



Preserved Farmland and Ownership Succession

Observations from three Mid-Atlantic States

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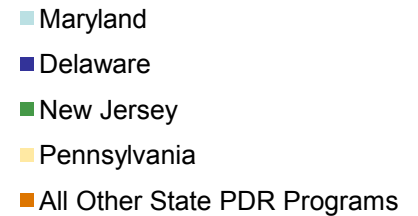
Context for Discussion

According to American Farmland Trust, through May 2013:

- 28 states have funded agricultural easement acquisitions
 - 27 programs remain active
 - 1 program is discontinued (expired authorization)
 - 4 states have authorized PDR, but do not yet have programs
- 2.37 million acres of farmland protected under state PACE programs
 - Program investments of \$3.6 billion (+ \$2.3 billion in “additional funds”)

Little research on landowner behaviors & perceptions of agricultural conservation easements *post-preservation*

PACE - Acres Preserved in U.S.



28% of state PACE program acres preserved (& 43% of state expenditures)

Primary Research Question

- *Does the transfer of ownership from “**first generation**” owners (those who sold or donated easements to their farmland) to “**second generation**” owners (those who purchased or inherited preserved land) result in significant differences in how preserved farmland is managed?*
- More specifically, does it result in differences in:
 - how much of the preserved land is currently being used for farming?
 - the extent to which “young farmers” own the land?
 - the extent to which current owners have written or oral succession plans?
 - and, in particular, plans that identify a future owner that will use the eased land for farming?

Data

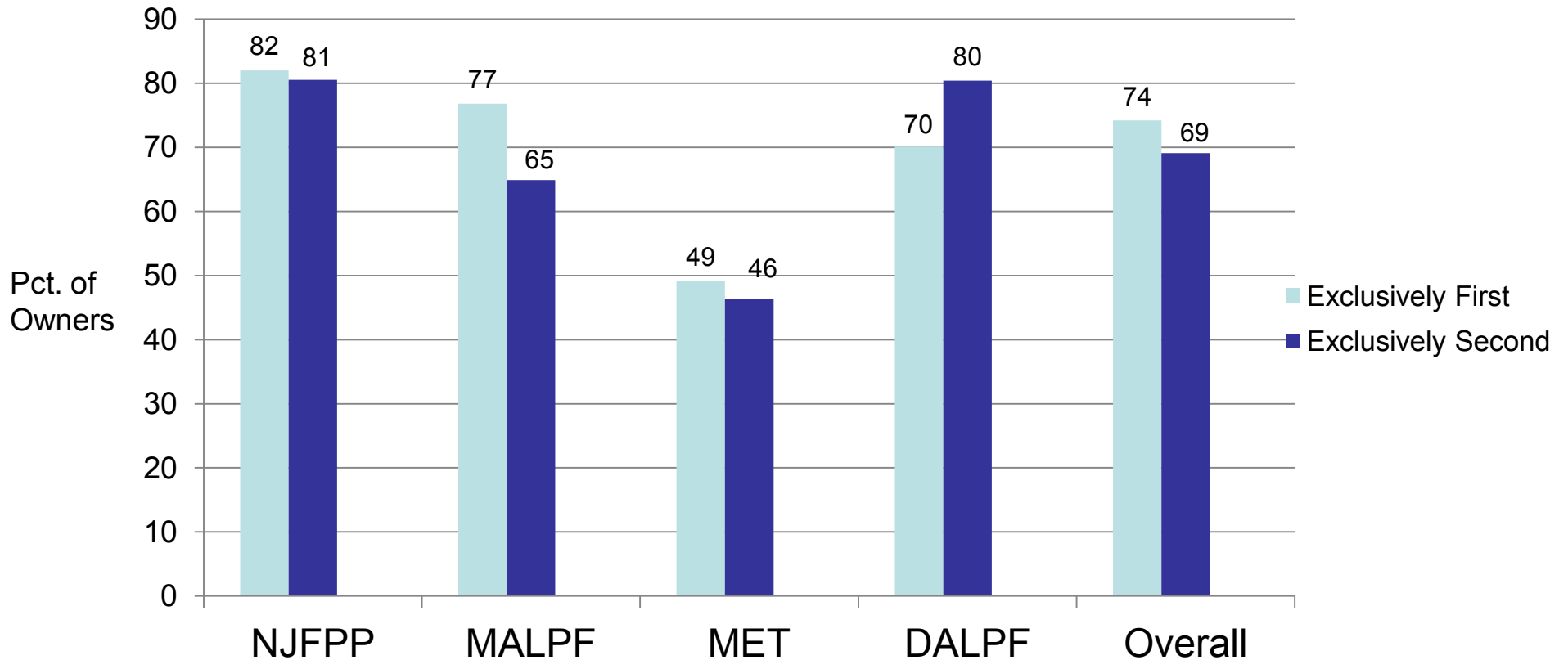
- Telephone interviews were conducted with 507 owners of land protected under state-sponsored conservation easement programs in DE, MD & NJ
 - (n=59) Delaware Agricultural Land Preservation Foundation (DALPF)
 - (n=155) Maryland Agricultural Land Preservation Foundation (MALPF)
 - (n=73) Maryland Environmental Trust (MET)
 - (n=29) Maryland Rural Legacy (MRL)
 - (n=191) New Jersey Farmland Preservation Program (NJFPP)
- Random sample of owners selected to align with each program's share of the 5,319 unique owners in sampling frame
 - MET and MRL properties were only included if they had 10+ acres of agricultural land
- Surveys conducted from mid-July 2011 to January 15, 2012
 - Interviews conducted by the Bureau of Sociological Research of the U. of Nebraska-Lincoln
 - Response rate: 53.8%
 - Average interview length: 31.7 minutes

