

Tools to keep working farms accessible and affordable to farmers



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Equity Trust

Promoting equity in the world by changing the way people think about and hold property.



Farms for Farmers

Alternative ownership models benefit farmers who need farmland, and communities that want a secure source of locally grown food.



Equity Trust Fund

Enables socially conscious lenders and donors to support projects creating new ways of owning, using, and stewarding property.

Farms for Farmers Program

Protecting affordable farms since mid-1990s

Keeping farms part of the food system by protecting:

- Farmland
- Infrastructure
- Affordability
- Productivity



We facilitate & advise projects.

We help farmers partner with land trust or other local stewardship organization.



Establishing a permanently affordable working farm

Achieved through either:

- I) Specialized agricultural conservation easement, or
- II) Land trust ownership of the land with ground lease giving occupancy use rights to farmer who purchases infrastructure.

Key factors in creating affordability



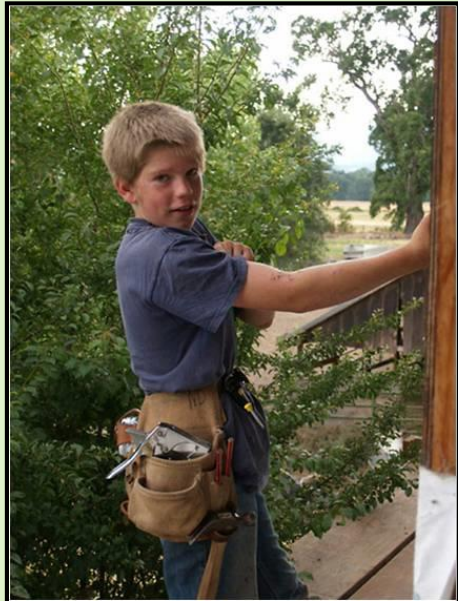
- Removal of development rights
- Farming requirements
- Resale restrictions (limit sale to farmers at an affordable price)

Goal is for cost to farmer to be agricultural value (price that can be paid with earnings from farming the land).



Elements of affordable farm protection projects

- Land use requirements & limitations
- Environmental stewardship
- Security of tenure
- Farmer ability to develop and manage business
- Community access
- Buildings and infrastructure
- Farmer equity
- Future transfers





Agricultural ground lease

Land trust or other stewardship institution holds title to the land while a ground lease conveys occupancy and use rights to the farmer who purchases or develops infrastructure on the land.

Caretaker Farm

Williamstown, MA



Challenges faced by Sam and Elizabeth

- No guarantee that vibrant farm they began will continue
- Gap between retirement needs and what farmers can afford to pay



Challenges faced by Don and Bridget

- No secure tenure at Food Project (Lincoln, MA)
- No on-site housing
- Farms near viable markets are unaffordable

Caretaker Farm



Challenges for Community

- No guarantee that farm will continue to provide locally-grown food.
- No guarantee that other benefits from the farm will continue in the future.

Goals for project

- Ensure continued source of locally-grown food.
- Preserve a working farm with sustainable farming practices.
- Community contact with farmland for education and celebration.
- Affordable, secure access to farmland, housing, and infrastructure for current and future farmers.

Caretaker Farm: Goals achieved through new ownership structure

- Farmhouse & other infrastructure owned by farmers
- Land is owned by Williamstown Rural Lands Foundation (WRLF)
- Option to purchase infrastructure is held by WRLF
- APR (conservation easement) is held by MA Dept. of Agriculture
- 99-Year Ground Lease
 - Lessor: Williamstown Rural Lands Foundation
 - Lessee: Don & Bridget, Farmers
- Sam and Elizabeth own small retirement home on farm with corresponding ground lease.





Key elements of Equity Trust's agricultural ground lease

- Long-term (e.g., 99-year) inheritable lease with renewal provisions provides secure tenure.
- Farmer buys existing improvements, and may develop additional improvements, which can be sold at end of lease.
- Lease requires active farming (measured by farm income).
- Lease normally requires farmer occupancy.
- Lease defines permitted and required stewardship and farming activities, but allows for changing circumstances.

More ground lease farms



** Each farm is also protected by a third party easement.*

- **Roxbury Farm** (Kinderhook, Columbia County, NY) — Equity Trust
- **Dimond Hill Farm** (Concord, NH) — Equity Trust (Farmer holds life estate)
- **Crimson & Clover Farm** (Northampton, MA) — Grow Food Northampton, Inc.
- **Scatter Creek Community Farm** (Rochester, Thurston County, WA) — South of the Sound Community Farm Land Trust
- **Simple Gifts Farm** (Amherst, MA) — North Amherst Community Farm (Transitioning to long term lease)
- **Red Fire Farm** (Montague, MA) — Mount Grace Land Conservation Trust (In progress)



Agricultural conservation easement

Farmer holds title to property while a land trust or similar stewardship institution holds and monitors easement.

