the development rights to ensure that the land is preserved for agricultural use. In this region of the country, pressure to develop housing has resulted in the loss of agricultural land. Hillcrest has always been a rural town, but now it's considered a suburb of a larger city nearby. The Brothers want to preserve their land and its environmental qualities. Three years ago, they hired an environmental property manager, Steven Williams. Steven is very savvy with regard to conservation issues on agricultural farmland. A small organic farmer himself, Steven played an important role in educating the Brothers about conservation. He encouraged the successful expansion of the kitchen garden and the Brothers hope to soon become completely self-sufficient.

Jacob says that with the help of Steven, “The (Brothers) community agreed to a policy that we would no longer allow artificial herbicides or fertilizers. We wanted to encourage organic farming on our land.” The community of Brothers passed the following policy:

“Over the next three years, it is our intent to institute a consistent policy of sustainable stewardship of the Society’s land, encompassing all horticultural and agricultural activities. The focus will be on reducing petro-chemical fertilizer, herbicide and pesticide use; eliminating the culture of all genetically modified organisms; and, replacing these



techniques with more ecologically sound horticultural and agricultural practices such as composting, crop rotation, cover crops and use of chemicals and soil amendments comparable to those used on certified organic farms.”

Primary Challenge

By having Steven on the staff, the Brothers have been more aware of the activities on their rented land. Steven had been aware that their tenant, [John] Lee, was planting genetically modified (GMO) corn and spraying herbicide. Last year, Steven went to [John] to renew the lease, and brought him a copy of the new resolution that the community of Brothers had passed. The terms of the lease were the same, but there was a separate document explaining that they knew [John] was using GMO corn and that they wanted to help him to transition to organic corn. Jacob explained that their state has many resources for farmers to transition to organic and the Brothers told [John] they would be more than willing to help him transition using these resources. In response to the new policy, [John] said, “I don’t believe in organic farming.” The Brothers told [John] that he had three years, and if he did not transition to organic in that time, then they would not renew the lease.

With regard to this difficult situation, Jacob said, “[John] has been a good neighbor and we have had cordial relations over all these years. He’s been a good friend, he’s neighborly, and he’s provided us with a lot of cow manure for our gardens. I was really taken aback when I heard about [John]’s

response.” Jacob explained that he felt especially sad that since the Brothers’ unsuccessful meeting with [John], they learned that [John] and his brother were forced to sell their herd due to financial hardship. He felt that, unfortunately, their new proposal seemed to be yet another blow to [John] as a farmer.

Planning for the Future

If the Brothers are forced to deny [John] the opportunity to renew his lease, they would like to rent their land to local organic farmers. They would also like to conduct a soil analysis because the Brothers feel that [John] has not been a very good steward of the soil. In their current lease with [John], there are some general conservation stipulations, and the lease requires [John] to mow the meadows in the spring and fall. But in the future, there will be changes that the Brothers will institute after the three-year period has elapsed, including the main stipulation that will mandate the practice of organic agriculture on their land. “It’s my wish that we can help [John] move toward organic farming, but so far he is not inclined,” said Jacob.

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The Guralski-Martin Incubator Farm

Highlights

- Successfully transitioned incubator dairy farm to non-relative employee
- Renter took good care of the land due to lease-to-own arrangement

Enos Martin had worked for the Guralskis for several years on their farm in Marathon County, Wisconsin, as an employee milking cows. When he told Lyle Guralski that he would be moving on soon to find a dairy farm of his own, Lyle and his wife wanted to help the Martins get started. The Guralskis looked for a farm to rescue, that is, a farm that had been a dairy farm historically, and wanted it to be within 4 miles of their home farm to keep fuel costs to a minimum. The farm they zeroed in on fit this description and had been used to raise beef cows most recently. In 1999, the Guralskis expanded their operation and bought this 80 acre second farm. Lyle invested in the second farm, making improvements so that it could fully function as a rotational grazing operation. Within a few years time, in 2005, Enos bought half of Lyle's herd and leased the land on the second farm. After two years of successful management, Lyle offered Enos the option to buy. Today, the "second farm" is now the Enos and Phoebe Martin dairy farm in Edgar, Wisconsin.

From Leasing to Owning

This successful farm transfer story sounds so simple, and in fact, "simple" is just how both Lyle and Enos described the arrangement. But there was plenty of planning and communication between the two parties before Enos and Phoebe actually bought Lyle's second farm.