Data (continued)

- The maturity of these programs allows observation of how ownership of preserved farmland has changed over time
- Our sample therefore had sizable proportions of:
 - **exclusively first-generation** owners (n=348)
 - **exclusively second-generation** owners (n=111)

Program	Created	First Easement Acquisition
DALPF	1991	1996
MALPF	1977	1980
MET	1967	1972
MRL	1997	1999
NJFPP	1983	1985

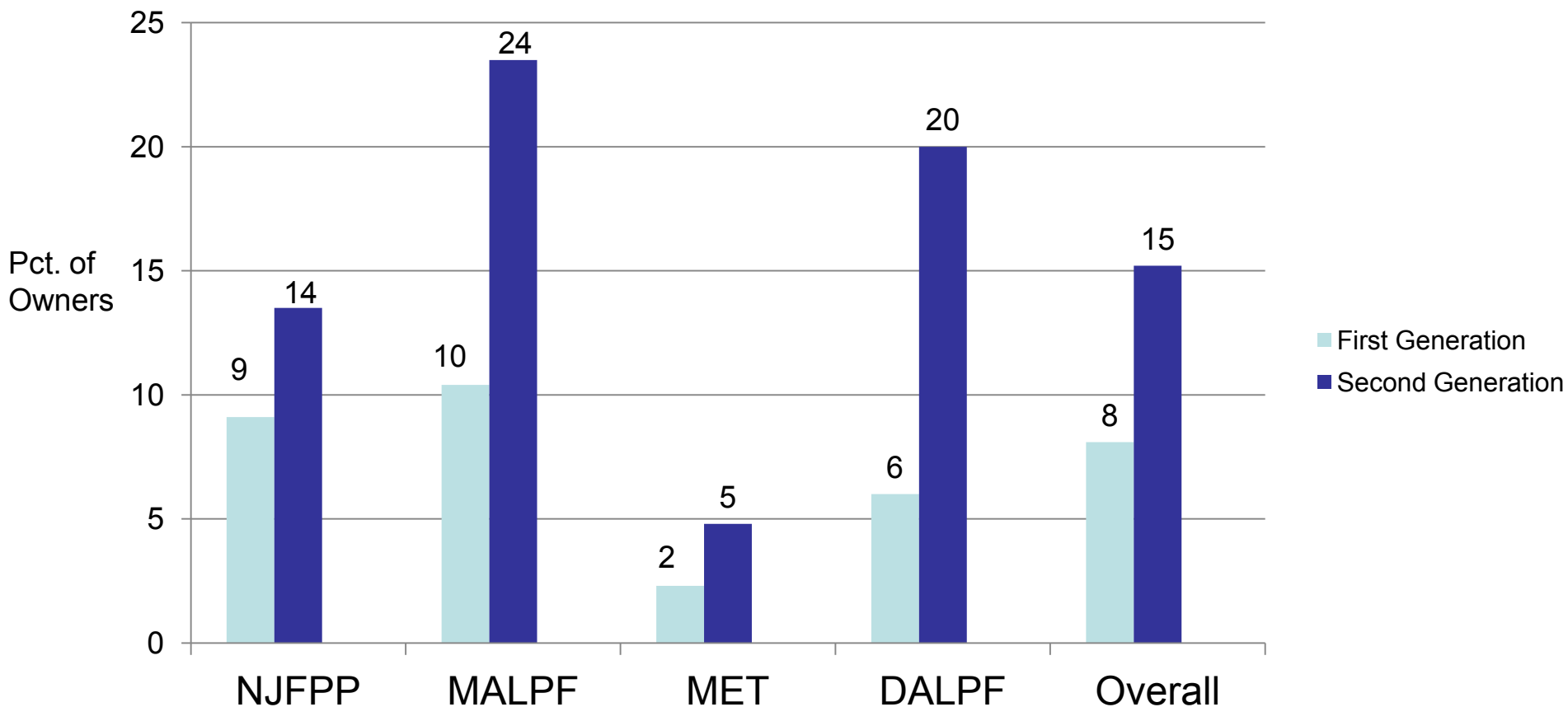
Average percent of total preserved land reported in a farming operation in 2010, by generation.