Live Power Community Farm

Covelo, Mendocino County, California

Challenge: Established CSA farm on leased land lacked security needed to invest long-term in land.

Outcome: CSA members and others raised funds to purchase and preserve permanently affordable farm.



- Land & infrastructure are owned by the farmers.
- Equity Trust holds specialized Agricultural Conservation Easement.

Live Power Community Farm



- **Guaranteed source of local food**
Farmers must grow food and earn over 50% of income from farming the land.
- **Sustainable farming practices**
Farm must be either biodynamically or organically certified.
- **Affordable access for future farmers**
At resale, farmers must sell the farm at its appraised agricultural value.
- **Always a working farm**
Purchase option enables Equity Trust to buy the farm at agricultural value if current owners stop farming the land.



Key elements of Equity Trust's agricultural conservation easement

- Requirement for active farming (measured by farm income)
- Farmer residency usually required
- “Option to purchase at agricultural value” (OPAV) or “preemptive right to purchase” ensure future sale to another farmer at affordable price.
- Defines permitted and required farming and stewardship practices, while allowing for changing circumstances

More examples of agricultural conservation easements



White Oak Farm & Education Center (Williams, OR)

Southern Oregon Land Conservancy holds agricultural conservation easement with OPAV

Good Humus Produce (Capay, Yolo County, CA)

- Easement in draft form
- Discussions with land trust in progress
- Local co-ops fundraising through “One Farm at a Time” campaign

Programs and land trusts using similar tools

MA Agricultural Preservation Restriction Program

- Affirmative covenant requires active farming.
- Option to purchase at agricultural value (OPAV) assures sale to a qualified farmer at agricultural value.

Vermont Land Trust

- OPAV requires sale to qualified farmer and ensures sale at agricultural value.

Agricultural Stewardship Association

- Pre-emptive right to purchase functions similarly to the VLT OPAV

Peconic Land Trust

- Affirmative farming covenant requires active farming.
- Affordable farming covenant and resale restriction limits maximum sale price (not appraisal-based).



How are affordable farm protection projects financed?

- **Land gifts & bargain sales**
- **Government funds**—federal, state, local
- **Nonprofit resources** e.g., conservation land trust purchase of conservation easement
- **Farmer purchase of ownership share**—either house and barns or easement-restricted farm property
- **Capital campaigns**—foundation grants, and gifts from nonprofits, businesses, and individuals



How are projects financed?

Roxbury Farm:

Unrestricted market value: \$470,000

Conservation easement: \$120,000
(Raised by Open Space Institute
& Columbia Land Conservancy)

CSA members & Equity Trust: \$275,000

Sale of infrastructure to farmers: \$75,000

How are projects financed?



Caretaker Farm:

Unrestricted value: \$1,100,000

Bargain sale price: \$679,000*

APR (cons. easement): \$252,000

Local land trust: \$50,000

Local CPA funds: \$50,000

CSA members : \$200,000

Incoming farmers: \$177,000

*while retaining ownership in a home subject to a ground lease

Land Access & Securing Affordable Farmland

Challenges and innovations for the next generation



NATIONAL YOUNG FARMERS COALITION

Holly Rippon-Butler
Land Access Campaign Manager



Context

- 23 million acres of farmland lost in the last 25 years
- 430 million acres predicted to transition in the next 25 years
- Who will that land go to?
- We can't afford to wait



Beginning Farmers

- Potential
 - Young farmers are ready and willing
- Challenges
 - Access to capital
 - Access to land
 - Relief from debt
- Needs
 - Secure land
 - Equity
 - Technical support
 - Policy advocacy

Case Studies

*Making land **available**, **affordable**, **secure**, and **findable***

- **Available**

- Dirt Works Incubator | Low Country Local First
- Scatter Creek Farm | South of the Sound Community Land Trust
- Tiny Hearts Farm | Northeast Farm Access

- **Affordable**

- Vermont Land Trust ~ working farm easements
- MA Agricultural Preservation Restriction Program ~ affirmative farming requirements
- PCC Farmland Trust ~ home size restrictions

- **Secure**

- Red Fire Farm | Mount Grace Land Conservation Trust
- Crimson & Clover Farm | Northampton Community Farm

- **Findable**

- Hudson Valley Farmlink Network
- California FarmLink



The role of....