"We used to work together and then we'd stop and talk for 10, 15, 20 minutes, a half an hour, maybe even an hour sometimes, and just...well, how would we do this, how would we split the cows up and, how many do you think I could run and, how much

could I borrow if I had this many and we'd just talk about these things. We talked about it for probably a year or two years before we even did anything."

The goal was to duplicate the grazing system at Lyle's home farm, and to run the two farms as Lyle's operation, with the idea that the second farm would eventually be transferred to Enos. The second farm had thin infrastructure and Lyle invested in a milking parlor similar to the one he had on his home farm. He also invested in bedded winter housing, fencing for a rotational grazing system fit for 100 cows, and a filtration system that allowed water to be silted through a grass strip before going into the stream. Apart from infrastructure, the quality of land on the newly purchased farm needed improvement. The soil in the farm's valley was heavily silted and too wet, making it impossible to graze cattle in this area. But after engaging in managed grazing over several years, Lyle and Enos saw the quality of sod drastically improve. During this time, Enos and Lyle worked to build up Lyle's herd, and they ran the farms as efficiently as possible. Not only was the two-farm set-up environmentally responsible, it was profitable.

Informal Verbal Agreement

Throughout the transition period, the Guralskis and the Martins received guidance from Extension Agent, Tom Cadwallader, in developing a successful lease agreement. Because Enos had been a good employee for several years, Lyle was confident that he had the talent and the ability to take over his second farm.

"We basically said that if he stuck with us, we would make that farm his, if he was interested," said Lyle.

"Our goal was that we would lease for three years, but in two years, Lyle, the landowner, gave me the option to purchase and that's what we did. So we purchased two years after the lease and that was just a mutual agreement. It wasn't necessarily written down," Enos said.



For Enos, the farm transfer was especially advantageous because the farm was set up for rotational grazing, and most importantly, the cows were already accustomed to the set up. Buying new cows and bringing them into an operation often means a higher than average cull rate. When Lyle sold half of his herd (90 cows) to Enos in 2005, those cows were transferred to the second farm where Enos managed them and rented the farm for two years. In terms of how Enos treated the land as a renter, he said, “I treated it like I was going to own it. Lyle stuck a lot of money into this farm. I tried taking care of it as if I’d be the owner of it someday, and yet, he had it fixed up to where it would work.”

Key Ingredients

For Lyle, what made the arrangement so successful was the mutual respect he and Enos had for one another, and the opportunity to transfer his farm to a competent new young farmer.

“It isn’t about the money. It’s actually the joy of just seeing him and his wife and his family do well. You know, when I’m on my deathbed, I think those are things that I’ll think of.”

Enos agreed that mutual respect was the foundation for the successful partnership that led to the smooth farm transfer. “You have to listen and work for someone else and that’s hard. Today there are not too many people that want to do that. I mean that’s the way I see it. I had a lot to learn. Lyle

taught me a lot of things and you have to work hard,” he said.

“It’s kind of like being married. It’s the partnership. I never really had a cross word and neither did he. We always talked about things before it got to the point where it got, to where somebody had to get nasty about it. That’s what makes it easy I guess. I tell people and everybody says well you know they can take you through the weeds and I say, ‘yeah, they can’... The person coming in has everything to gain, to a degree, and the person with the assets has everything to lose. You could probably get beat up pretty good, but you just got to have faith in the person that you’re dealing with that he’s going to do what he says he’s going to do,” said Lyle.

Key Resources

- Marathon and Lincoln County Agribusiness Incubator Project, University of Wisconsin-Extension, Agriculture Agent Tom Cadwallader

Lessons Learned

- Mutual respect between landowner and renter.
- Lease-to-own arrangement advantageous for renter and for environmental stewardship.

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Countryside Initiative in Cuyahoga Valley National Park, Ohio

Highlights

- Rehabilitating and revitalizing older farms into working farms on public land through partnership with non-profit organization
- Use of long-term agricultural leases with conservation stipulations on public land

This unique case study is a story of how public landowners linked arms with a non-profit to return farming to their historical land. One aspect of the original mission of a national park was unburied and made into reality with the help of a non-profit organization, state employees, and farmers looking for agricultural land. Through the use of long-term leases, this national park has fulfilled its mission of returning to its historical roots of a working agricultural landscape, while maintaining environmental stewardship through lease stipulations that outline the conservation-related expectations for land care.