Observations

- The majority of land is being used for agriculture (*except for MET)
- The percentage of owners that identify themselves as farm operators are:
 - NJFPP - 62%
 - MALPF - 61%
 - MET - 33% (Selection issues? Multiple program goals?)
 - MRLP - 69%
 - DALPF - 49%
- No evidence that land is “leaking” out of agriculture as preserved land changes hands
- Factors found to influence the percentage of preserved land in farming:
 - Being an operator
 - Being in NJFPP
 - Owner sold easements

Percentage of Owners that were “Young Farmers” (40 years or less) when They First Owned Preserved Land, by generation.

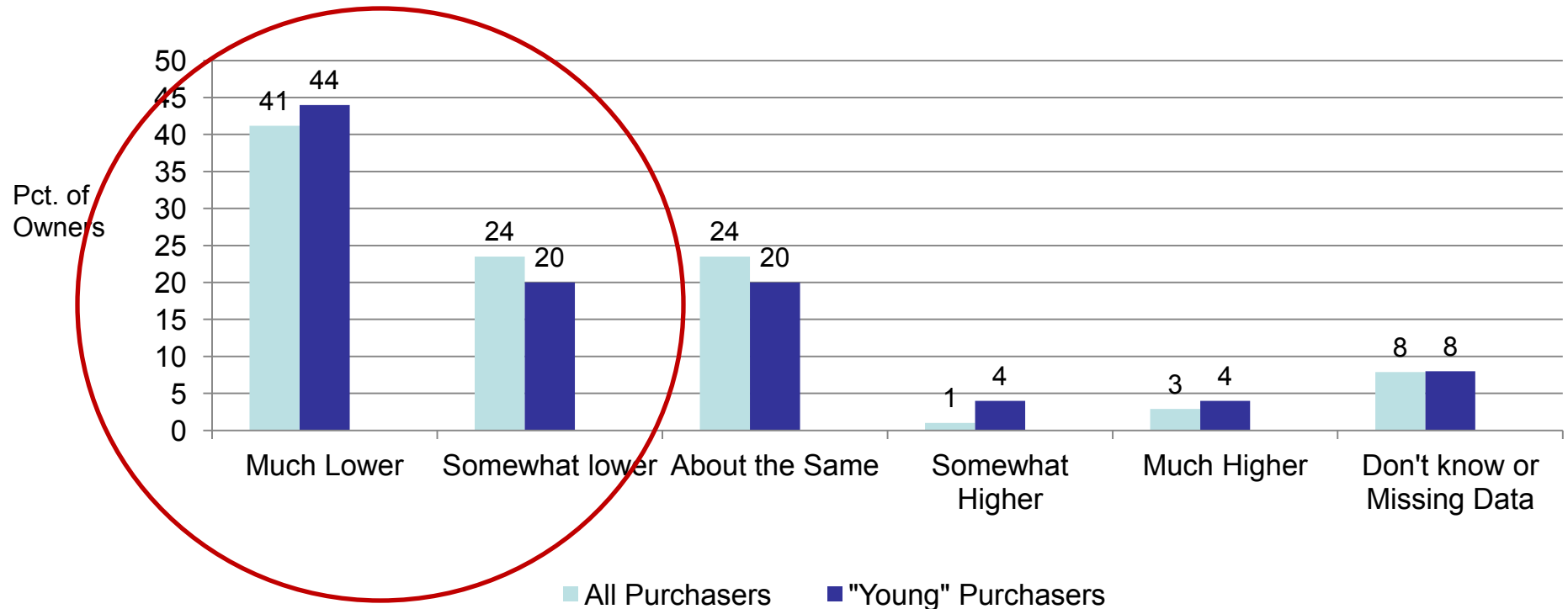


Purchasers of Farmland Under Conservation Easements

Perceptions of the price of the land they bought compared to “the price of similar land with its development rights intact.”

All Purchasers (n=102) Versus “Young” Purchasers (n=25)

(“Young purchasers” are owners who were 40 years old or less at the time of purchase)



Planning for Ownership Succession (*self-reported*), by generation.

(**Underlining** = Pairs of Percentages that are Statistically Significantly Different)

	<u>NJFPP</u>		<u>MALPF</u>		<u>MET</u>		<u>All Five Programs</u>	
	First	Later	First	Later	First	Later	First	Later
Has a written plan	45.5	42.3	<u>65.4</u>	<u>44.1</u>	53.5	38.1	<u>58.6</u>	<u>41.8</u>
Has either a written plan or oral agreement	59.3	48.1	72.9	64.7	60.5	52.4	<u>68.1</u>	<u>54.5</u>
Successor will be a person that will “definitely” or “probably” farm the land	38.2	28.8	40.2	29.4	23.3	19.0	<u>39.3</u>	<u>27.0</u>
Don’t know/refused, or do not have a succession plan (written or oral)	48.0	59.6	45.7	58.8	46.5	66.7	43.4	60.8
<i>Total cases</i>	<i>123</i>	<i>52</i>	<i>107</i>	<i>34</i>	<i>43</i>	<i>21</i>	<i>348</i>	<i>111</i>

Observations

- Generation ceases to be a significant predictor of having a written or oral succession agreement with a person that will farm the land when the analysis controls for other significant predictors (e.g., owner's age, primary occupation)
- Respondents were more likely to have lined up a successor who would farm the preserved land if they:
