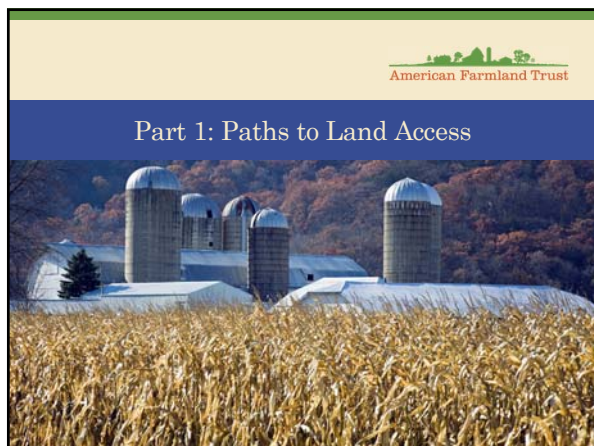




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Two Forms of Land Tenure

- To own or
- To lease



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Three Basic Paths to Land Access

- Leasing land
- Buying land
- Accepting gifts/inheriting land



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Leasing Land


- Leases can be oral or written
- Short or long term
- With different payment arrangements:
 - Cash leases
 - Share agreements
- Ground leases
- Leases with option to purchase



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Land Leasing: Pros

- Affordability
- Flexibility – less risk when starting an operation
- Lower risk
- Frees capital to invest in building your equipment and/or livestock



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Land Leasing: Things to Consider

- Less security
- Often short-term access to land
- Harder to build equity
- Must maintain relationship with your landlord
- Landowner may limit what you can do
- Important that both landowner and lessee have sufficient liability insurance



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Different Types of Landlords

- Private
 - Other farmers/ranchers (operators)
 - Non-operators, often retired farmers and heirs
 - Institutions like schools or churches
 - Conservation organizations/Land trusts
- Government
 - Federal
 - State
 - Local
 - Native American tribes



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Paths to Land Ownership

- Gift
- Inheritance
- Fee title purchase
- Fee title purchase & sale or donation of conservation easement
- Buying land over time:
 - Land contract or installment sale
 - Shared equity arrangements



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What Are Conservation Easements?

- A deed restriction landowners voluntarily place on part or all of their land
 - Conservation easements are held by eligible conservation organizations – like land trusts – or units of government
- An agricultural conservation easement specifically protects agricultural land – it can be donated or sold
 - 28 states and nearly 100 local governments have public programs to purchase them
- Learn more about conservation easements [here](#) and [here](#)



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Land Purchase: Pros

- Provides the rights of land ownership
- Permanent access to land
- Fewer limitations on what you can do with the land
- You can build equity in the land
- You can take advantage of federal income tax benefits and local property tax relief programs
- And participate in various state and federal financing opportunities



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Land Purchase: Things to Consider

- Requires a landowner interested in selling land
- Requires substantial financial investment and usually requires financing
- Does not allow for easy liquidation – land would have to be sold
- Ties up equity in the land
- More liability and risk - landowner is responsible for all bills, mortgage, taxes, maintenance costs and liability



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Accepting Gifts / Inheriting Land

- Sometimes people receive a direct gift or inherit land outright
- Often inheriting land or receiving it as a gift includes:
 - Gradual transfer of land and/or assets
 - Leasing some or all of the land
 - Purchasing some or all of the land and other assets



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Accepting Gifts / Inheriting Land: Pros

- All the benefits of ownership
- Potentially no or lower upfront financial investment to gain ownership



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Accepting Gifts / Inheriting Land: Things to Consider

- Includes all the considerations of purchasing plus:
- Requires the current landowner to transfer through a gift or bequest
- Requires careful planning to avoid gift and estate taxes
- May involve conflict with other family members



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Innovative Approaches to Land Access

- Lease from public entities, institutions and/or private land trusts
- Incubator farms
- Purchasing protected land




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Purchasing Protected Land


- Fee title purchase of protected land
- Fee title purchase & sale or donation of conservation easement
 - Through public Purchase of Agricultural Conservation Easement programs
 - Through eligible organizations, like land trusts



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Part 2: Factors that Affect Land Tenure Options



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Business Factors


- Does prior use of the land matter?
- What kinds of soils and other natural resources?
- What kind of infrastructure? Barns, fences, storage?
- Do you have expansion plans?
- What do you need for marketing and distribution?


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Personal and Lifestyle Factors

- How important is having cultural amenities nearby?
- Do you need off-farm income?
- Do you have family needs such as education or health insurance to consider?


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Financial Factors

- What were the results of your financial analysis?
- What is your current and anticipated cash flow situation?
- Do you have money for a down payment?
- How will your current credit score affect your ability to borrow money?
- Do you want to build equity through your land tenure choice?



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How to Decide Which Land Tenure Options Are Right for You?

- What can you afford?
- Do you want to build equity?
- How much security do you need?



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Saving the Land that Sustains Us



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