Located between Akron and Cleveland, Ohio, the 22-mile long, 19,000 acre Cuyahoga Valley National Park was created through the Parks to the People program in 1974. The founders had hoped to prevent the rural landscape from disappearing and to preserve the rural character of the valley. Although rehabilitating the remnants of the old farms had been a central goal for the park's founders, over two decades of park management passed before the park began to take major steps to focus on the agricultural value, versus the wilderness value, of the land. The park had previously set up short-term leases with local farmers for raising hay and corn on parkland, but more major attempts to bring agriculture into focus were hampered by the lack of models available on which to draw. This changed in 1997, when the park superintendent took a sabbatical to England to the British National Park Service, where he observed public lands being used by private citizens to farm.

With the help of Darwin Kelsey, the Countryside Initiative program was created to transform the old farms into working sustainably oriented farms. The non-profit Cuyahoga Valley Countryside Conservancy, with Kelsey as director, was created as a partner organization to the Cuyahoga Valley

National Park to co-manage the Countryside Initiative program. Cuyahoga Countryside Conservancy obtains a quarter of its funding through a contract with the Cuyahoga National Park, but it also receives funding through foundations, fees collected from vendors at the farmer's markets it supports, and tuition fees from educational workshops.

One of the first issues Kelsey tackled was the term of the agricultural leases the park had been accustomed to using. The park had been issuing special use permits to farmers on a very short-term basis, mostly year-to-year arrangements, to grow hay and corn on the park's land. But Kelsey emphasized the importance of long-term lease arrangements to encouraging farmers' long-term interest in the land. The park currently leases land to farmers for up to 60 years.

"Now the assumption was that things were on a short-term lease and it would be harder for those farmers to do a lot of damage in a short time. But of course, that's counter-productive. I mean if you're going to set people up to have short-term access, they have a built-in incentive to make the most of the opportunity, to neglect all kinds of stewardship issues, and maximize their income. And they have no incentive to make long-term investments that they may not get their money back on or undertake long-term conservation stewardship practices," said Kelsey.

For the farmer, the long-term lease means that he or she can make a sizable capital investment in the operation and be able to see the returns of that investment. The long-term lease also presents the opportunity for the farmer to build equity. Kelsey explains that there are built in protections for the farmer's investment. For example, the farmer can never sell the land, but with the park's approval, he or she can sell the remaining years of the lease to an incoming farmer if he or she wants to leave the program.

The Cuyahoga Valley Countryside Conservancy uses a request for proposal (RFP), which is a legal document, to identify interested parties to farm on the park's land. The Conservancy recruits potential farmers, evaluates RFPs, interviews promising



candidates, and makes recommendations to the superintendent of the park. Part of their evaluation process involves assessing the strength and quality of the candidate's *farming concept*. The program has a rigorous set of expectations and standards with regard to environmental stewardship, and candidates must convince evaluators that their attitudes toward conservation and land care fit

with those of the park's. The RFP has a section that discusses sustainable practices, laying out various levels of sustainability on a chart. The candidate places him or herself somewhere on this chart (see Figure 1), and though the candidate is not expected to be certified organic, he or she should be on that general end of the spectrum to receive consideration.

Production Practices for Sustainable Vegetable/Crop Enterprises*			
Less Sustainable Practices		More Sustainable	
Crop Rotation			
Monoculture (same crop in same field each year)	Two years between the same crop planted in the same field	Three years between the same crop planted in the same field	Four years between the same crop planted in the same field
Organic Matter Maintenance			
Add crop residues only	Add animal manures + crop residues	Add cover crops, animal manures, + crop residues	Add compost, cover crops, + crop residues to soil
Nitrogen Fertilization			
Broadcast bagged fertilizer in fall	Broadcast bagged fertilizer in spring	Band and sidedress fertilizer to match timing of crop uptake	Rely on N from organic residues, in addition to timely fertilization
Insect Management			
Calendar spray insecticides (on predetermined schedule)	Scout for insect pests, then spray non-selective insecticide	Scout for insect pests, then spray selective, least-toxic pesticide	Use cultural practices and beneficial insects to control pests
Weed Management			
Apply herbicides as primary weed control tool	Apply reduced rates of herbicide and cultivate	Cultivate to remove weeds	Use allelopathy, smother crops, and mulches to suppress weeds
Disease Management			
Apply fungicide on a predetermined schedule (e.g., weekly)	Use disease modeling to time fungicide applications as needed	Use disease modeling to time fungicide applications as needed	Use disease modeling to time fungicide applications as needed