 - are older
 - report farming as their primary occupation
 - own larger properties
 - are satisfied with their experiences with their conservation easement program(s)

A Brief Look at Owners' Satisfaction with PACE...

Survey participants were asked to provide an **overall evaluation** of their experiences as an owner of preserved land.

State	Sample Size	Satisfaction Level with PDR Participation (% of respondents)			
		Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
DALPF	59	64.4%	30.5%	1.7%	3.4%
MALPF	154	51.9	39.6	3.9	4.5
MET	73	75.3	17.8	6.8	0.0
MRLP	29	62.1	34.5	3.4	0.0
NJFPP	190	49.5	41.6	6.3	2.6
All Respondents	505	56.4	35.8	5.0	2.8

Differences across programs are statistically significant (p=.016).

92% indicated being satisfied with their experiences.

But, roughly 1/3 were only "satisfied."

What Explains Landowner Satisfaction? *(Examples from statistical modeling)*

Variable	Effect on Being Very Satisfied	Effect on Being Very Dissatisfied
A new house was built since preserving property	24% more likely	10% less likely
Farm preserved under MET	27% more likely	1% less likely
Respondent is “second” generation owner	25% less likely	2% more likely
Years that the preserved farm was owned	Slight negative effect/year	No effect
Owner’s age	Slight negative effect/year	No effect
A family heir interested in farming has been identified	10% more likely	<1% less likely
A business restriction was encountered due to DoE provisions	34% less likely	3% more likely
Owner reported discontent with the administrative process of preserving farm	33% less likely	3% more likely

Broad Policy Implications

- Despite some rhetoric (and some anecdotal accounts) to the contrary, there is no widespread diversion of preserved farmland out of agriculture
- “Young” farmers appear to be accessing preserved farms
- Uncertainty over who will own land in future (and whether it will be farmed)
 - Issues are raised regarding “second generation” owners’ understanding of deed of easement provisions
 - Implications of factors leading to dissatisfaction with PACE participation

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