Land Access for Beginning Farmers: Part 1

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Part 1

- Land access concepts
- Tenure options
- Alternative tenure
Access concepts

Land is one of the biggest challenges

Importance of:

a. Options (this webinar)

b. Readiness (next webinar)
What are the challenges?

- Land values and competition
- Non-farm background
- Aging population: inadequate transfer plans
- Culture and myths of farm ownership
What are the challenges?

- Affordable farmer homes
- Depleted support infrastructure (how to find farms)
- Business planning doesn’t adequately address land acquisition
Tenure: goals and values

- Tenure means “to hold”
- Personal, family and business decisions about placement of equity
- Values about property, ownership and legacy
You need:

- Access: use
- Security: sufficient and appropriate
- Equitable and clear division of rights and responsibilities
- Ways to build and redeem equity
Tenure options:

- Own; under what terms and conditions?
- Don’t own (rent); under what terms and conditions?
- Can be some of each
- Can change over time
Fit your business plan

- Fit the land or the enterprise?
- Flexibility
- Make room for revisions
Lease versus own

Advantages of ownership

- Maximum security
- Equity
- Collateral
- Legacy
- Emotional ties
Disadvantages of ownership

- Debt
- Ties up capital
- “Too permanent”
- Responsibility
Advantages of leasing

- Flexibility; can test
- Other uses of capital
- Less debt
- Greater financial return to family living
- Your only option!
Disadvantages of leasing

- Less security
- More difficult to build equity
- Do not benefit from appreciation in land
- Can lose investment in improvements
- May not be able to borrow or participate in programs
- Managing relationships with landlord(s)
Ownership

Financial readiness (more in next webinar)

Financing

- Conventional lenders
- Government loan programs
- Owner finance
- “Unconventional” partners
Property with easement

- Conservation versus ag easement
- Affirmative ag clause
- Placing an easement
Leasing: What’s in a lease?

– Five basics
  ● Parties
  ● Premises
  ● Term
  ● Fee
  ● Signatures
What else is in a lease?

- Maintenance, repairs
- Improvements
- Permitted and prohibited uses
- Renewal, extension and termination
- Liability and insurance
- Defaults and disputes
- Stewardship provisions
Types of leases

- Oral versus written
- Short-term lease; rolling lease
- Long-term lease
- Ground lease
- Lease-to-own: commitment vs. option
- Lease as tool to transfer assets
Types of rent

- Cash
- Share
- Flexible
- In kind
Determining rent

- Market rate
- County average
- DIRTI 5 (landowner carrying costs)
- Resource capacity
- Costs of production
- Social goals
Landlords: Who they are

- 88% of farm landlords are not farmers
- Resident versus absentee
- Private (farmers, non-farming landowners)
- Organization (land trusts, religious, education, etc.)
- Public (municipal, state)
Working with landlords

- All about relationships
- Presentation
- Clarify goals and expectations
- Communicate, negotiate, celebrate!
- Cultural differences
- Get assistance
Looking for farms

- Make a plan!
- Personal network
- Linking programs
- Land trusts
- Real estate agents (buyer v. seller)
- Ag Coms and Con Coms
Looking for farms

- Farm support organizations (SEMAP, CISA, RAFFL, NOFAs, Farm Bureau)
- Farm service organizations (NRCS, FSA, Extension, Conservation Districts, Farm Credit)
- Ag network (suppliers, vet, crop consultants, etc.)
Looking for farms

- Assessment
  - Necessary
  - Desirable
  - Optional

- Checklist (next webinar session)
Alternative tenure

- What’s alternative? Why?
- Still own or rent, but variations…
- Also:
  - Employee
  - Work-in
Ground leases

- From community land trust movement
- Rent the land long-term
- Own (and sell) the improvements
- Build equity
- Limited equity provisions
More alternatives

- Multiple tenants on larger properties
- Private capital
  - Equity investors
  - Conservation buyers
- Partnerships
More alternatives

- Intentional communities and agri-developments
- Non-traditional landlords
- Equity-building models
- Transfer of farming rights
For more information:

- Land For Good [www.landforgood.org](http://www.landforgood.org)
  - Tutorial
  - Online course (coming soon)
  - Sample leases
  - Links
  - Consulting
  - Workshops
NESFI’s *Holding Ground*
Equity Trust’s *Preserving Farms for Farmers*
CA Farm Link’s *Farmers’ Guide to Securing Land*
[www.uvm.edu/Farmlasts](http://www.uvm.edu/Farmlasts) *curriculum*
Guide to Farming in Vermont

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