* Adapted with permission from *Sustainable Vegetable Production from Start-Up to Market* (NRAES-104). Natural Resource, Agriculture, and Engineering Service, (NRAES), PO Box 4557, Ithaca, NY 14852-4557, www.nraes.org.

Figure 1. The scale used by the Countryside Initiative program to assess farming approach.

Once the superintendent accepts the recommendation of the Conservancy, the park and the farmer begin negotiating the lease, which is a 40-page document detailing the relationship between the lessee and the park that outlines the responsibilities of both parties, including required conservation practices and building repair and maintenance.

Regarding conservation practices, the lessee is prohibited from using herbicides and pesticides without pre-approval, and each year must submit an annual operating proposal. This proposal must be approved before any changes to the land can be made.



The park determines the amount of rent the farmer pays. This figure is based on two components: the residence and the farm enterprise. A certified appraiser assesses the value of the buildings on the property and compares the cost of living in this house to other houses in the surrounding community. The figure the appraiser calculates is then discounted by at least 50% through the Countryside Initiative program due to the many regulations with which the farmer must comply in order to live and farm on the property. The second component of the rent is based on the productive value of the farm and represents a percentage of gross sales. Where many landlords might require renters to pay 20 to 40% of gross sales, Cuyahoga National Park requires renters to pay 5% during the first year, increasing half a percent each year until, 10 years later, the maximum is reached at 10%. The concept behind this incremental rent increase is the understanding that starting a new business can be difficult, and it can take 5 to 10 years to reach a productive level. The rent paid by the farmer stays in the Cuyahoga National Park.

The Conservancy has estimated that 20 old farms in the park have the infrastructure to be rehabilitated through the Countryside Initiative program. By the end of this year, there will be 11 farms created through the program, including a community supported agriculture (CSA) vegetable farm, a meat goat farm, a “you-pick” berry farm, a culinary and medicinal herb farm, and a lamb and agritourism farm.

“These little farms...their greatest value is to help people get a glimpse of where the future is. It’s a little bit about the past, but mostly about the future. We’re not going to continue to farm the way we’re farming now. Ninety-eight percent of all the food consumed in America is produced by long distance, industrial food systems. ...These little farms in the park here are part of that emerging alternative to get into the public’s mind to help change our perception of where we are and how we ought to change.”

As far as taking the model of the Countryside Initiative and adapting it to fit other systems and contexts, Kelsey says: “You don’t have to be in the park to do this. It’s adaptable. We also know that there are other state parks and local park systems that are out looking at this because many of them in fact have ‘x’ number of acres of farmland including sometimes land with houses and barns and so on, that were originally associated with it, so there are a number of public settings in which what we’ve done here is applicable. So I think that’s significant and important. In fact, a private individual could [do this]. If they’ve got a farm close by or somebody inherits a farm but they don’t necessarily want to just sell it, they could manage it according to the same kinds of system or ways that we do. So what we’re doing is applicable in other situations, and that becomes a model that deals with the whole issue of access and succession.”

Key Resources

- Securing a contract with the national park service, and raising money through foundations seemed to be integral to establishing the non-profit Cuyahoga Countryside Conservancy.

Lessons Learned

- Partnerships between public landowners, non-profit organizations, and farmers can lead to innovative models that bring farmers onto farmland, increase the public awareness of sustainable farming, enhance the agricultural productivity of public lands, and ensure that the quality of farmland and the integrity of the environment is being maintained through conservation practices.

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Struggles for Private Landowner & Environmental Wishes

Highlights

- Difficulty finding organic farmers to rent land
- Challenges between non-farming landowners and tenants regarding the enforcement of conservation stipulations
- Guaranteeing environmental wishes for the land through deed attachment

Some landowners face real difficulties when trying to enforce the conservation-related stipulations in their lease agreements. Additionally, landowners, particularly non-farming landowners, may experience challenges when looking for renters with attitudes toward the land that are similar to their own. Similar to the issues raised by the [Monk Farm case study](#), this story covers issues related to ensuring that one's land stays in agricultural production and is farmed according to the environmental wishes of the landowner.