Landowners, retiring farmers, conservation organizations, and communities

- **Landowners**
 - Source of land with flexible & secure lease terms
- **Retiring farmers**
 - Hold the resources that the next generation needs
 - Need to be open to creative solutions
 - Look to land linking networks and local young farmers first
- **Conservation organizations**
 - Integrated farmland access
 - Food system protection, not just land
- **Communities**
 - Community farms
 - Planning for agriculture
 - Policy support

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AFT National Conference Presentation

**Land Access and
Securing Affordable Farmland**

VERMONT EASEMENT PURCHASE

PROGRAM BEGAN IN 1988

VERMONT OPAV

PROGRAM ADDED IN 2004



OPAV GOAL:

Keep conserved farmland in ownership of farmers

“Make reasonable efforts to assure that conserved farmland is accessible and affordable to future generations of farmers.”

- Option is deterrent to non-farm buyers
- 90% sales of OPAV farms have sold to farmers (currently earning ½ gross income from ag)
- OPAV waived on sales to non-farmers based on:
 - business plan
 - experience
 - price



Vermont OPAV statistics

- 320 OPAV Farms
- 57 OPAV Waivers
- 5 Notices of intent to acquire
- 2 OPAV farm acquisitions through exercise
- 2 OPAV farm acquisitions prior to OPAV trigger



37% of conserved farms have OPAV in Vermont

How does the Option work?

1. Option not triggered by a sale to a family member or farmer.
2. If buyer is a non farmer Purchase and Sale Agreement and Buyer's farm business plan submitted to easement holders.
3. Holders have 30 days to decide to waive or give Notice of Intent to Exercise Option.



OPAV EXERCISE EXAMPLE



Tracey Farm

VLT conserved the farm 11/22/2005

VLT acquired a conservation easement including OPAV for \$478,000 on 182 acres of cropland – no infrastructure

2 parcels excluded from easement, 10 acres with barns and 7 acres with farmhouse

Farm was simultaneously conserved and sold to Tracey

Tracey acquired entire 199-acre farm on 11/22/2005 for \$284,500

Tracey Farm



Protected Property
Excluded Land



Outer Creek

Camp Site

Excluded
 ± 10.0 acres

Excluded
 ± 7.3 acres

Approximate
Town Line

Wethersham

New Haven

Hallock Rd. (State Aid Hwy #2)

Old Vergennes-Barnfield Rd.

Tracey Farm OPAV Exercise

February 7, 2011

- VLT OPAV triggered by non farm buyer – 30 days to respond begins
- Non farm buyer purchase price for entire farm \$385,000
- Non farm buyer has no ag experience

March 2, 2011

- VLT sent Notice of Intent to Exercise

May 2, 2011

- non farm buyer begins litigation against VLT

April 2012

- VLT non farmer drops litigation case

Tracey Farm OPAV Exercise

June 2012

- new appraisal work begins

September 2012

- Tracey enters bankruptcy

January 2014

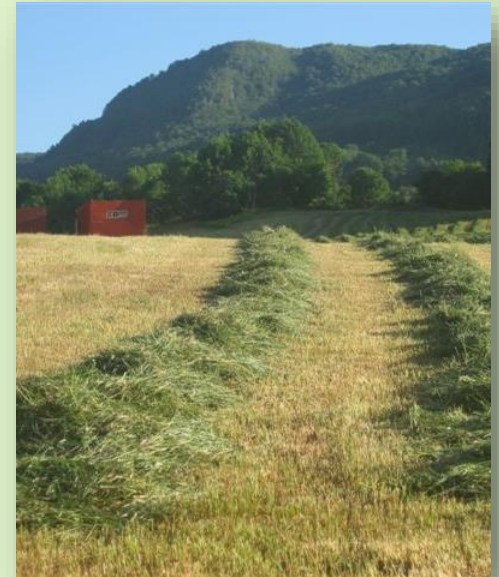
- VLT's offer to purchase 182-acre bareland parcel and 10-acre exclusion accepted

July 2014

- VLT finds farmer to acquire farmland for \$330,000

September 2014

- VLT acquires and simultaneously resells property to farmer



Major Expense Categories & Challenges

- Staff time: 3 - 4x conservation easement project
- Due Diligence: Phase I ESA, appraisals, haz mat
- Subdivision Costs: Survey, permits & new septic
- Legal Costs: title work, litigation, foreclosure, bankruptcy
- Conservation configuration
- Capital and capacity to exercise