Mary Smith is 82 years old and was raised on a 166 acre mixed crop and livestock farm in Eastern Iowa. In 1955, Mary and her husband, Tom, bought the farm from her father, who moved to town after Mary's mother died. The land was in pasture rotation and the couple raised as many as 10,000 turkeys at one time, in addition to cattle, hogs, and other livestock. In 1968, the couple began renting some of their land in shares to a neighbor and after two years, began cash-renting this parcel of land. In 1971, Mary's husband had heart bypass surgery, and though he continued to farm, it became clear that he would not be able to keep farming for long. The couple sold 80 acres of their farm to the same neighbor who had been renting the land in the late 1970s. The couple cash-rented the remaining 86 acres of their land to this same family, who had four boys who all stayed in farming on the family's 6,000-acre corn and soybean operation. This rental arrangement continues today.

Challenges

Since the mid-1990s, the Smith's have been interested in organic agriculture. They began to

become concerned about the amount of fertilizer and chemicals used in agriculture and the effects on humans and the environment. Although they were no longer farming at that time, the Smiths tried to find ways to encourage organic production methods on their land. They advertised for organic farmers to rent their 86 acres, but to no avail. The Smiths asked their neighbors who had been renting this parcel of land for their corn and soybean operation about organic farming, but the neighbors explained that it would be too labor-intensive to carry this out with their type of operation.

In 2005, Tom died. The following summer, Mary noticed that the renters had planted corn through the waterway, violating the lease agreement which stated that according to conservation recommendations, all waterways should be mowed and maintained at 30-feet wide. Initially, she thought that perhaps because she was a woman landowner, the renters thought they could take advantage of the situation. Mary called the renters on the phone to remind them about this stipulation. The renters agreed to mow the waterway, but because of some broken machinery, the waterway ended up not being mowed that year. Over the years, the Smiths had noticed that the renters had been leaving the waterways less and less wide, and Mary described that although the renters were always amenable to the rules in place for her land, they would slyly try to stretch these rules. "So we just bring this to their attention," Mary said, "and this year we are back to where we ought to be. They are 30 feet wide again."

Social ties play a strong role in Mary's story. These neighbors have been renting land from the Smiths for 40 years, and Mary's parents were close friends with the current farmer's grandparents. These strong ties seem to make it difficult for Mary to be more forthright with her renters. "It's sort of one of those things you deal with," she said.

Mary and her children are in agreement that they would like to keep the farm in the family and that it ought to remain in agricultural production, ideally farmed using organic principles. In this region of the country, development pressures are strong and farmland is under threat. The Smiths have



discussed retiring the land using the Conservation Reserve Program (CRP), or attaching a clause to their deed that would guarantee the land for agricultural use only. The family investigated the CRP option, but discovered their land is too productive and cannot be classified as highly erodible land. They are currently in the middle of discussing the deed attachment option with an environmental attorney, and this is the route they favor most.

Recommendations to Other Landowners

Mary recommended that other landowners should be aware of their renters' activities, and that they should try to find someone who wants to care for the land in the same way. In her experience, she has had some struggle with keeping the waterways mowed, but in general, her renters engage in conservation tillage and use low-grade cultivation techniques. It seems as though they are aware that they must conserve the soil and this is important to Mary as a landowner. She thinks that it is imperative that landowners have a written lease and that they review it with their renters each year. From about 1985 onward, the Smiths have had a written lease

with their renters, which her husband wrote up with the help of a field specialist from Iowa State University Extension.

Key Resources

- Iowa State University Extension
- Environmental attorney

Lessons Learned

- Landowners should consult with as many experts as possible regarding the environmental wishes for their land.
- Written leases should always be used to ensure renters' compliance.
- Landowners should ideally rent to tenants who have the same land care goals in mind.

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Tenant Initiates Conservation Practices on Rented Wheat Farm

Highlights

- Successfully incorporating conservation strategies
- Reconnecting the farmer to the consumer
- Regional loss of farmland related to Conservation Reserve Program

This case study shows how a farm renter was able to introduce innovative sustainable agriculture techniques on rented land and how he proceeded to launch a successful flour company based on cooperative relationships between dozens of wheat growers. Karl Kupers stresses that tenants educating their landlords about the advantages of conservation methods is a key to improving land stewardship on rented land.

In 1987, Karl Kupers, a wheat grower leasing 5,600 acres in Washington state, tried something different. After a tillage operation on a parcel of his land resulted in soil so deep that his typical winter wheat crop couldn't be seeded, he listened to the advice of a friend who was a native grassfeed dealer. Karl seeded perennial grass and watched over a period of years as the basically no-till system he had set up led to improvement in the land and in the soil. Shortly thereafter, Karl was given the opportunity by Monsanto to go to Pierre, South Dakota, with eleven other growers to observe the no-till farming system at the Dakota Lakes Research Farm.

The Dakota Lakes Research Farm was established in the late 1980s as a collaborative project between South Dakota State University and the non-profit Dakota Lakes Research Farm Corporation for the purpose of conducting research on no-till farm techniques. Using a direct seed drill instead of a plow results in soil that retains more water, undergoes less erosion, and has fewer germinating weeds.

"I was in a perfect mental frame of mind, and I soaked it up in spades. I came back and personally just decided that that's exactly what I wanted to do at this farm. Of course this farm was all leased; I owned none. So, I put together a two-hour presentation and went to my landowners and basically

in two hours, I said, 'Forget about everything you've known about farming, and let's give this a try,' " Karl said.

Since 1973, when he took over his father's wheat farm, Karl had leased 5,600 acres from landowners through written agreements. Prior to his trip to South Dakota, Karl had already successfully diversified his farm with non-wheat crops such as canola, and had, since 1985, been working toward the goal of operating his farm without subsidies. He proposed the following plan to his landowners: "I said, 'Look, let's try a no-till, diversified rotation project. Give me seven years and if we're not matching up equal to or better than what we've been doing, then we're going to abandon it.' They said yes, and the rest is history."

"I touched over 16 crops, put them in the ground, and I realized that the rotation was the key to my success from an agronomic and environmental standpoint. I lived in a monoculture region, so I found it very difficult to market these diversified products. I looked around and decided there was nobody else out there willing to do this, so I jumped in."

Today, Karl is the primary marketer of Shepherd's Grain, a flour company that he co-founded in 2000 with Fred Fleming, another Washington wheat grower. Karl has since stepped away from farming in order to devote himself entirely to marketing for the company. Shepherd's Grain obtains its wheat from 34 growers from all over the Northwest. All growers farm using sustainable practices and are certified through the Food Alliance Association, which is based in Portland, Oregon. In addition to their main crop of wheat, the growers also produce minor crops, such as lentils and garbanzo beans, that are marketed by the company. Shepherd's Grain flour is identity-preserved, which means that the origin of a bag of flour can be traced back to the field where it was grown. Karl explains that this is important from a food safety standpoint, as well as from a marketing standpoint. The feature of product traceability may be increasing in demand, which makes it more important for consumers to connect with farmers.



Resources Used

Incredibly, Karl was able to start a successful business marketing locally-grown products from wheat produced sustainably on leased land.

“Most people literally would almost call me a liar when I tell them I leased my land because, no way, because the way you treat it and what you’re doing with it, and all this stuff, they couldn’t believe it. And I go, ‘Well it’s true!’”

In addition to the opportunity to visit the Dakota Lakes Research Farm in South Dakota to learn no-till techniques, Karl’s efforts were supported through a research grant from USDA Sustainable Agriculture Research and Education (SARE). Additionally, forming the alliance with Fred Fleming in 1999 was a key ingredient in launching Shepherd’s Grain.

Suggestions to New Farmers and Landowners

Karl stressed the importance of tenants educating their landlords about the benefits of sustainable agriculture. He presented his landowners with the necessary information, then came up with a proposal. As far as landowners, Karl has heard of some individuals in his region specifying “no-till” in lease agreements, but such stipulations are rare.

In his specific region, Karl explained that it is not development pressures that are responsible for the loss of agricultural land, but the vast amount of highly productive land enrolled in the Conservation Reserve Program (CRP). Karl is in support of CRP when it protects highly erodible land, but feels the program is not helping new farmers to get established in his region.