FARMLAND ACCESS PROGRAM

Six Strategies For Transfers



#1: VLT acquisition of land and farmer identified through RFP

- VLT acquired Bragg Farm for \$760,000
- Sale to farmer - \$165,000
- Conservation Easement Value - \$595,000
- 20 months from start to finish for the entire project
- 17-month holding period for the 48-acre farm parcel



Income Sources

- VHCB: \$320,000
 - \$297,500 for CE purchase
(*\$9,750 State & \$290,000 FRPP*)
 - \$22,500 grant for project costs
- Community Sources: \$450,000
 - \$297,500 for CE purchase
 - \$103,000 for project costs
 - \$50,000 for barn endowment
- Sale of 48-acre farm to Mauro: \$165,000 (included OPAV)
 - Sale of farm without OPAV \$381,000
 - OPAV value to further affordability \$216, 000 (OPAV 36% of total easement cost)



#2: VLT farm acquisition or financial assistance for a farmer

- Farm Seeker identified farm
- Sale price to farmer - \$300,000
- Conservation Easement Value - \$170,000
- After conservation farm value - \$130,000
- VLT provided \$170,000 bridge loan to farmer until conservation funds can be dispersed – interest only loan



#3: Technical assistance and support services to a farmer that identifies a farm

- Farm seeker identified farm for \$500,000
- After Conservation Farm Value \$235,000
- Conservation Easement Value \$265,000
- VLT worked with farm lender to provide loan guarantee for conservation easement value
- Additional short term loan less than \$25,000 for transition support
- Appraisals, permitting, wastewater, financing



#4: VLT acquisition and long-term hold of land

VLT acquired Pine Island Farm for \$535,000

- 5-year lease agreement with Vermont Goat Collaborative to allow for enterprise growth
- Technical assistance provided



#5: Conservation easement purchase to facilitate new farm transfer

- Retiring dairy farmer sold conservation easement for \$578,000
- Farm buyer VLT identified through RFP paid conserved value for land \$965,000
- Total compensation to farmer \$1,543,000
- All transactions were simultaneous



#6: Matchmaking between farm seekers and conserved farms in transition

Sale:

Retiring dairy farmer owned conserved farm

- No farm buyer identified
- VLT sent farm info to seeker database
- 12 interested buyers within 2 days

Lease:

- Landowner looking to lease dairy farm
- No farmer identified
- Through RFP found farmer and facilitated lease

FARMLAND ACCESS PROGRAM

Land Gift, CGA & Easement Donations



Metcalf Farm – Norwich

VLT acquired farm
through a gift of land
and then sold the
farm through an RFP
process at
agricultural value



VLT sold the farm subject to a new conservation easement that included the OPAV



Sale price with OPAV \$293,000

Sale price without OPAV

\$1,097,000

OPAV Value \$804,000





Thank you!

The background of the slide is a light beige, textured surface, possibly paper or fabric, with faint, wavy lines. On the left side, there is a dark, thin twig extending upwards, with a single, elongated, dried leaf attached to it. On the right side, there is another dark, thin twig extending horizontally, with a single, elongated, dried leaf attached to it. The leaves are a dark brown color, suggesting they are dried.

Land Access and Securing Affordable Farmland

Kathy Ruhf
Land For Good, Inc.

October 21, 2014



Land Access: A Systems Perspective

- No overarching federal policy on farmland access and tenure
- Culture of property ownership; “real farmers” own their land
- NBF’s more likely to succeed without land debt
- Government programs encourages land debt
- Farmland: means of production *and* an appreciating asset
- Land has strong emotional component; where farmers live



Tenure options

- Ownership or tenancy
- Tenure is relationships: owner, user (same or different), and the land
- How do rights, responsibilities and benefits accrue: owner, user, community?
- Tenure is a path



The land access challenge

- Availability
- Appropriateness
- Affordability
- Security
- Equity
- Findability



Who plays a Role?

- Established farmers
- Non-farming landowners
- Service providers
- Communities
- Policy makers



Entry and exit

- Traditional transfer methods
- What is retirement?
- Farmers without identified successors
- Timely succession planning and support



Non-farming landowners

- Private, various
- Institutions
- Organizations
- Municipal, county, state, federal



Farm link programs

- The “findability” issue
- Listing, linking and matching
- Do farm link programs work?
- Readiness and support for seekers, transitioning farmers and landowners



Policy opportunities, for example

- Incentivize landowners
- Encourage appropriate paths to ownership
- Support more secure tenure, more mutually rewarding lease agreements
- Strengthen easement programs
- Make more public land available
- Encourage research and innovation



Thank you!

- Watch for national conference: your ideas!
- Resources available at www.landforgood.org
- Email me at kathy@landforgood.org