“We see farmers retiring their whole farm under that program (CRP). It was never supposed to happen that way and what happens is that it kills small communities because their livelihood is

based upon agriculture and when you take it out of production, you kill so many components within your community and it’s just a shame. But the most critical part is that new young farmer who would like to expand.”

Karl sees the Conservation Security Program (CSP) as a suitable program to keep agricultural lands as working lands while conserving their environmental qualities instead of one that pays people to retire their land. He feels that if CSP was improved with increased funding and increased operator eligibility, the program could really benefit the environment and society:

“One of the things that we continue to look at, work on, and hope for in the future is the environmental service that a no-till program provides for society. There are real opportunities for marketing that in a positive way. In a perfect scenario, the CSP program is the beginning of that, and the further development of watersheds involving no-till prove it. It has a nice outlook and could bring that new young farmer back to the land.”

Key Resources

- USDA SARE Research Grant
- The Dakota Lakes Research Farm, Pierre, South Dakota

Lessons Learned

- Tenants need to educate their landlords to facilitate conservation practices on rented land.
- Compared to CRP, CSP has more potential to help beginning farmers in the Washington area.

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Swallow's Nest CSA and Land Access Struggles

Highlights

- Troubles obtaining land with high quality soil
- Insecure relationship to the land deters investing in conservation practices
- Success in building partnership with landowning CSA member

How does insecure and unstable land tenure affect farmers' actions with regard to conservation behavior? The following case study describes how one farm couple has struggled for 14 years to obtain and secure quality farmland for their vegetable operation. Having recently discovered an interesting and unanticipated solution to their longtime struggles through drawing on the social ties made possible through their Community Supported Agriculture (CSA) farm, these farmers explain the successes and failures they've encountered in trying to implement conservation strategies on rented land.

Nora and Pete Jacobs have been running Swallow's Nest, a CSA farm in Southern Wisconsin, for 14 years. They are in the middle of transitioning the land they operate to organic practices, through the Natural Resource Conservation Service (NRCS) Environmental Quality Incentives Program (EQIP). This year, their CSA feeds over 200 families, their largest membership yet. They grow vegetables, alfalfa, and oats on 30 acres of rented land, and they keep a variety of small livestock, including goats, chickens, and sheep.

Since they started farming, the Jacobs have struggled with acquiring and keeping quality farmland. Due to the high cost of buying land in their region, the couple has been forced to rent land from year to year from the surrounding farmers in their area who farm conventionally. The Jacobs use organic farming techniques, and obtaining high quality crops from depleted soils on rented land has been a continuous struggle for them.

"The first one that I remember that we rented was next door to a friend. He didn't have a lot of land but he had leased his little corner to a big guy and that soil had no worms, no life at all. It was just

awful, and everything that season that came out of there was mini. Then we had another place similar to that where the family wanted to transition it to organic but it had been continuous corn for years and it was a mess, and that also had really small vegetables. You just can't make the soil well very fast," said Nora.

Discussing the length of their leases on rented land, Nora said, "Oh no, it [the lease] was never more than a year-to-year kind of deal. It is totally not worth investing what it takes to bring something back around if they're going to snatch it out from under you." In addition to the problem of poor soil quality, Nora and Pete have had considerable trouble holding onto the small parcels of land they have rented:

"I'd say we've probably had a half a dozen locations in the neighborhood, little corners of land that we've used, a year or two, maybe three. And either someone else rented it out from under us, it got sold, or it was just so grossly inconvenient for us to move machinery."

Prohibitively High Cost of Land

For the Jacobs, the cost of farmland has been prohibitively expensive. When they bought their farm in 1992, the seller was asking \$900 per acre. Today, farmland sells for \$5,000 per acre in the Jacobs' neighborhood. At the time they purchased, they proposed to buy a larger parcel of land from the seller, but she was unwilling to sell anything less than the 150 acres that made up the original farm. They bought five acres in buildings from this seller. Today, the Jacobs pay \$100 per acre for the land they rent. From a financial perspective, renting is far more feasible.

Solutions

Recently, the Jacobs found a solution to their land access problem. Three years ago, a CSA



member who had been a customer of theirs for several years was looking for farmland in their area. A 40-acre farm was up for sale a mile away from the Jacobs, and the CSA member bought it. For the past few years, the Jacobs have been renting 27 acres of this land, and they are in the process of transitioning this land to organic for the owners. The Jacobs pay \$100 per acre in rent through a 5-year lease, and they receive \$50 per acre in cost-share through EQIP to offset the cost of organic hay. The land will be certified organic in the next year, and Nora is confident that the owners will renew their 5-year lease.

Nora explained that planting alfalfa and oats has rejuvenated the soil on this rented land:

“What we have seen over there as we’re transitioning that land is birds are coming back. It’s been really neat, especially this year going through the fields and seeing how much more life and activity, not just in the soil but above the soil, as nature kind of comes back around and the birds are finding a nice place to live.”

Key Actions

Nora insists that they would not have found the land they currently farm had they not widely communicated their need for quality land to farm.

“If [you’re] looking for land, just talk about it and ask about it in your neighborhood as people get to know you and respect what you do. A lot of land sells, but a sign never goes up. So talk and talk and talk, because it was certainly through our relationship with [our customer] that we were able to have that land.”

She concludes by saying, “I’m not sure we could have kept going if we had not had that arrangement because it’s just so hard to get these, you know. We don’t want to lease hundreds of acres, we just need a small amount for the vegetable production. Although it has helped immensely to have our own hay and to grow a little bit of our grain for the animals because feed is getting just astronomically expensive. So that’s helped us a bunch. It’s been well worth it just to do that.”

Key Resources

- Talking to CSA members and people in the community
- Natural Resource Conservation Service (NRCS) Environmental Quality Incentives Program (EQIP)

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Joining a Wisconsin Multi-family Pasture-based Dairy Farm

This Wisconsin dairy farm was founded in 1859. J. is a sixth generation dairy farmer on the farm. He says he's always been "addicted" to farming since he was two years old. The farm has roughly 450 milking cows and nearly 1,100 acres that are farmed. Of that, 800–850 is pastured, fenced and watered; an improved managed pasture system. The balance is conventional alfalfa ground that is used to produce winter feed; and we make haylage and dry hay from the pasture acreage, as well. They purchase the majority of their corn silage and all of their grain.

J. went to a small neighboring high school for the single reason that it had an FFA program. Then he attended the UW-Madison Farm and Industry Short Course and the Wisconsin School for Beginning Dairy Farmers program. He met his fiancée who is also from a dairy grazing farm—the largest grazing farm in an area of Oregon. They married and started farming at his family farm.

At this point, J. does not own any of the farm assets. It's currently a three-way partnership between his father and two uncles and spouses. So this is a big question and a big challenge for the next generation—how to start buying in or how to become owner/operator versus a family member/employee.

He became salaried and now his goal is to gain some form of an equity earning position. "It takes time and communication when you have multiple partners. Also it's been a very big push for the last several years to get our farmstead creamery off the ground. So bringing me into the operation has been a part of a larger process. It will happen, it's just a matter of time. It's one of those things that you can never really be prepared for until you are going through it. You just experience it and go with the flow. Hopefully the chips fall where they may and everybody is happy in the end and everybody continues forward with a successful business."

The farm's milking herd is on managed pasture from the middle/end of April until the grass is gone in December. It's a system that works out really well for them because of the health benefits to the cow, the cost benefits as far as the harvesting, and the manure. "There is a lot of waste hauled by the cow and a lot of feed harvested by the cow, and long-term those savings really add up and make for a pretty competitive production price. We have two systems because we live in Wisconsin; that is we have to have a confinement system—ours is a free stall and feedlot—for the winter months. We can't wait to get the cattle back on to grass come springtime."

J's long-term goal is to continue to help make the farm's pastureland more productive with fertigation, and to expand the dairy herd accordingly. But more importantly, he states, "I want to be continuing to produce high quality milk in an environmentally sustainable and healthy fashion, and to continue to use grazing and grass in the production of that milk."

His other goal is to become an owner, as well as raise a family and incorporate his wife into the farm and the creamery. "There are so many opportunities here, it's almost endless. The creamery, the farm, the woodlots, maple syrup... and we have a little agritourism business with a lakefront cottage. There are so many options. I am excited for the future. I'm not sure what it's going to hold yet, but we'll see. I'll be part of it one way or another."

J. feels his family is very enthused and excited about another generation taking an interest in the operation, and about another spouse coming in. "With any luck, this place will continue for another generation and my kids maybe will be part of it too at some point."

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